

Agenda



AGENDA for a meeting of the RESOURCES AND PERFORMANCE CABINET PANEL in COMMITTEE ROOM B at County Hall, Hertford on FRIDAY, 12 FEBRUARY 2016 at 10.00AM

MEMBERS OF THE PANEL (11) (Quorum 3)

J Billing, M Cowan, C M Hayward (*Chairman*), D E Lloyd, P V Mason, M B J Mills-Bishop, L F Reeve, A Searing, R H Smith, A Stevenson (*Vice-Chairman*), P M Zukowskyj

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

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

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

PART I (PUBLIC) AGENDA

1. MINUTES

To confirm the minutes (Parts 1 and 2) of the meeting held on 10 December 2015. (Part 1 attached – Part 2 circulated to Members only).

2. PUBLIC PETITIONS

The opportunity for any member of the public, being resident in or a registered local government elector of Hertfordshire to present a petition relating to a matter with which the Council is concerned, and is relevant to the remit of this Cabinet Panel, containing 100 or more signatures of residents or business ratepayers of Hertfordshire.

Notification of intent to present a petition must have been given to the Chief Legal Officer at least 20 clear days before the meeting where an item relating to the subject matter of the petition does not appear in the agenda, or at least 5 clear days where the item is the subject of a report already on the agenda. At the time of the publication of this agenda no notices of petitions have been received.

[Members of the public who are considering raising an issue of concern via a

petition are advised to contact their local member of the Council. The Council's arrangements for the receipt of petitions are set out in Annex 22 - Petitions Scheme of the Constitution.]

If you have any queries about the procedure please contact Deborah Jeffery, Democratic Services Officer, by telephone on (01992 555563) or by e-mail to deborah.jeffery@hertfordshire.gov.uk.

3. INTEGRATED PLAN 2016/17 - 2019/20 – RESOURCES AND PERFORMANCE

- (i) to consider the headline outcomes of the public engagement and consultation undertaken regarding the Council's budget and spending priorities for 2016/17 and beyond;

Report of the Chief Executive and Director of Environment

- (ii) to consider the Integrated Plan 2016/17 – 2019/20 incorporating:

- (a) Part A: Integrated Plan Overview;
- (b) Part B: Strategic Direction and Financial Consequences;
- (c) Part C: Equality Impact Assessment;
- (d) Part D: Other Technical Information;
- (e) Part E: the Treasury Management Strategy
- (f) Part F: the Insurance Strategy
- (g) Part G: the Invest to Transform Programme

Report of the Assistant Director, Finance

- (iii) to consider comments from service Cabinet Panels (*to follow*)

- (iv) to consider comments from the Overview and Scrutiny Committee (*to follow*)

Members are asked to bring the following reports to the meeting, which have been circulated separately to all Members of the County Council:

'Public Engagement and Consultation on the 2016/17– 2019/2018 Integrated Plan Proposals' (circulated as Item 4(i) for the Cabinet meeting of 18 January 2016); and

'INTEGRATED PLAN 2016/17 – 2019/20 (incorporating Service Direction and Financial Consequences and the Treasury Management Strategy)' (circulated as Item 4 (ii) for the Cabinet meeting of 18 January 2016).

4. REVIEW OF FINANCIAL RESILIENCE

Report of the Assistant Director Finance

5. HCC FINANCE REPORT – QUARTER 3, 2015/16

Report of the Assistant Director Finance

6. CHANGES TO THE COUNTY COUNCIL’S PETITION SCHEME

Report of the Chief Legal Officer

7. OTHER PART I BUSINESS

Such Part I (public) business which, if the Chairman agrees, is of sufficient urgency to warrant consideration.

PART II (‘CLOSED’) AGENDA

EXCLUSION OF PRESS AND PUBLIC

There are no items of Part 2 business on this agenda. If items are notified the Chairman will move:-

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

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

Agenda documents are also available on the internet at:
<http://www.hertsdirect.org/hccmeetings>.

HERTFORDSHIRE COUNTY COUNCIL

**RESOURCES & PERFORMANCE CABINET PANEL
FRIDAY 12 FEBRUARY 2016 AT 10.00AM**

<u>Agenda Item</u>
<u>No.</u>
3

INTEGRATED PLAN 2016/17 – 2019/20 (RESOURCES & PERFORMANCE)

Report of Assistant Director, Finance

Author: Claire Cook, Assistant Director, Finance
(Tel: 01992 555 737)

Executive Members: Chris Hayward

1 Purpose of the Report

- 1.1 To highlight the areas of the Integrated Plan which relate to Resources & Performance in order for Panel to consider these and provide comment.
- 1.2 To provide the Panel with an opportunity to comment on the draft Integrated Plan more generally.
- 1.3 To provide the Panel with updated information on the Integrated Plan since the publication of the draft.
- 1.4 Members are asked to bring the following reports to the meeting, which have been circulated separately to all Members of the County Council:

‘Public Engagement and Consultation on the 2016/17 – 2019/20 Integrated Plan’ (circulated as Item 4(i) for the Cabinet meeting of 18 January 2016); and

‘DRAFT INTEGRATED PLAN 2016/17 – 2019/20 (incorporating the Strategic Direction and Financial Consequences and the Treasury Management Strategy)’ (circulated as Item 4(ii) for the Cabinet meeting of 18 January 2016). **Note that this includes some changes from the Pack circulated for CLG.**

2 Summary

- 2.1 The Integrated Plan brings together the financial impact of service plans and the available funding to resource these, over the next four years. Strategic Direction summaries have been produced for each Portfolio, which set out the future direction of services in the context of achieving substantial further savings. These have been informed by comparative benchmarking, both through published data and informal networks with other comparable authorities, to identify areas of potential efficiency gains. Services have identified savings, in the

context of the continuing budgetary pressures and reduction in available funding.

- 2.2 Savings requiring a policy change have been taken through Panels for Cabinet decisions throughout 2015/16, and substantial efficiency savings have been identified. However, the Provisional Settlement announced on 17 December included a significant reduction and redistribution of central government funding, and Revenue Support Grant and other core funding is £24m lower than had been anticipated. Further savings options have been identified to help meet the budget gap. Increases in council tax and the new Social Care Precept, where the Government has given a new power for social care authorities to raise an additional 2% precept to help meet the cost pressures for these services, are also proposed in order to achieve a balanced budget. The IP Pack and Strategic Direction documents have been updated for the proposed savings.
- 2.3 Savings include reducing the allocation of general non-pay inflation to zero, in line with current CPI (Consumer Price Index). Whilst this is mitigated to some extent by excluding exceptional inflation areas, it will require services to manage the impact during 2016/17.
- 2.4 The final position will not be confirmed until the Final Settlement (expected early February) and other late grant announcements, and until figures are received from Districts for council tax base and collection fund balances, due to be provided by end January. Some proposed savings identified following the provisional settlement are also subject to final agreement with partners. Should any late changes result in an unbalanced budget, specific reserves will be used to provide one off funding in 2016/17.
- 2.5 The future position remains challenging: even with the identified savings and continued year on year increases in council tax and the social care precept, current projections of pressures and funding require a further £37.9 million saving to be identified in 2017/18, rising to £70.8 million by 2019/20.
- 2.6 To help meet these challenging targets, work is in hand to progress further savings during 2016, for implementation for 2017/18 or sooner where achievable. It is recognised that savings require significant lead in times, especially where there is service redesign or consultation.

3 Recommendations

- 3.1 The Panel is invited to comment to Cabinet on the proposals relating to the Integrated Plan in respect of Resources & Performance.
- 3.2 The Panel is also asked to identify any issues that it feels that the Cabinet should consider in finalising the Integrated Plan proposals.

4 Background

4.1 The Integrated Plan comprises:

- an overview of the proposed revenue budget and capital programme (Part A);
- Strategic Direction and Financial Consequences (Part B);
- an Equalities Impact Assessment (Part C);
- other technical information (Part D) incorporating details of inflation calculations; a review of the budget estimates and adequacy of reserves; and summarising the budget information outlined in Part B;
- the Treasury Management Strategy (Part E);
- the Insurance Strategy (Part F); and
- the Invest to Transform programme (Part G).

4.2 Part B of the Integrated Plan has separate sections for each Portfolio, setting out the strategic direction, key budget movements and the proposed Capital Programme for those services.

4.3 Part D (Technical Information) includes information on the calculation of inflation, and considerations of risk management. The authority increased the level of its general reserves in 2015/16 to 4% of its net revenue budget to ensure that it could deal with any future risks or liabilities. This has been reviewed through the IP process and, given continuing risks including demographic pressures and the challenges of delivering increased savings, the General Fund balance will be maintained at 4.0% of the net revenue budget.

4.4 The IP process also includes a review of the level of contingency. It is proposed that general contingency be held at £4 million, to cover identified uncertainties, unexpected in-year pressures and the cost of redundancy payments and pension strain costs (for staff taking early retirement).

4.5 The Treasury Management Strategy (TMS) in Part E sets out capital expenditure plans and borrowing and lending strategies for the forthcoming financial year. It is proposed that wherever possible, revenue contributions, one off underspends and Capital Financing and Capital Receipts Reserves will continue to be used to finance the programme, instead of borrowing in order to mitigate the impact of investment on the revenue budget. One change is proposed to the Treasury Management Strategy for 2016/17. This is to extend the investment instruments to include Peer to Peer lending, which involves lending to unrelated individuals or 'peers' without going through a traditional financial intermediary. This would include organisations such as Funding Circle or Zopa. This could, for instance, provide an opportunity for stimulating economic growth for the funds that the County Council holds on behalf of the Local Enterprise Partnership.

- 4.6 The Insurance Strategy has been included in a new section (Part F) of the Integrated Plan and sets out the Council's overall approach to risk retention and the management of its corporate insurance programme through relevant policies of insurance. This strategy will allow the insurance service to be agile and respond to the changing needs of this organisation.
- 4.7 Changes are also proposed to the Invest to Transform (ITT) fund arrangements in Part G of the Integrated Plan; repayments will be suspended from service revenue budgets to the ITT fund, as a result of the challenges faced by the authority to meet the forecast savings gap of £71m by 2019/20. However, given the overall financial context for the authority, it is intended that other opportunities will be explored to replenish the fund. These will be subject to the necessary approval process as and when they come forward.
- 4.8 The Part B Strategic Direction and Financial Consequences section for the Resources & Performance portfolio is found on pages 140-158 of the IP Pack. This contains the strategic direction summary(p139); revenue budget information including a schedule of Key Budget Movements that sets out details of financial pressures and savings (p148); and a summary of the proposed Capital Programme (p156).
- 4.9 The table below summarises the pressures for change referred to above that relate to Resources & Performance, on page 148–149:

Title of Pressure	Amount of Pressure (in 2016/17) (£000's)	Approx. current budget (£000's)
Hemel Public Service Quarter	75	250
National Insurance	510	25,539
S106 & Community Infrastructure Levy (CIL)management	182	0
Management Graduate scheme costs	90	316
Shared Anti-Fraud Service	53	n/a
Microsoft licence model change (underpinning technology) ICT strategy	181	6,820
Improvement & Technology restructure to support the ICT strategy	165	6,820
Tree Surveys and Associated Works	150	0
Interest on Balances	138	152
Interest Cost of Borrowing	148	12,358
Additional Treasury Management pressures	23	(2,057)

- 4.10 The table below summarises the savings proposals referred to above that relate to Resources & Performance, on pages 148–151:

Title of Saving	Amount of Saving (in 2016/17) (£000's)	Approx. current budget (£000's)
Capital Financing	(544)	(40)
Contingency one off reduction	(39)	4,000
2016/17 One off Revenue Support	(10,087)	n/a
Statutory Services - Highway Boundary, Registration & Citizenship & Coroners	(97)	1,392
Improvement & Technology - process review	(59)	10,876
HR - review of operating model, org structure and processes	(240)	4,123
HBS Increased Income Target	(124)	(1,186)
Legal Service Review	(100)	4,386
Hertfordshire Development Centre additional income target	(10)	(350)
Channel shift saving to Customer Service Centre from 2016/17	(105)	14,902
Consolidation of technology contracts from 2016/17	(135)	6,820
Bottled Water	(10)	16
Shared Managed Service contract savings	(400)	14,902
Printing Contract Savings	(15)	1,451
E-Payment process improvement	(68)	0
Enabling the Worker savings	(83)	32,687
Finance- Additional Income	(40)	n/a
Public Health Recharge allocation	(439)	n/a

4.11 Details of the capital schemes (including cashflows and funding sources) relating to Resources & Performance can be found on pages 156–158 of the Integrated Plan Pack Part B, and are listed in the table below:

Capital Scheme name	Annual Programme/ Scheme Cost (£000's)
Capital Maintenance Improvements (Non-Schools) & Non-Schools Annual Programme of Minor Works	1,562
PC Purchasing	600
Salix Funded Projects	300
Required Health & Safety works to Car Park surfaces and associated infrastructure to County Hall Car Parks	1,000
Herts Business Service Vehicles	250
Access control and Car Park control improvements	700

Capital Scheme name	Annual Programme/ Scheme Cost (£000's)
County Wide Touchdown -increasing locations	600
Legal Case Management System	77
Rural Estate – Annual Capital Buildings, Land & Equipment Programme	54

5 Updates since the publication of the draft Integrated Plan

5.1 We are still awaiting further announcements in order to finalise the draft plan published at the 18 January Cabinet. The key issues to note are:

- The final Local Government Finance Settlement is expected by 4 February
- The final position on the Council Tax collection fund and tax base is still awaited and will be confirmed at the meeting
- Business Rates income figures are also being confirmed at the time of writing and will be updated at the meeting
- A number of other grants remain unconfirmed, including Independent Living Fund, Public Health (ringfenced), Adult Skills and Community Learning (ringfenced), and several capital grants.

5.2 All of the adjustments will be reflected in the final Integrated Plan proposals for the Cabinet meeting on 22 February and County Council on 23 February.

6 Equality Impact

6.1 Part C of the Integrated Plan provides an equality impact assessment of the savings included within the plan and how these are intended to be mitigated by the service.

HERTFORDSHIRE COUNTY COUNCIL

**RESOURCES & PERFORMANCE CABINET PANEL
FRIDAY 12 FEBRUARY 2016 AT 10AM**

REVIEW OF FINANCIAL RESILIENCE

<u>Agenda Item</u> <u>No.</u> 4
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Report of Assistant Director, Finance

Author: Claire Cook, Assistant Director, Finance
(Tel: 01992 555 737)

Executive Members: Chris Hayward

1. Purpose of the Report

- 1.1 To provide members with information on the LGA's (Local Government Association) research on the financial resilience related to Hertfordshire County Council as background to the financial strategy within the 2016/17 to 2019/20 Integrated Planning Process.

2. Summary

- 2.1 The LGA report identifies a number of areas to support and improve the financial resilience of the authority. This report identifies Hertfordshire's relative position to other County Councils and to the position reported in 2014. The data is based on a snapshot in time and any analysis needs to be set in that context. It does, however, highlight a number of areas for review, such as levels of reserves and council tax buoyancy. The Integrated Plan 2016/17 to 2019/20 already includes a series of proposals to address these issues as outlined in the following report.

3. Recommendations

- 3.1 Members are asked to review and note the report.

4. Background

- 4.1 The LGA first introduced benchmarking on financial resilience in 2013 to enable local authorities to assess their financial position compared to other councils in the context of the unprecedented financial risks that local authorities are facing. The core of the analysis is council-level data on 24 indicators drawn from public data which provide information about relative financial position. This analysis is provided in diagrammatic form which enables authorities to assess potential

weaknesses, risks and opportunities which can be taken into account when considering future financial strategy.

4.2 The analysis is presented by way of charts and diagrams to enable an assessment of comparative position, both in terms of the whole population of councils and the family group – for Hertfordshire this is the 27 County Councils.

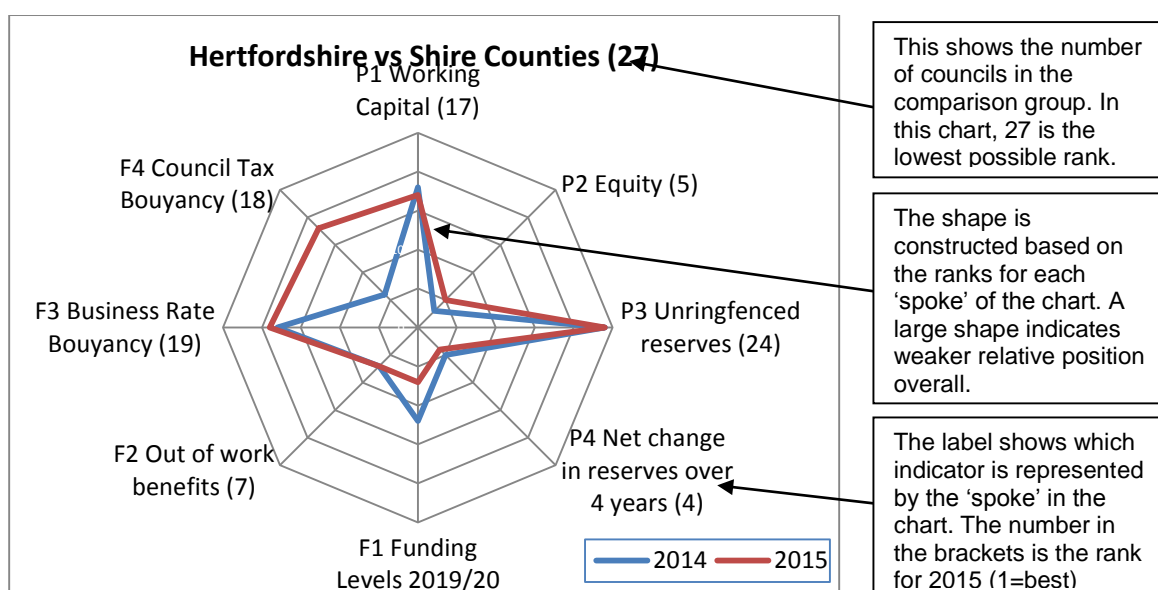
4.3 It is accepted that there are some limitations with the model given that no account is taken of regional or authority type and information for present indicators is based on a point in time. However, it can be compared with other research provided to the authority to test consistency. The key findings from the analysis are set out in the following paragraphs.

5. 2015 Analysis for Hertfordshire County Council

5.1 Strategic

5.1.1 The diagram below shows Hertfordshire’s position across a range of measures, together with a key on how to read the chart.

Diagram 1 Financial Position Report – Strategic



5.1.2 The overall position for the authority has remained broadly unchanged since last year, except for the rank of council tax buoyancy (i.e. level of growth). This has worsened significantly when compared with other shire counties, with Hertfordshire County Council currently ranked 18th compared with 6th last year. However, given there is an improvement in the growth (4.8% growth since 2002, compared with 2.6% in the previous period), the issue is our relative position. It should also be noted that the potential for £3 million of additional growth has also been highlighted in IP for 2016/17 and beyond, over and above existing

growth levels. The authority will continue to work with District colleagues to monitor this area in the context of local plans.

5.1.3 The level of unringfenced reserves, however, continues to remain low in comparison to other shire counties¹. The level of local authority reserves are continuing to come under increased scrutiny by the government and there is a continued need to demonstrate that these are being held at an optimum level to deal with risk. The authority increased the level of its general reserves in 2015/16 to 4% of its net revenue budget to ensure that it could deal with any future risks or liabilities, and it is proposed that it will hold them at this level for 2016/17.

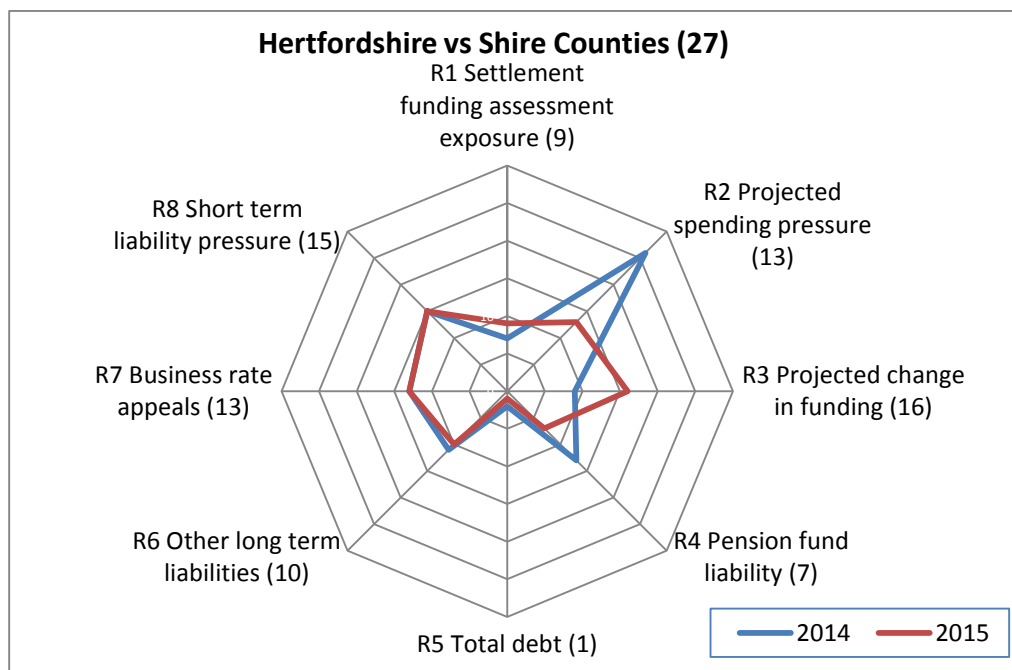
5.1.4 The Integrated Plan gives further details on the use of reserves.

5.1.5 Hertfordshire’s funding position – the proportion of projected 2019/20 spending that is covered by forecast funding – has improved relative to other shire counties. However, this does not take into account the latest funding changes - the county is forecasting a savings gap of £71m by 2019/20, compared with last year’s forecast of £56m by 2017/18.

5.2 Risks

5.2.1 The ‘risk’ indicators shown in the diagram below concern some of the factors believed to bring the biggest risks to local authority finances. Local authorities with a weak score are those that are relatively more exposed to those risks and their impact on their budgets.

Diagram 2 Financial Position Report – Risks



¹ The higher the relative value of the unringfenced reserves, the higher the rank, with “1” ranked highest

5.2.2 The projected spending pressures indicator is based on an assumption of continuing similar levels of demand and pressures. The Council's position has improved, moving from a rank of 26th to 13th respectively. Whilst this is positive, it will depend on the differing assumptions that authorities have built into their medium term financial strategy, for example for Living Wage, and there is still a need to continue to find ways to drive down cost pressures and manage demands: demographic, legislative and other pressures are forecast to add £78m costs by 2019/20.

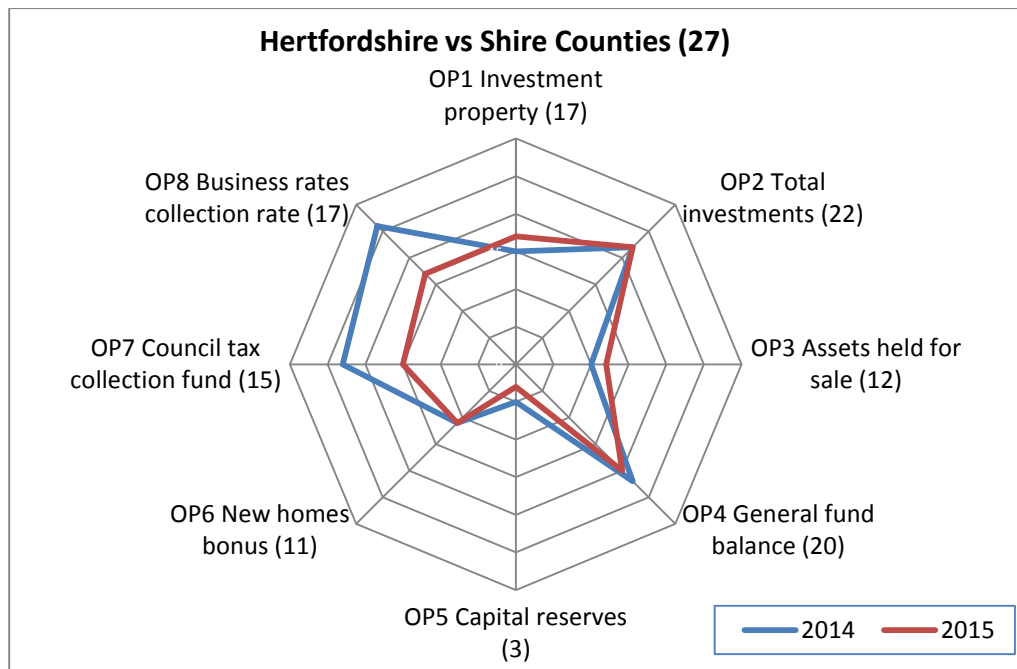
5.2.3 The importance of the improvements in managing demand is further highlighted by R3 Projected change in funding, which measures the percentage change in funding by 2019/20. The movement in rank (9th last year to 16th) highlights the expected reductions in total funding.

5.2.4 The Integrated Plan sets out information about how services across the authority are proposing to deal with these issues.

5.3 Opportunities

5.3.1 The 'opportunity' indicators provide a view on whether local authorities have 'competitive advantages' they are using or could use to improve their financial position – if their scores are strong. This includes, for example, capital reserves which could be used for further investment, reducing the costs of borrowing.

Diagram 3 Financial Position Report – Opportunities



5.3.2 Similar to the Strategic position, the Opportunities for the authority has remained broadly unchanged since 2013, except for improvements in

Business Rates collection rate (OP8) and Council Tax Collection Fund (OP7). Whilst both are still in the third quartile when compared with all Shire Areas, the collection rates are high at 98.17% and 97.84% respectively (last year's figures 97.73% and 97.63%). The joint work in with the Shared Fraud Service provides opportunities to improve this position further. The quantum of income collected will also depend on the impact of growth which will flow from Local Strategic Plans and work is in hand to improve our forecasting of this through joint review with the District Authorities.

- 5.3.3 Hertfordshire County Council is in the lowest quartile (rank 20 of 27 councils) for General fund balance – with a general fund balance of 3.38% of net revenue against a budgeted position of 4%. Lower levels can reduce the authority's ability to deal with unexpected economic shocks and in the context of continued financial uncertainty, the Integrated Plan sets out proposals to maintain the reserve levels at 4%.
- 5.3.4 Multiple authorities shared the lowest rank of 0 with Hertfordshire County Council for Investment Properties. There are opportunities to increase revenue income streams and the Council is already exploring the potential to generate an income stream through exploration of a property company.

HERTFORDSHIRE COUNTY COUNCIL

**RESOURCES & PERFORMANCE CABINET PANEL
FRIDAY 12 FEBRUARY 2016 AT 10.00AM**

Agenda Item

No:

5

HCC FINANCE REPORT – QUARTER 3, 2015/16

Report of the Assistant Director, Finance

Author: Lindsey McLeod, Interim Head of Accountancy Services
[Tel: 01992 556431]

Executive Member: Chris Hayward (Resources and Performance)

1. Purpose of Report and Summary

- 1.1 This is the Quarter 3 (Oct to Dec 2015) Budget Monitor report, summarising the third quarter 2014/15 position against revenue and capital budgets, and performance against key indicators for treasury and debt management.

2. Recommendation

- 2.1 The Panel is invited to comment on the financial performance of the authority as outlined within the report.

Table of Contents

Section 1 – Summaries	2
Introduction	2
Revenue Monitor	2
Capital Monitor	6
Schools Monitor	6
Section 2 – Significant forecast revenue variances	7
Health & Community Services	7
Public Health	10
Children’s Services	11
Environment	14
Resources & Performance	16
Community Protection	17
Central Items	18
Section 3 – Risks & Uncertainties	19
Section 4 – Schools Monitor	22
Section 5 – Capital Monitor	25
Latest Approved Capital Budget	25
Capital Forecast Variances	27
Movements in Capital Budget Financing	35
Capital Receipts	35
Other Matters	36
Section 6 – Other Financial Information	37
Appendices	40
A: Invest to Transform Fund Summary	40
B: Prudential Indicators	41
C: Debt Management Reports	49

Quarterly Budget Monitor

Section 1 – Summaries

1.1 Introduction

This is the Quarter 3 (October to December) budget monitor report, summarising the third quarter position against revenue, capital and schools budgets, and performance against key indicators for treasury and debt management.

Details of movements in revenue variances from Q2 over £250k, and other significant variances, are included in Section 2 of this report. Capital variances can be found in Section 5.

Details of the latest position of the Invest to Transform Fund (ITT) are shown in Appendix A. The ITT is a specific earmarked reserve set aside to support innovative projects across Hertfordshire County Council that will underpin service transformation and deliver future efficiencies. 6 projects have been supported by the ITT fund since the start of 2015/16, of which 2 are complete and 4 are either in progress or scheduled to commence soon. The estimated remaining ITT balance at the end of 2015/16 is £17.1m.

Integrated Plan proposals include the possible carry forward of one off 2015/16 budgets that had been earmarked for revenue financing of capital and for the creation of a Highways Challenge Fund reserve. These would be used to achieve a balanced 2016/17 budget. Final decisions will be made by County Council in February and any adjustments reported in the Q4 monitor.

1.2 Revenue Monitor

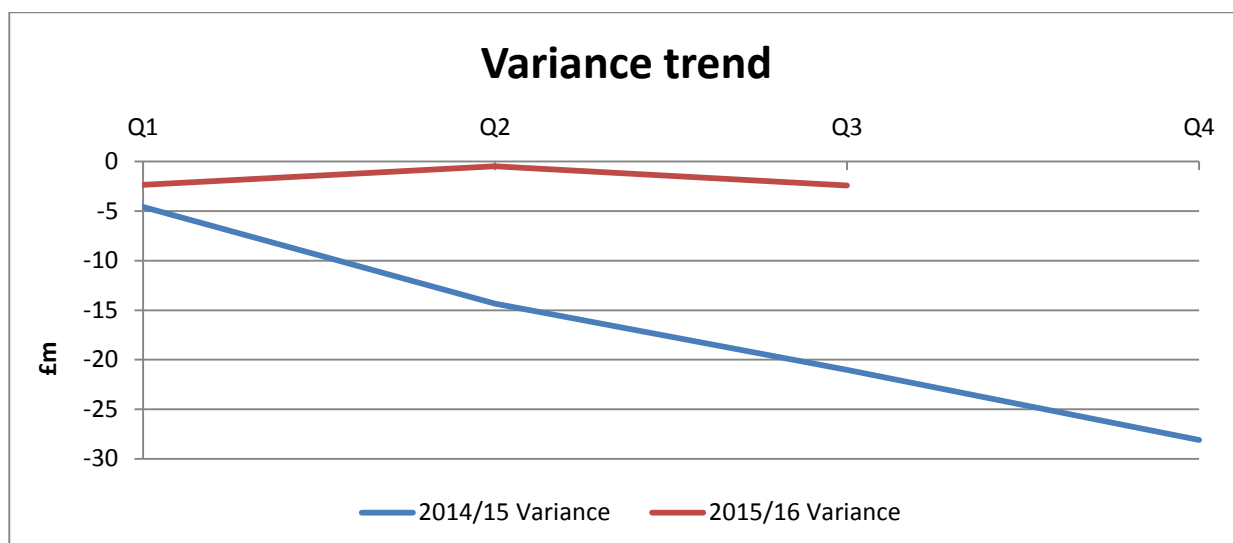
The projected revenue outturn position as at Q3 is as follows:

	£000s
Original Budget	801,050
Latest Approved Budget	804,841
Forecast outturn	802,416
Variance overspend/ (underspend)	(2,425)

This is an increased underspend of £1.963m from the Q2 forecast.

The total £2.425m position includes £1m ringfenced Better Care Fund resources that will be carried forward: the underlying underspend is £1.425m.

Quarterly variance trend



Key movements this quarter include:

- Adult Care – increased net underspend from Older People /Physical Disability budget, together with increased client income (£0.925m)
- Increased overspend on the People with a Learning Disability budgets £1.422m
- Increased underspend in Mainstream Transport & SEN Transport budgets (£0.482m)
- Increased overspend in Routine Maintenance, largely relating to the anticipated Ringway settlement for the 2014/15 account, and added pressures on the 2015/16 contract. £3.320m
- Increased underspend in Waste Management (£0.332m)
- Early achievement of Customer Service Centre savings (£0.200m)
- Increased underspend on Property budgets (£0.671m)
- Additional short-term vacancies identified in Fire & Rescue (£0.226m)
- Review of contingency budgets (£2.823m)

Table 1 – Summary Budget Monitor

County Summary Revenue Budget Monitor as at 31st December 2015					
SERVICE	Original Budget £'000	Approved Virements & Tech Adj £'000	Latest Approved Budget £'000	Projected Spend at Year End £'000	Projected Variance £'000
Children's Services	173,736	839	174,575	173,883	(692)
Health and Community Services	330,285	3,644	333,929	334,230	301
Public Health	45,445	(2,437)	43,008	43,008	-
Environment	108,141	2,145	110,286	114,651	4,365
Community Protection	35,387	66	35,453	34,795	(658)
Resources and Performance	54,125	4,501	58,626	56,545	(2,081)
Central Capital Financing and Interest on Balances	32,320	-	32,320	32,465	145
Capital Financing from Revenue	10,087	-	10,087	10,087	-
Additional Grant Income	-	-	-	(924)	(924)
Contingency/Special Provision	5,169	(881)	4,288	1,465	(2,823)
Precepts/Levies	2,269	-	2,269	2,211	(58)
Insurance	4,088	(4,088)	-	-	-
NET REVENUE BUDGET	801,050	3,791	804,841	802,416	(2,425)
Funded from Balances	-	-	-	-	-
COUNTY FUND TOTAL	801,050	3,791	804,841	802,416	(2,425)
CS Schools funded by direct government grant	867,908	268,055	599,854	590,976	(8,878)
Schools Grant & Other Funding	(867,908)	(268,055)	(599,854)	(594,571)	5,282

Since Q2, Children's Services' Latest Approved Budget has increased by £1.4m. This relates to a £1.2m transfer of commissioning budgets from Health & Community Services, and £100k transfer from the Invest to Transform Fund to support work on 0 – 25 integration.

Additionally, Health & Community Services' Latest Approved Budget has decreased by (£970k). This is largely a result of the transfer of commissioning budgets to Children's Services of (£1.2m), and £210k transferred from contingency to support costs of library restructurings.

Table 2 – Breakdown of Variance

Service	Variance at 31 December 2015 £'000	Breakdown of Variance		
		Early Achievement of Savings / Pressures in 2016/17 IP £'000	One off £'000	Additional Ongoing £'000
Health and Community Services	301	(4,562)	4,863	-
Public Health	-	-	-	-
Children's Services	(692)	(997)	305	-
Environment	4,365	(56)	2,670	1,751
Resources and Performance (inc HBS)	(2,081)	(882)	(1,199)	-
Community Protection	(658)	-	(458)	(200)
Sub total	1,235	(6,497)	6,181	1,551
Capital Finance and Interest on Balances	145	-	145	-
Additional Non-Ringfenced Grant Income	(924)	-	(924)	-
Contingency	(2,823)	-	(2,823)	-
Precepts/Levies	(58)	-	(58)	-
Net Variance	(2,425)	(6,497)	2,521	1,551

In addition, £1m is being applied from the General Fund to re-instate the academy conversion reserve.

1.3 Capital Monitor

The projected capital outturn position as at 31 December 2015 is as follows:

	£000s
Proposed Reprogramming to Future Years	(5,792)
Underspends	(2,036)
Overspends	2,349
Total Variance	(5,479)
Total Variance after reprogramming as at 30 th September 2015	(955)
Movement in Variance	(4,524)

These variances are calculated on the latest budget of £152,046k, which takes into account reprogramming from 2014/15 and reprogramming of 2015/16 budget to future years agreed in the Q2 monitor.

- The movement in variance of £4,524k is mainly due to newly identified reprogramming of:
 - £1,125k for Secondary School Expansions
 - £575k for the Jarman Centre (office accommodation)
 - £1,428k for Broadband Delivery (Contract 1)
 - £942k for Community Protection for the 3rd stage payment for Appliances plus the payment for the Aerial ladder Platform

The Capital Monitor position is summarised in Table 3. Further details are included in Section 5.

1.4 Schools Monitor

The Schools' budget is funded from the Dedicated Schools Grant (DSG) and sixth form grant which is separately received from the Education Funding Agency (EFA). The level of the Schools Budget is as follows:

	Budget	Projected Spend	Variance
Description	£'000	£'000	£'000
Schools Delegated Budget	540,693	534,838	(5,856)
Central – Schools	7,309	7,253	(57)
Central – CS DSG	51,284	48,319	(2,965)
Total Schools Budget	599,854	590,976	(8,878)
Grants and Other Funding			
Total Funding Available	599,854	594,571	5,282
Total Variance			(3,596)

This variance will be transferred to DSG reserves and will have net nil impact on the County's budget.

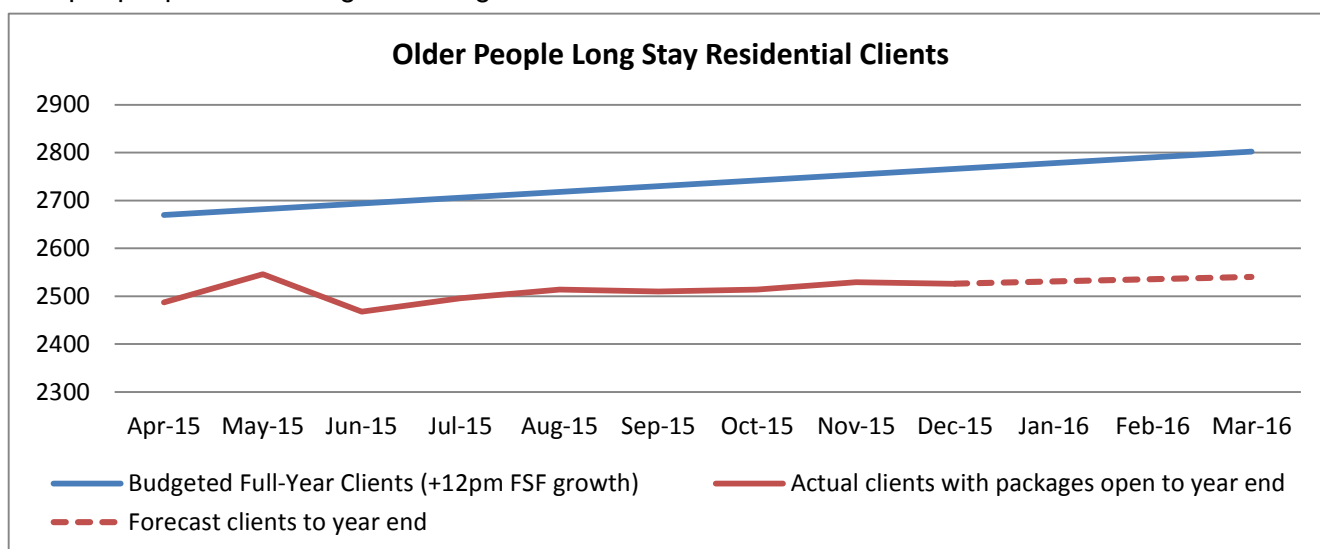
Section 2 – Forecast Variances over £250k / movements in variances over £250k

2.1 Health & Community Services

Older People (inc Specialist Mental Health Team) and People with a Physical Disability or Sensory Loss							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
169,310	164,299	(5,011)	(4,853)	(158)	(3,212)	(1,799)	-

The main components of the variance are:

- The residential budget which is underspent by (£2,140k). The graph below shows the trend of older people placements against budget.

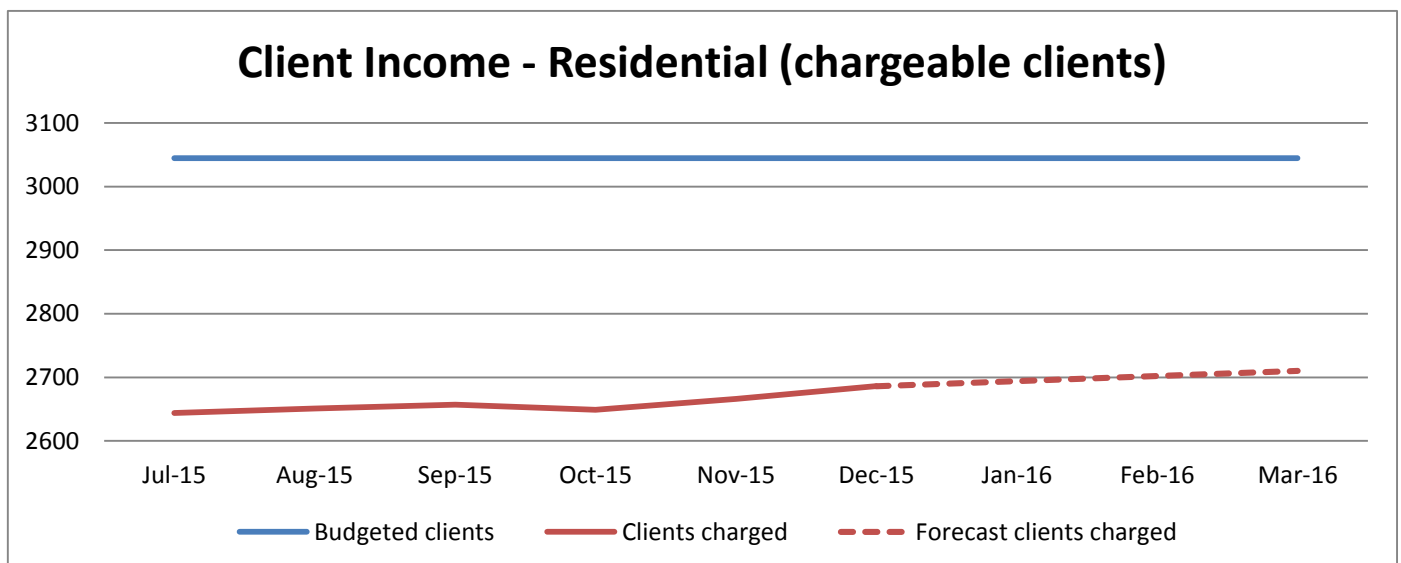
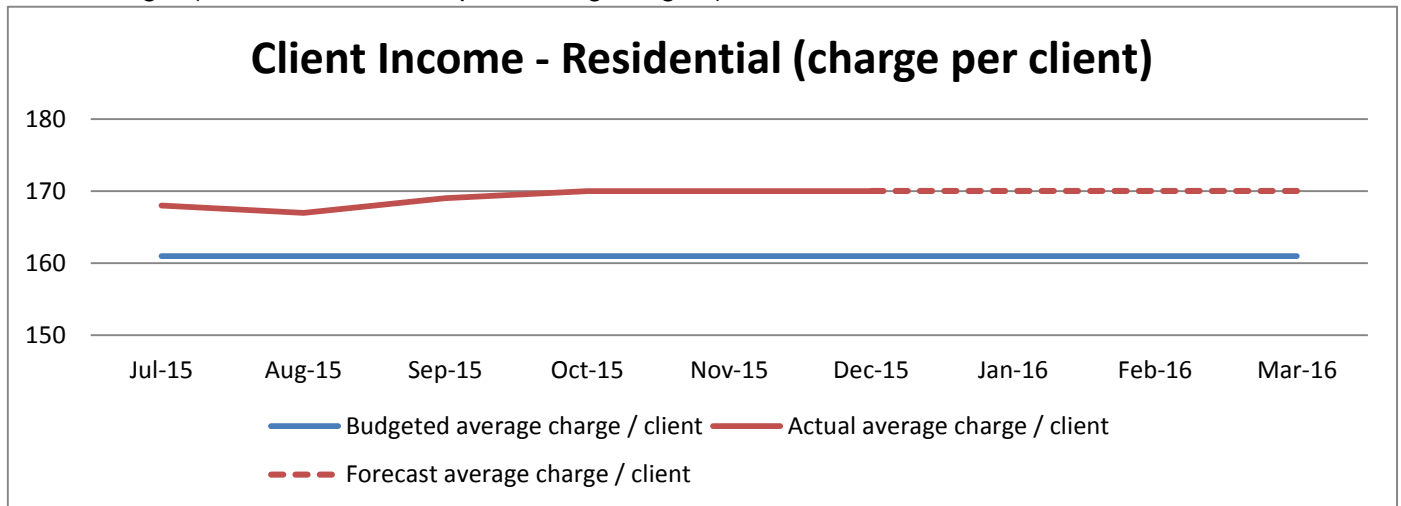


- Taking homecare and direct payments together results in an underspend of (£590k). There continues to be difficulties in mainstream homecare supply resulting in other options being explored including direct payments.
- (£780k) underspend in the Enablement homecare budget due to other options being available, such as home from hospital.
- (£1,000k) underspend on the Better Care Fund due to delays in implementing schemes (for example, the Falls project and the complex care premium). A carry forward will be requested for this underspend.
- (£180k) underspend on the operational team budgets as a result of delays in recruitment to the initial phase of the Care Act recruitment.
- (£240k) underspend on the community alarms and telecare careline budget due to early delivery of the 16/17 IP saving.

HCS Client Income

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
(47,836)	(45,000)	2,836	3,603	(767)	-	2,836	-

The main reason for the overspend (income shortfall) is due to a reduction in residential income. The graphs below show that average income is above budget, although the number of chargeable clients is significantly below budget (in line with the care purchasing budgets).



Main reasons for quarterly movement:

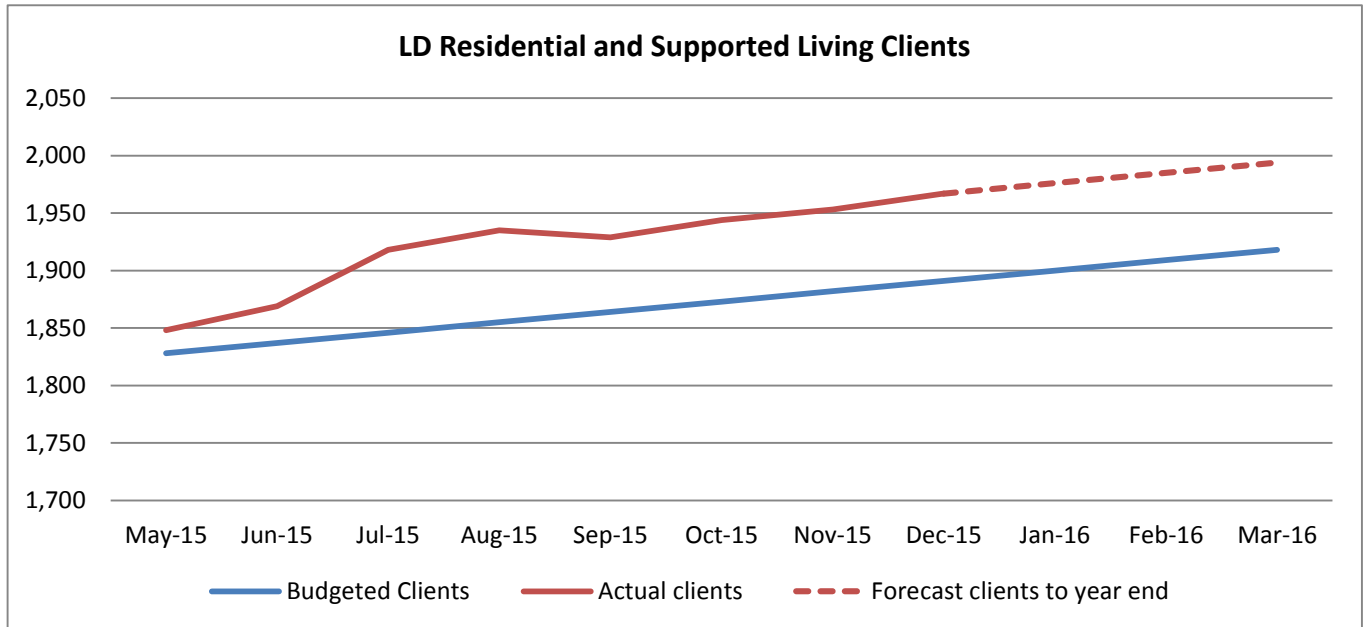
- The general increase in long stay residential placements since the September position (29 full year equivalent clients). The increase also includes 3 long stay placements that are being charged at full cost.
- The general increase in fairer charging reflecting the increased use of short stay residential placements is due to the ongoing shortage of mainstream homecare. Also increases in the direct payments element of fairer charging in line with the number of clients (14 Physical Disability and 30 Learning Disability clients).

People with a Learning Disability

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
135,364	139,218	3,854	2,432	1,422	-	3,854	-

The main components of the variance are:

- The Residential / Supported Living budgets which has an overspend of £3,520k. The graph below demonstrates that placements are significantly above budget for this financial year. Work has been undertaken to monitor and review packages across the department to identify scope for cost reductions, and also to review the trends in client numbers and unit costs. This will be presented to HCS Management Board at the end of January, but initial conclusions have demonstrated unexpected increases due to carer breakdowns and the impact of ordinary residence packages.



- £360k overspend on direct payments due to 200 additional clients against budget although at a lower average cost (£14k v £18k).
- £350k overspend on In-House Supported Living due to supporting higher needs clients and the continued use of agency staff.
- (£370k) underspend on the Community Learning teams as a result of delays in recruitment, particularly to nursing posts.

Main reasons for quarterly movement:

- £780k increased overspend on the core LD care purchasing budgets due to 6 new long stay residential placements, 1 move of placement due to increased client need and an increase of 30 direct payment packages.
- £400k additional shortfall in delivering savings targets for this financial year. This also impacts on the core LD purchasing budgets.
- £200k increased overspend on the In-House Supported Living budget due to continuing pressure within the service.

In House Day Care Services and Transport SLA							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
15,274	15,582	308	546	(238)	-	308	-

The reasons for the overspend are:

- £625k overspend due to the delay in the implementation of the Day Services review to April 2016 and therefore impacting on the delivery of the 2015/16 IP saving.
- (£317k) underspend as a result of the positive action being taken to freeze vacant posts and reduce agency spend as the service actively plans towards the implementation date.

Strategic Centre and Support Services							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
13,006	11,607	(1,399)	(1,299)	(100)	(1,200)	(199)	-

The main components of the variance are:

- (£1,200k) underspend on the Deprivation of Liberty (DOLS) budget as a result of the significantly reduced number of cases for this financial year (60 revised v 300 original) and the expectation of being able to proceed through a streamlined legal process instead of full court of protection proceedings.
- (£120k) underspend due to the settlement of a long standing legal issue. The funds had been set aside in a specific reserve and the balance has been released to revenue as a one-off underspend.

2.2 Public Health

There are currently no variances to report against the Public Health budget. The service is, however, working to absorb a £2.437m in-year reduction in grant funding. Any shortfalls/overspends will be funded from the Public Health reserve. Further details are reported in the risks section (para 3.2).

2.3 Children's Services

Admissions, Mainstream Transport & SEN Transport							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
19,723	18,575	(1,149)	(667)	(482)	(995)	(154)	-
<p>The majority of the budget is allocated for E-Routes (buses) and Small Vehicle (taxi) contracts for Mainstream and SEN pupils: £16,411k</p> <p>The underspend is attributable to:</p> <ul style="list-style-type: none"> - Lower numbers of pupils being supported across E-Routes, Small Vehicles and SEN Small Vehicles than budgeted (£950k) - Lower than expected travel trainer costs (£100k) - Lower than anticipated numbers of students using bus and rail passes (2,225 can be supported, but only 1,976 currently are), giving an underspend of (£100k). - Offset by other small overspends. <p>Savings as a result of 16-18 SEN Home to School policy changes also appear to be being achieved earlier than expected.</p> <p><i>Reason for quarterly movement:</i> The forecast for Home to School Transport has fallen by £482k. This movement has arisen as accurate data becomes available post-September 2015 on the new contracts which are required for the new academic year. This has shown a drop in pupils accessing the service, and a drop in the average cost of transport per pupil for SEN Small Vehicles.</p>							

CLA Client Expenditure							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
2,176	2,725	549	256	293	-	549	-
<p>A significant increase in the number of Unaccompanied Asylum Seeking Children (UASC) is causing an overspend of £534k in this budget. There have been 51 new cases since April. The pressure is due to shortfall in grant received compared to placement costs for these children and this is reflected in the IP for 2016/17. This overspend is off-set by underspends on support for Care Leavers (£35k underspend). In addition, CLA placement support cost budgets, including transport, are now £40k overspent. These are currently being reviewed with a view to reducing these wherever possible.</p> <p><i>Reason for quarterly movement:</i> The increase in overspend is due to the increase in UASC numbers which is now expected to continue until at least the end of the financial year. In addition, increased costs for CLA transport have increased the forecast expenditure by £100k.</p>							

Independent Placements

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
21,711	22,959	1,248	1,104	144	-	1,248	-

The overspend is due to a higher number of independent fostering placements than budgeted (£2.312m overspend) and family assessment placements (£106k overspend), off-set by reductions in the number of costly IP Residential Placements to the end of year target level significantly ahead of schedule (£711k underspend); and an underspend on semi-independent placements (£422k underspend).

Residential Services

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
5,979	5,530	(448)	(314)	(134)	-	(448)	-

The underspend is mainly due to a number of staff vacancies across all of the homes. In addition, £200k set aside for conversion works at Woodland View is not now required in 2015-16.

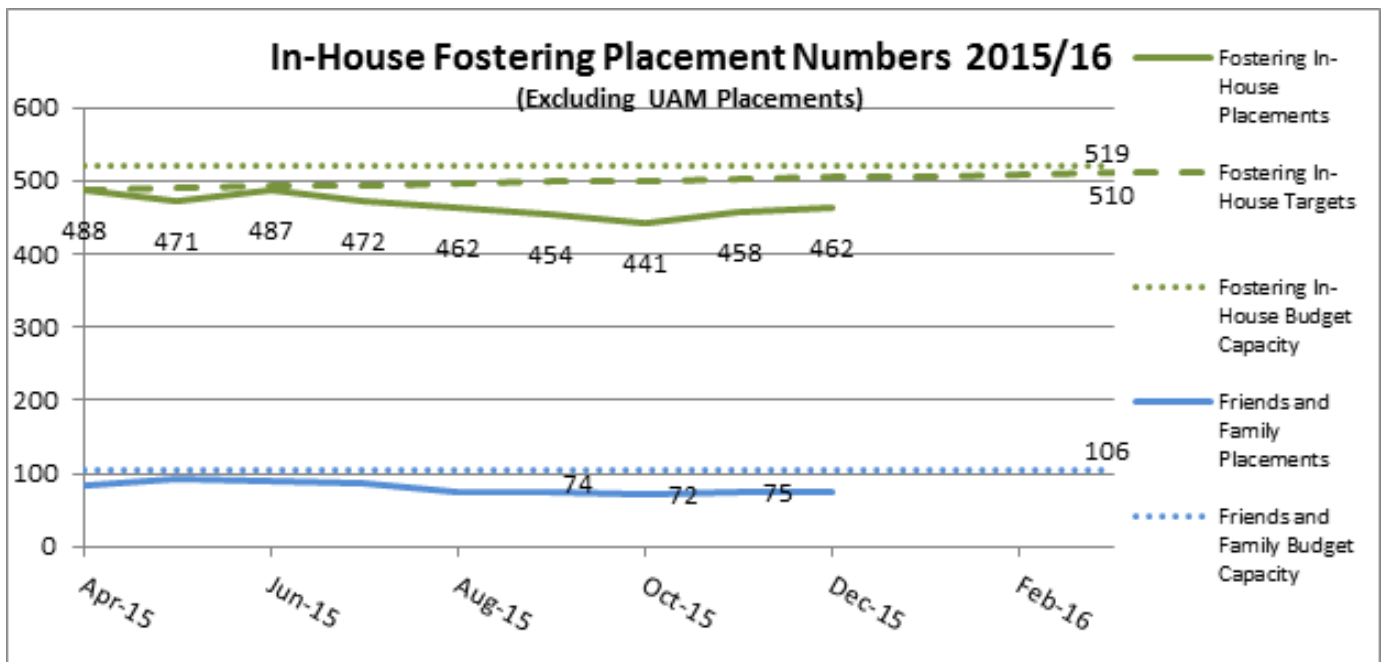
CS Commissioning

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
2,552	2,285	(267)	(173)	(94)	(170)	(97)	-

Overall underspend on a number of Commissioning Budgets

Fostering Direct Spend							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
12,029	10,935	(1,094)	(985)	(108)	-	(1,094)	-

The overall forecast underspend on In-House Fostering is due to a reduction in the number of placements. Although actual numbers have risen slightly in Q3, this movement is less than anticipated in the Q2 forecast, giving an increased underspend of £108k.



Disabled Children's Services							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
8,126	8,400	274	298	(24)	-	274	-

The forecast variance is mainly due to overspends on Personalised budgets totalling £434k (this includes Homecare £448k, Direct Payments £49k & Equipment budgets £7K). These are off-set by underspends on DCS Transport (£100k) Contracted Short Breaks (£43k) and PCIB (£33k).

2.4 Environment

Structural Maintenance							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
2,019	2,269	250	250	-	-	250	-

A cost pressure was reported from bridge strikes unrecoverable from third parties last year, which is being experienced again this year. An example of this is the recent severe damage to the bridge at Walkern, where severe damage was caused to the west side of the structure, but not severe enough to prevent the vehicle causing it from continuing on its way undetected by the authorities.

In addition, there are now a number of instances where construction materials are being illegally removed from bridges for their recycled value. The latest example of this is at Monks Walk, Buntingford, where the metal railings have been stolen from a footbridge.

The combined cost of these issues is estimated at £250k. Options are being explored on how this situation might be improved.

Routine Maintenance							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
14,165	18,685	4,520	1,200	3,320	-	3,170	1,350

- **3rd Party Rechargeables £450k** – Within the terms of the highways maintenance contract, the contractor is responsible for recovering costs for third party accident damage and the value of this is held as an income budget. It is likely that this target will not be met, as in previous years, so an estimate has been made of the likely shortfall that will need to be met by the County Council after the pain gain measures specified in the contract have been applied. Options are being explored on how this situation might be improved.
- **£50k – Baldock Tunnel** – repairs to drainage pumps caused by lightning strike
- **£700k** – Agreement has now been reached with the contractor for the settlement of the 2013/14 account which has resulted in a final payment of £700k.
- **£3,320k** – Despite success at the recent formal adjudication process, there are a number of costs which will need to be settled to finalise the 2014/15 final account. The County Council estimates that an additional sum payable will amount to £1.97 million, however, this may be subject to challenge from Ringway. It should be noted that had the adjudication gone against the County Council, the additional cost would have been in excess of £5 million.

There are also additional costs affecting 2015/16 due to the county's share of the pain/gain arrangements and to a number of compensation event claims received from the contractor. This extra cost is assessed at £1.35 million bringing the total overspend variance to £3.32 million.

Reason for quarterly movement:

Relates to the anticipated Ringway settlement for the 2014/15 account, and added pressures on the 2015/16 contract.

Lighting							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
5,407	5,678	271	271	-	-	-	271

There has been a significant increase in energy charges under the Laser contract since the budget was set. Laser is a consortium of south east authorities, including Hertfordshire County Council, that combine their purchasing power in order to obtain the best energy market prices.

Traffic Management & Safety - Safety							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
825	485	(340)	(340)	-	-	(340)	-

Income from increased demand for speed awareness courses makes it likely that an amount in excess of the net income budget will now be generated. It should however be noted that the Police are currently reviewing the arrangements for the provision of this service, which may affect or remove this income stream both in this and future financial years.

Waste Management (incl waste aware)							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
43,237	42,857	(380)	(48)	(332)	-	(380)	-

Waste Recycled Materials – A shortfall of £175k is projected on the sale of recycled materials due to deterioration in market conditions. This overspend is partially offset by a reduction in the quantity and cost of waste passing through the household waste recycling centres, saving (£190k). Additionally, savings have been made from the HWRC contract performance mechanism (£112k).

Waste Procurement – Projected (£113k) reduction in external advisor costs linked to the Waste Procurement budget spend position.

Waste Disposal – (£140k) reduction in the net cost of the management of materials in the Household Waste Recycling Centres.

Reason for quarterly movement:

As above, there have been reduced disposal rates and savings from the new Household Waste Recycling Centres contract.

2.5 Resources & Performance

Finance							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last month £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
3,838	3,621	(217)	(97)	(120)	(46)	(171)	-

Finance is reporting an underspend of (£217k) due to an exceptional number of staff vacancies (£100k) alongside unbudgeted income (£90k) from the Police and Crime Commissioner, East Herts and HfL in respect of secondments. There has been an increase in vacancies due to internal recruitment, notably from the graduate pool and the gap between the next wave of recruitment to the pool in summer 2016. An underspend of £23k in respect of lower bank charges has also contributed to this position. A sum of £40k is being offered as a permanent saving.

Shared Managed Services (SMS)							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
14,477	13,977	(500)	(300)	(200)	(500)	-	-

The reported underspend this quarter is £500k. £300k is in relation to savings against the core contract charge and is a permanent underspend. £200k relates to the early achievement of Customer Service Centre savings in relation to reduced volumes (£105k) and some additional income received relating to contract penalties. This variance takes into account a commitment to support the relocation of the customer service centre, for which a £250k transfer to support IT capital costs was requested in quarter 2.

Property							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
15,175	14,444	(731)	(60)	(671)	(100)	(631)	-

£467k Property - The property portfolio was reporting a nil variance in Q2. The budget is now underspent in relation to a number of issues including:- £100k hazards (smaller asbestos remedial works & pro-active identification and management of risks) , £50k Corp Prop Fees (lower number of assets in the portfolio therefore lower contract costs), £50k Property Data Collection (review of works achievable by March) and £100k Rural Estates (due to vacancies within the team, increase rental income from rent reviews and additional income in relation to granting access to land for the installation of utility products); plus £100k on other vacancies in property which are being actively recruited to.

£160k Central & Shared - Agreement on backdated service charge for 2 years of occupancy following legal advice and a reduction in ongoing electricity/gas needs.

£44k Service Property - The budget is profiled to spend more on maintenance in the winter months. The forecast has been reduced due to the impact of unseasonably warm winter conditions.

Herts Business Services (HBS)							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
(1,186)	(1,633)	(447)	(520)	73	(131)	(316)	-

The over contribution of £447k is as a result of the following three factors:

1. A general increase in trade from the supplies business with overall sales for the year expected to be at the same level as 2014/15.
2. The assumption that Network Printing will continue as a service in its current format.
3. The further release of part of budgets no longer required (part of the next day delivery budget and a small part of the ICT budget).

2.6 Community Protection

Fire & Rescue							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
31,797	31,157	(640)	(414)	(226)	-	(440)	(200)

The majority of the Fire and Rescue's £640k variance is made up of two main elements:

- 1) uniformed and green book pay (£411k): the pro-rata effect of the uniformed recruitment course starting in June 2015, and vacancies and recruitment at lower grades for green book staff.
- 2) £200k from early delivery of savings relating to a number of voluntary redundancies from support services posts in Joint Protective Services. This also reflects operational changes including the adjustment to the Automatic Fire Alarm policy that has delivered a considerable reduction in calls. This in turn has reduced the costs relating to the Retained payroll.

Reason for quarterly movement:

As a result of a continual and thorough review of commitments, additional short-term vacancies have been identified and reflected in the forecast.

2.7 Central Items

Non-ringfenced grants							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
(31,387)	(32,311)	(924)	(989)	65	-	(32)	-

Notification of actual grants (grant determination) received for Deprivation of Liberties, New Homes Bonus and Business Rates Retention Tax Loss Reimbursement has resulted in additional income, offset by a reduction in Independent Living Fund income.

Contingency							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
4,288	1,465	(2,823)	-	(2,823)	-	(2,823)	-

In considering calls on contingency which have been quantified to date and an estimate for potential calls, there remains £2.8m of contingency unallocated.

Reason for quarterly movement:

The contingency budget has been reviewed, and based on current estimated liabilities, £2.8m is likely to be available for release to offset overspends.

Revenue Financing							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance		
					Early Achievement £000s	One-off £000s	Additional Ongoing £000s
10,654	10,799	145	275	(130)	-	145	-

£250k overspend relates to a reduction in expected interest received from the planned £10m investment across two bond funds. This is because the investments have been delayed due to low yields and unattractive prices of entry during the first part of the year.

£130k underspend relates to an estimated yield on pooled fund investments of 5% exceeding the 4% budgeted. This offsets the overspend above caused by the delay in entry.

£25k remainder relates to higher interest rate on borrowing due to increase in year.

Section 3 – Risks and Uncertainties

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

3.1 Health and Community Services

- Care Purchasing (Older People, Physical Disability and Learning Disability) and HCS Client Income

Care purchasing budgets are high risk due to the requirement to meet statutory care needs for a growing number of people.

Care needs for Older People are often linked to the need for medical intervention and how this is delivered. As a result, there is a strong focus on preventing hospital admissions and managing the transition out of hospital to promote reablement and recovery. This focus is currently leading to a stabilisation of overall spend pressures, but this will be dependent on health capacity that enables care at home and allows managed transition back home.

There is a continuing focus to increase the take-up of direct payments, which gives service users greater control over their care. The current expectation is that this would be cost neutral, as it would be a transition from traditional community based services. However, given that there is limited supply of homecare, this strategy may release homecare capacity which could then lead to an increase in spend. Work is underway by homecare providers to recruit additional staff. This would help to meet care needs that are currently being covered by short term care solutions.

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

3.2 Public Health

- Reduction in Public Health Funding

In June 2015, the government announced an in year reduction in the Public Health Grant. It has since been confirmed this reduction will be through a flat rate reduction of 6.2% to all Local Authorities, resulting in a loss of £2.437m in Public Health funding to Hertfordshire. This reduction has also been applied to the expenditure budget through in-year savings, and as such has not had an effect on the overall variance for the authority. There is still a risk, however, that in-year savings may not materialise to the extent planned. Any shortfalls/overspends will be funded from the Public Health reserve.

- NICE prescribing

Public Health has a responsibility to prescribe certain drugs in accordance with NICE approvals: there is a risk that approval of new medications will increase costs. A £500k reserve was created in 2014/15 to help mitigate this risk.

- Health Protection

There is a risk of unforeseen spend being required in the event of a health protection situation, such as an epidemic. To help meet any such costs, £300k was set aside in 2014/15 to create a specific reserve.

In addition to these, a balance of £4,195k Public Health carry forward is held as general reserve. There are significant commitments against this reserve for this financial year including work associated with providing accommodation for the Sexual Health Service as outlined below. However, it is anticipated that a balance will still remain at year end that will be utilised during 2016/17.

3.3 Children's Services

- Independent Placements

There is an expectation that current numbers of Independent Placements will decrease in line with the CLA Strategy over 15/16. Therefore, major decreases are required in Independent Fostering Agencies Placements (decreasing by 14). If placement numbers do not decrease down to target levels, then the IP forecast will increase over 15/16 to reflect this.

If IFA target is not reached, spend is likely to be £309k above monitor projection.

- In-House Fostering

There is an expectation that the forecast will increase as IFA placements are stepped down into In-House to support reaching CLA Strategy Targets, and In-House numbers increase. The number of In-House Placements is projected to increase by 22 over 15/16. There is a risk that In-House placement numbers do not grow and the underspend on this budget increases over 15/16 to reflect this (£109k).

There is also a risk that allowances may increase due to legislative costs. The potential impact of this risk ranges between £60k and £600k.

- Unaccompanied Asylum Seeking Children (UASC)

There has been growth in Independent Placement (IP) UASC since March 2015. This population is difficult to predict, and if placement numbers continue to rise through the remainder of the year, there could be a potential additional pressure (the cost to this budget of each additional UASC is £14,456). There remains the

possibility that the government may accept additional refugee children from within Europe, which could create additional pressures for Hertfordshire.

- Section 17 (Children in need)

While a small overspend is currently forecast, and there have been discussions on ways to reduce Section 17 spend, a number of managers are expecting a much higher spend in this area compared to last year. There has been a significant rise in families claiming No Recourse to Public Funds (NRPF), intentionally homeless families and recent Court decisions where children have been left at home and the teams have had to put in high cost support packages to mitigate risk. This is leading to increased costs and this is predicted to continue.

- Academy Conversions

A risk arises from the Authority being liable to cover the deficit on schools which are required to convert to a sponsored academy. The potential risk has been quantified as up to £3.475m (see section 4.4).

3.4 Environment

- Waste Management

A dispute is currently under way with a contractor which could result in the reduction of a currently assumed liability for cost. If successful, this would produce a one-off saving.

- Fontmell Close Sink Hole

It is estimated that approximately £150k of capital will be spent to fill a large sink hole in St Albans in addition to £100k revenue costs for ground work investigation. Further costs, currently estimated at approximately £200k, are being incurred to secure a temporary road to access the area. The final position is not known, with there being a risk that costs may increase significantly after further ground investigation work in the area has been completed. The county is approaching this task on a without prejudice basis and is maintaining the right to pursue reimbursement should that be appropriate.

Section 4 – Children’s Services (Schools) Variances

4.1 The Schools’ budget is funded from the Dedicated Schools Grant (DSG) and sixth form grant which is separately received from the Education Funding Agency (EFA). As reported in section 1.3, there is a forecast net underspend of £3.596m against this budget (increased underspend of £0.584m from Q2).

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

3 & 4 Year Old Funding	Variance
	£150k
Within 3 & 4 Year Old Funding there is an overspend of £150k against place funding, there is also an underspend in this area against pupil premium, however, as this is offset by an expected reduction in DSG it has been shown in the section below.	

High Needs Reserve	Variance
	(£152k)
This underspend of £152k constitutes a reserve for the High Needs budget which, at this stage, it is not anticipated will be required.	

Independent Schools Placement underspend	Variance
	(£2,543k)
Independent Placements is expected to underspend by £2.543m due to lower number of pupil being forecast in placements than originally anticipated.	

Special School Places	Variance
	£200k
An estimated overspend of £200k on Special School places due to the restriction by the DfE on redistributing places from schools with vacancies to those with increased demand.	

Additional Places	Variance
	£100k
There is £100k overspend due to reduction in DSG in respect of additional places deducted by the EFA in non-maintained special schools and alternative provision in free schools.	

Early Years Service	Variance
	(£157k)
The Early Years SEND Service is underspending by £157k primarily as a result of staffing vacancies. This is formed of £100k within the teams, £41k in Early Years Specialist Development Centres and £16k in the Early Years Support Project.	

Additional Welfare and Tuition (AWT)	Variance
	(£275k)
AWT provides funding for training and development of individual children with SEN. Current forecast expenditure based on the number of children and cost of support provided is £275k lower than budgeted, however, this is subject to change once requirements are assessed for the new academic year cohort.	

Specific Learning Difficulties (SPLD)	Variance
	(£128k)
A review of SPLD (Specific Learning Difficulties) provision is underway following retirement of the SPLD Adviser. As such, the SPLD provision budget is reflecting an underspend of £129k, pending the outcome a review of the post and initiatives undertaken by it.	

Keeping Children in Local Provision (KCLP)	Variance
	(£200k)
Keeping Children in Local Provision (KCLP) is carrying a number of vacancies as it is currently under review pending the outcome of recommendations from a review of Autism provision. As such, an underspend of £200k is being declared.	

Growth Funding	Variance
	(£230k)
<p>This underspend is due to a number of factors:</p> <p>£98k underspend on the budget to fund additional learning resources for schools with one-off bulge classes.</p> <p>£72k underspend on Infant class size protection due to less schools meeting the criteria.</p> <p>£128k underspend due to slippage in opening new schools and therefore previously expected start-up costs not falling into 2015/16.</p> <p>£32k overspend due to one Academy expansion where late notification of the expansion has impacted ability to claim additional DSG funding.</p> <p>£36k overspend due to an additional school qualifying for falling rolls fund.</p>	

Education Support Team for Medical Absence (ESTMA)	Variance
	(£107k)
The delivery of the ESTMA Service has been transferred from the ESC's to within ISL. At present, a £107k underspend is predicted.	

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

Growth Funding for Expanding Schools	Variance
	£325k
There is an overspend of £325k on the Growth fund due to the requirement to fund Academies Growth fund allocations in the summer term as they are funded on an academic year basis. There is an offsetting increase in DSG income for these expansions.	

Schools becoming Academies	Variance
	(£5,888k)
The reduction in expected expenditure relating to payment of budget shares to schools (£5.888m) is off-set by a corresponding reduction in DSG income received from DfE.	

3 & 4 Year Old Funding	Variance
	(£314k)
There is a £314k underspend now forecast in respect of Pupil Premium funding for 3 and 4 year olds. The budget was set based on a DFE estimate, however, the Autumn Term 2015 pupil count was considerably lower than previously estimated by the DFE. At this stage it is unknown if the DFE will amend the funding; it is currently being assumed that they will, and that there will be an equal reduction in DSG income of £314k.	

Additional 2 Year Old Places	Variance
	£600k
There is an overspend of £600k due to the increased number of 2 year olds accessing their 15 hour entitlement. This will be offset by an increase in DSG funding reported under Schools Grants & Other Funding	

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

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

The table below quantifies the maximum expected risk by the end of 2015/16 for schools that are either already in, applying for, or projecting deficits.

Status	Number	Deficit 2015-16
Schools with Approved Licensed Deficits	2	£1.052m
Schools with Licensed Deficit Applications in Progress	4	£1.777m
Schools Projecting Deficit's by 15/16 Year End	4	£0.646m
Total	10	£3.475m

Section 5 – Capital Monitor

5.1 Latest Approved Capital Budget

At the end of December 2015, the Latest Approved Capital Budget is £152,046k.

This latest budget includes reprogramming from 2014/15 approved by Cabinet in June 2015 along with subsequent, in-year movements and the quarter 2 2015/16 reprogramming that was approved in December 2015.

	£k	£k
Original Budget Per 2015/16 Integrated Plan		200,036
2014/15 Reprogramming Approved	18,072	
Amendments to PEP Schemes	2,311	
DFG Funding - Paid in full to districts	3,070	
Funding for A120 Little Hadham Bypass Project	1,130	
Croxley Rail Link	(43,325)	
Other Budget Adjustments	42	
S.106 & Third Party Contributions	467	
LSTF Network Resilience	(3,145)	
Increase in ITP	1,143	
Public Health sexual health clinics refurbishment	1,400	
Revenue Contribution for the Customer Service Centre relocation	250	
Additional LEP funding for Highways Projects	850	
PMLD underspend - grant to be used for Quantum in place of HCC funding	(300)	
Increased Salix funding	58	
Additional Public Health funding for drug and alcohol recovery	36	
2015/16 Reprogramming	(30,049)	
Total Budget Adjustment		(47,990)
Latest Approved Budget for 2015/16		152,046

Table 3

Service Department	Latest Approved Budget 2015/16	Underspend	Reprogramming	Overspend	Total Variance
	£'000	£'000	£'000	£'000	£'000
Health & Community Services	15,418	(5)	(650)	-	(655)
Public Health	1,436	-	-	-	-
Children's Services	60,343	(77)	(1,507)	288	(1,296)
Resources & Performance	9,615	(0)	(2,003)	7	(1,996)
Community Protection	2,535	(120)	(942)	-	(1,062)
Environment	62,699	(1,834)	(690)	2,053	(470)
Grand Total	152,046	(2,036)	(5,792)	2,349	(5,479)

Against the Latest Approved Budget for 2015/16 of £152,046k, the County Council is currently forecasting a net variance of (£5,479k). This comprises re-programming of (£5,792k), underspends of (£2,036)k, and overspends of £2,349k.

Details of major variances (over £100k) against the revised budget are shown below.

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

The total variance of £5,479k is mainly due to anticipated reprogramming of:

- £1,428k for Broadband Contract Phase 1
- £942k for the Fire and Rescue Services due to an anticipated delay in the delivery of 4 appliances and a Aerial Ladder Platform
- £1,425k for Secondary Expansions
- £350k for Inspiring Libraries, mainly relating to the delays in spend for the co-location of libraries into fire stations
- £275k within Children's service for expected delays relating to spend for universal free school meals
- £575k for the delay for works at the Jarman Centre.

The overspend of £2,349k is mainly due to an anticipated overspend for Highways Maintenance of Roads of £2,053k, which is mostly offset by underspends on Bridge Maintenance (£118K), signal maintenance (£125k) and Integrated Transport Projects (£1,590k).

5.2 Significant Capital Forecast Variances

5.2.1 Health & Community Services

Project Title	Latest Approved Budget £000	Forecast Expenditure 2015/16 £000	Planned Reprogramming £000	Forecast (Under)/Over Spend £000	Variance £000	Variance change since last quarter after q2 re-programming £000	Commentary	Future Years' Budget £000
Inspiring Libraries (Budget Holding)	500	150	(350)	0	(350)	(350)	£2,010k was reprogrammed at Quarter 2 as work was being continued to identify projects. A further £350k has been identified to be reprogrammed; £300k of this relates to the delay in the collocation of libraries into fire stations which is still at the planning stage. £150k expenditure is now forecast in 15/16 on Open Plus and library improvements including Creatorspace.	6,680
Fletcher Way ;A newly built bespoke property for 7 people with physical/ learning disability needs..	300	0	(300)	0	(300)	(300)	The second payment of £300k on works at Fletcher Way is not due till the completion of works which is expected to be August 2016.	0

5.2.2 Public Health

No variances to report

5.2.3 Children's Services

Project Title	Latest Approved Budget £000	Forecast Expenditure 2015/16 £000	Planned Reprogramming £000	Forecast (Under)/Over Spend £000	Variance £000	Variance change since last quarter after q2 reprogramming £000	Commentary	Future Years' Budget £000
Building Schools for the Future-ICT	384	490	106	-	106	106	Schools have several years remaining to draw down the balance on these funds. £336k was reprogrammed at Q2 from future years for a higher than anticipated drawdown at one of the schools spend in 15/16. The current variance of £106k is due to another school drawing down more of the fund in 15-16 than anticipated. Work is being undertaken to ensure forecasts and budget profiles are accurate and robust.	596
School Meals	974	699	(275)	-	(275)	(275)	£275k is planned to be reprogrammed to 16/17 to enable work to complete at Hartsfield.	-

Project Title	Latest Approved Budget £000	Forecast Expenditure 2015/16 £000	Planned Reprogramming £000	Forecast (Under)/Over Spend £000	Variance £000	Variance change since last quarter after q2 reprogramming £000	Commentary	Future Years' Budget £000
Primary Expansions PEP1 - HCC Managed	2,271	2,375	-	104	104	73	The increase in variance relates to a revised forecast relating to the additional works for the works relating to the contaminated land, extra compacting required and improvement works at the park and stride at Cassiobury.	-
Secondary Expansions - SEC1	8,387	6,962	(1,425)	-	(1,425)	(1,425)	£300k was reprogrammed at Q2 for Highways works likely to be undertaken in 16/17. £1,425k reprogramming has been identified for St Clement Danes, where planning permission was delayed after further iterations of highways advice and some issues with Transport Planning Orders.	300

5.2.4 Resources & Performance

Project Title	Latest Approved Budget £000	Forecast Expenditure 2015/16 £000	Planned Reprogramming £000	Forecast (Under)/Over Spend £000	Variance £000	Variance change since last quarter after q2 reprogramming £000	Commentary	Future Years' Budget £000
Broadband Delivery (Contract 1)	4,812	3,384	(1,428)	0	(1,428)	(1,428)	Re-programming will be required due to satellite scheme being delayed. Our original contract implied the satellite rollout would be between March 2015 and April 2016, but following long delays, BDUK only recently agreed with BT on how to implement the national satellite scheme process. They have advised all local bodies that following pilots in October/November, the national scheme would now only start in December 2015, and that it is open for 2 years up to December 2017. There could be savings on the contract if satellite take-up is not high. In addition, there may be savings as the more costly option of offering more expensive Broadband Enabling Technology to these users rather than satellites has been removed. These savings will not be known until after the deadline for residents applying for	Rolling Programme

Project Title	Latest Approved Budget £000	Forecast Expenditure 2015/16 £000	Planned Reprogramming £000	Forecast (Under)/Over Spend £000	Variance £000	Variance change since last quarter after q2 reprogramming £000	Commentary	Future Years' Budget £000
							satellites in 2 years' time.	
Jarman (HCS) – Office and touchdown facility to accommodate additional staff for the Care Act	600	25	(575)	0	(575)	(575)	Planning applications have been made for demolition and reroofing works that should be approved by the end of February. Tendering and constructions works will be tendered and works are anticipated to start late March/early April. Completion is expected within 4 months.	0

5.2.5 Community Protection

Project Title	Latest Approved Budget £000	Forecast Expenditure 2015/16 £000	Planned Reprogramming £000	Forecast (Under)/Over Spend £000	Variance £000	Variance change since last quarter after q2 reprogramming £000	Commentary	Future Years' Budget £000
F&R Vehicle Replacement	2,208	1,146	(942)	(120)	(1,062)	(942)	Reprogramming of £252k for Appliances plus £690k for an Aerial Ladder Platform is required.	Rolling Programme

5.2.6 Environment

Project Title	Latest Approved Budget £000	Forecast Expenditure 2015/16 £000	Planned Reprogramming £000	Forecast (Under)/Over Spend £000	Variance £000	Variance change since last quarter after q2 reprogramming £000	Commentary	Future Years' Budget £000
Highways - Bridge Maintenance	2,700	2,582	0	(118)	(118)	(118)	A number of deferrals to schemes will mean that this budget will underspend by £118k in order to mitigate the over spend within Highways Maintenance of Roads.	5,000
Highways - Road Maintenance	33,083	35,136	0	2,053	2,053	2,053	It has become clear that there are a number of costs associated with the highways maintenance contact that cannot be accommodated within this budget. These additional 2015/16 costs are due to the County Council's share of the pain/gain arrangements and to a number of compensation event claims received from the contractor. This extra cost is assessed at £2.053m. Work has been undertaken to try to reduce this figure. £850k additional LEP funding has been confirmed across Highways and along with a number of IWP and signal scheme deferrals, highways as a whole should	54,640

Project Title	Latest Approved Budget £000	Forecast Expenditure 2015/16 £000	Planned Reprogramming £000	Forecast (Under)/Over Spend £000	Variance £000	Variance change since last quarter after q2 reprogramming £000	Commentary	Future Years' Budget £000
							overspend by £220K.	
Signals Refurbishment	650	525	0	(125)	(125)	(125)	A number of deferrals to schemes will mean that this budget will underspend by £125k in order to mitigate the overspend within Highways Maintenance of Roads.	1,300
Integrated Transport Projects	8,816	7,226	0	(1,590)	(1,590)	(1,590)	Additional LEP funding has been confirmed and a number of deferrals to ITP schemes will mean that this budget will underspend by £1.6m in order to mitigate the overspend within Highways Maintenance of Roads.	26,356
Waste Infrastructure Capital Grant	704	436	(268)	0	(268)	(268)	There is proposed reprogramming on the Waste Infrastructure Capital Grant of £268k so that this funding is available in 16/17. It is intended to fund Hertsmere Borough Council for the purchase of reduced size residual waste containers for implementation in April 2016.	0
Dial-a-Ride Replacement Programme	422	0	(422)	0	(422)	(422)	We have recently been advised that the vehicle chassis' will now not be available until April 2016 suggesting a delivery time of early June at the	584

Project Title	Latest Approved Budget £000	Forecast Expenditure 2015/16 £000	Planned Reprogramming £000	Forecast (Under)/Over Spend £000	Variance £000	Variance change since last quarter after q2 reprogramming £000	Commentary	Future Years' Budget £000
							earliest. The vehicles are required to take forward the vehicle replacement programme and to allow a more joined-up, flexible and responsive approach to door to door transport provision across HCC departments. Reprogramming for the full budget allocation of £422k will be requested to cover the costs in 2016/17.	

5.3 Movements in the Capital Budget's Financing

Table 4 below summarises the changes in financing to support the revised budget and the forecast financing position based on current forecast spend for 2015/16. Reprogramming and underspend, except where these are linked to grant funding or external contributions, reduce the need to borrow and result in a higher level of capital reserves to carry forward for funding in future years. With the potential further reprogrammings detailed in para 5.5, no borrowing is expected for 2015/16.

Table 4

Budget Financing Source	Original Budget (2015/16 IP)	Funding Movements Agreed	Latest Adjusted Budget 2015/16	Variance (Additional Funding Movements)	Latest Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
Capital Receipts	25,010	1,230	26,240	-	26,240
Capital Grants	110,282	(19,355)	90,927	(2,310)	88,617
Revenue contributions	6,540	980	7,520	-	7,520
Contributions from Third Parties	37,026	(22,457)	14,569	(1,254)	13,315
Specific Reserves	7,265	2,630	9,895	-	9,895
Borrowing	13,913	(11,018)	2,895	(1,915)	980
Total	200,036	(47,990)	152,046	(5,479)	146,567

5.4 Capital Receipts

The 2015/16 target for capital receipts is £25.6m. A total of £8.27m has been received by the end of December 2015. In addition, the sale of an additional £1.18m of assets could be possible in 15/16. Anticipated capital receipts for 2015/16 are currently £9.45m. A contract that will provide net receipts of £15m will be received in 2016/17; officers are working to ensure that this is early in the year.

5.5 Other Matters

- Final design of the development of Broxbourne station (budget of £380k) was completed in November 2015 and tenders are due to be returned in January. Assuming that the cost is acceptable, they will be mobilised immediately and it is written into the contract that the works have to be finished by the end of March 2016, but there is some risk that the full scheme will not be completed by year end. Therefore, it is possible that reprogramming for some of this capital allocation may be requested.
- The delivery responsibility for Croxley transferred to London Underground on 20 November with the Main Works Contract with Vinci being novated from Hertfordshire County Council to London Underground at the same time. The County Council is currently finalising the expenditure made on the project in 15/16 up to this date, with the forecast cost expected to exceed available budget by approximately £0.8m as a result of the delay in transfer. The HCC-TfL Funding Agreement provides for reimbursement of this excess value for TfL held project budget and agreement has been reached that when finalised, HCC will invoice Transport for London for the agreed value, accompanied by a side letter which sets that payment within the overall funding package for the scheme. The Funding Agreement now in place with Transport for London fixes HCCs financial contribution to the project and includes an agreed funding profile for the years 15/16 to 20/21.
An Agreement is being finalised between the County Council and Watford Borough Council to mitigate the residual risk to HCC of securing the committed contributions from WBC. It is likely that HCC will still need to forward fund the WBC contribution of £5m in 2019-20.
- The programme of Schools Repairs and Maintenance planned for 2015/16 has been awarded to contractors following the tender period. Consultants managing the works have indicated that, subject to delays outside of their control such as the weather, the programme will come in on time and on budget.
- There is further potential reprogramming of £600k due to the delay in receipt of HCS vehicles for adult social care. The vehicles will be delivered sometime between mid March – mid May.
- The St Clements Dane programme may be subject to further delay, in which case a second £1,425k payment will be reprogrammed to be paid early in 2016/17.
- The development of the Hemel Hempstead Household Waste Recycling Centre is now set to be significantly reduced due to prohibitive costs identified during the detailed design stage prior to planning permission. It is now anticipated that some small scale works (c. £35k) will be carried out in this financial year and the remainder of the budgeted sum (£1,210k) can be released. The project will now move to a stage seeking alternative sites for a larger, more modern facility that can aid rationalisation of the wider network, for which a separate capital bid will be made.

6 Other Financial Information

Appendix B shows the reported 2015/16 Treasury Management prudential indicators, and Appendix C shows summary information on debt management.

6.1 Treasury Management Report

- 6.1.1 Treasury activity has been carried out within the prudent framework set by the Treasury Management Strategy which was approved on the 24 February 2015 as Part C of the Integrated Plan Process. There have been no breaches of the Treasury Management Strategy in this quarter.
- 6.1.2 The Council's treasury activities have been undertaken within the context of a gradually improving economy in the UK, but globally the slowdown in the Chinese economy is having a significant impact, with volatility in financial markets. Despite this global volatility, based on domestic growth, the US raised rates in December by 0.25%, the first rate rise since the financial crash. GDP (Gross Domestic Product) figures released by the ONS (Office of National Statistics) during December suggest that the UK economy has grown by 0.4% over the third quarter of 2015. This was below market expectations and shows a small downturn in growth from Q2, indicating slowing but steady growth.
- 6.1.3 The Bank of England maintained base rate at 0.5% and did not undertake any additional Quantitative Easing. At the January meeting of the Bank of England's Monetary Policy Committee, the vote was 8-1 in favour of no change to base rate. This reflects concerns around the declining oil price and global growth and stability, particularly in emerging markets. Continuance of the low base rate has resulted in investment yields remaining low, with 7 day LIBID at an average of 0.36% for the quarter.
- 6.1.4 During the third quarter of 2015/16, the Council held an average investment portfolio of £133.69M and achieved an investment return of £0.458M. The total annual forecast for interest earned on treasury investments throughout the year is currently £1.657m which is under the budget of £1.777m. This £120k under recovery of income is the net effect of a £250k reduction in income forecast due to a delay in investment in bond funds whilst awaiting an optimum point of entry and an additional £130k of interest forecasted for pooled funds representing an increase of 0.78% on the 4% target. The investment yield profile and fund values of investments in bond, equity and multi-asset funds can be volatile and will be influenced by market movements, therefore returns are likely to change over the year.
- 6.1.5 The rate of return for the third quarter, 1.37% includes underlying returns of 0.62% for the investment portfolio excluding the pooled fund investments. The 0.62% rate exceeds the 7-day LIBID benchmark of 0.36% by 0.26%, and was higher than the 0.59% achieved in Q2 2015/16. The pooled fund investments are estimated to return 4.78% per annum over the year and have currently experienced a small overall capital loss at 31 December 2015. This capital loss is being impacted by a variety of changing market conditions and it is important to recognise the long-term nature of these investments to mitigate the anticipated volatility. The impact of the pooled fund investment is significant on the overall return taking this to 1.37%. See Appendix B, Section 3 for more details.

6.2 Debt Management Report

6.2.1 Debt Management Performance reports providing detailed information on debt are accessible to Members from the [Members' Information System](#) in the Budget Section, Debt Dashboard.

6.2.2 A summary of the debt performance is provided below and more detailed information is provided in Appendix C Debt Management Reports.

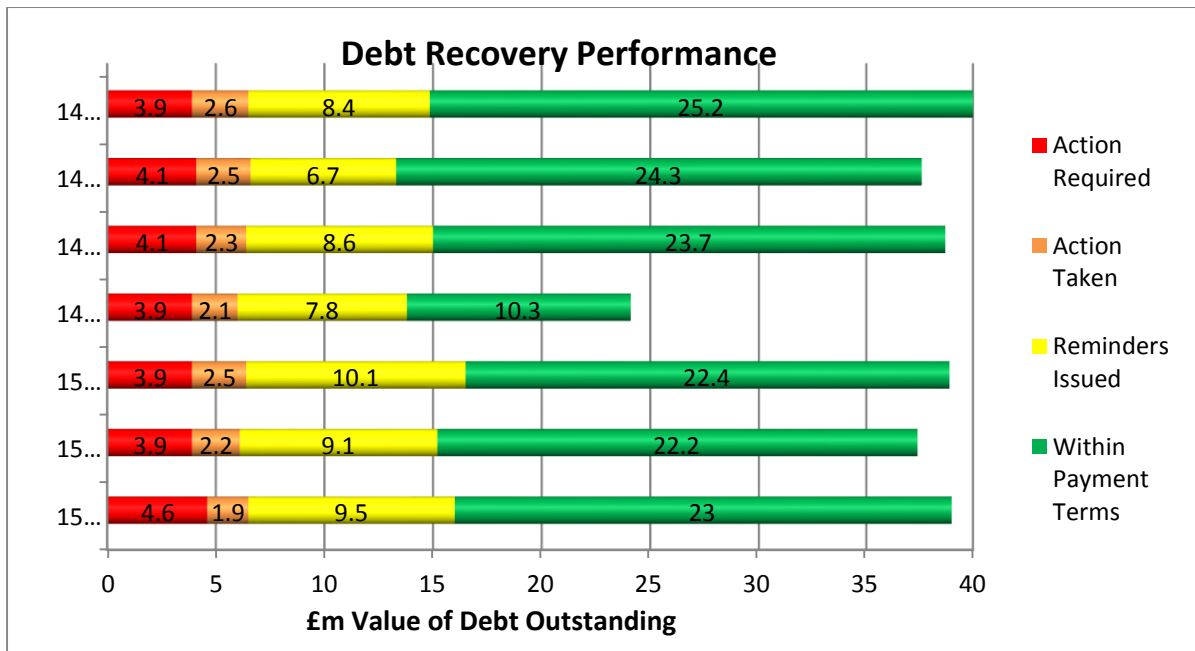
6.2.3 The following table summarises the debt recovery status of invoices and the change between quarters.

At 30/9/15	Debt Recovery Status	At 31/12/15		Description	Quarterly Change £ M
£ M		£ M	% of Total Debt		
22.2	Within Payment Terms	23.0	59	Invoices that have not reached the due date for payment	0.8
9.1	Reminders issued	9.5	24.4	Invoices where reminders have been issued	0.4
2.2	Action Taken	1.9	4.9	Invoices where active debt recovery is in progress	-0.3
3.9	Action Required	4.6	11.8	Invoices awaiting budget manager/holder decision	0.7
37.4	Total	39.0	100		1.6

6.2.4 Debt of £39m at 31 December 2015 increased between quarters by £1.6m. This is in line to the general trend for debt raised illustrated by the Debt Recovery Performance chart shown below.

6.2.5 Total debt outside of payment terms at 31 December 2015 was £16m. There has been an increase of 0.8m in debt outside payment terms compared to the previous quarter and of this total, there is an increase of £0.4m in the level of aged debt where action is currently being taken or where a decision on further action is pending.

6.2.6 The following chart provides a trend analysis of debt recovery performance for 2014/15 and Q1 to Q3 for 2015/16.



6.2.7 The chart above illustrates that the amount of debt raised each quarter and debt flowing through the reminder process fluctuates in relation to seasonal billing cycles. There has been an increase of £0.4m where reminders have been issued. Aged debt, where action is currently being taken or where a decision on further action is pending, has largely remained static over the last five quarters with an increase of £0.4m between quarter 2 and 3 of 2015/16.

Further detail on debt recovery performance is provided in Appendix C.

6.3 Financial Implications

There are no financial implications directly associated with this report.

Appendices

Appendix A – Invest to Transform Fund

The Invest to Transform (ITT) Fund is a specific earmarked reserve set aside to support innovative projects across Hertfordshire County Council that will underpin service transformation and deliver future efficiencies.

Invest to Transform Fund			2015/16	2016/17	2017/18	2018/19 onwards
FUNDING:			£000	£000	£000	£000
TOTAL			25,357	17,288	10,173	5,780
SCHEMES:						
6. Supervised Contact Services	2012	FUND				
6. Supervised Contact Services		PAYBACK	214	0	0	
9. Learning Disability Demography Programme	2012	FUND				
12. Telecare	2013	FUND	(78)	(78)	(78)	(156)
13. HFL/HC bid	2012	FUND				
14. Blue Badge	2013	FUND				
14. Blue Badge		PAYBACK				
15. Small vehicle	2014	FUND	(102)			
16. SAP Fiori licence purchase	2013	FUND				
17. Baldock/Letchworth day manning	2014	FUND				
17. Baldock/Letchworth day manning	2014	PAYBACK	150			
18. Adult Complex Needs	2014	FUND				
19. Business Rates Tool	2014	FUND				
20. LED Street Lighting Phase 1	2014	FUND	(1,526)			
20. LED Street Lighting Phase 1	2014	PAYBACK	472			
21. Free School Meals-e-mail applications	2014	FUND				
22. Broadband (Funding ring-fenced)	2014	FUND			(1,500)	
23. Broxbourne Land Acquisition	2014	FUND		(250)	(250)	
24. Enabling posts	2014	FUND	(373)	(106)		
25. Web-site upgrade (including £120k Intranet bid)	2014	FUND	(322)	(506)		
26. LED Street Lighting Phase 2	2014	FUND	(3,765)	(3,765)		
26. LED Street Lighting Phase 2	2014	PAYBACK				
27. E- Invoicing Project	2014	FUND				
28. SAFS Project	2014	FUND	(48)			
29. Library Strategy review	2015	FUND	(200)	(1,800)	(2,000)	(2,000)
30. Acquisition of Stevenage site	2015	FUND	(1,854)			
31. HR Review	2015	FUND	(140)			
32. Adult Complex Needs Phase 2	2015	FUND	(45)	(60)	(15)	
33. Impower 0-25 SEND integration	2015	FUND	(100)			
34. Accommodation for Independence programme	2015	FUND	(138)	(550)	(550)	(412)
35.E- Invoicing project (phase 2)	2015	FUND	(214)			
Cumulative Total			17,288	10,173	5,780	3,212

Appendix B – PRUDENTIAL INDICATORS 2015/2016 – 31 December 2015

1. Capital financing Indicators

	Indicator	Description	Integrated Plan Ref.	2015/16 Budget £M	2015/16 Q1 £M	2015/16 Q2 £M	2015/16 Q3 £M	2015/16 Q4 £M
<p>Indicators 1 to 3 demonstrate the affordability and sustainability of the capital programme. The projections for financial years 2015/16 to 2017/18 are set out in the Integrated Plan at the reference shown in the table below.</p>								
1	Capital Expenditure	Monitors capital expenditure for 2015/16 against the projections set out in the Integrated Plan.	2.4 Table 1	200.04	179.05	148.56	146.57	
2	Capital Financing Requirement (CFR)	Monitors the Council's underlying need to borrow for capital purposes for 2015/16 against the projections set out in the Integrated Plan	2.10 Table 3	532.08	522.34	518.23	519.21	
3	Ratio of financing costs to net revenue stream	Monitors the percentage of revenue budget set aside to service capital financing costs (borrowing costs net of lending income) for 2015/16 against projections set out in the Integrated Plan.	2.11 Table 4	1.30%	1.32%	1.32%	1.32%	
<p>Treasury Position: The Treasury Management Prudential Indicators are set to contain lending and borrowing activities within approved limits. The indicators are set at a level that will provide enough flexibility for effective treasury management, whilst managing the risk of a negative impact on the Council's overall financial position in the event of adverse movements in interest rates or borrowing decisions. The indicators are also used to demonstrate that Net Borrowing does not exceed the Capital Financing Requirement. The projections for financial years 2014/15 to 2016/17 are set out in the Integrated Plan.</p>								

	Indicator	Description	Integrated Plan Ref.	2015/16 Budget £M	2015/16 Q1 £M	2015/16 Q2 £M	2015/16 Q3 £M	2015/16 Q4 £M
4 A	Net Borrowing	Monitors actual borrowing less actual lending			131.49	124.49	125.09	
4 B	Net Borrowing Less than CFR	Comparison of net borrowing to CFR			□	□	□	
Borrowing: Indicators 5 and 6 control the overall level of borrowing. The limits for 2015/16 to 2017/18 are set out in the Integrated Plan.								
5	Authorised Limit (<i>against maximum position</i>)	Monitors the borrowing limit for 2015/16 beyond which borrowing is prohibited without Member approval.	6.5 Table 10	415	415	415	415	
6	Operational Boundary	Monitors the estimated external debt for the financial year 2015/16. This is not a limit and actual borrowing can vary. This estimate acts as an indicator to ensure the authorised limit is not breached.	6.5 Table 10	385	385	385	385	

2. Treasury Management Indicators

	Indicator	Description	Integrated Plan Ref.	2015/16 Budget £M	2015/16 Q1 £M	2015/16 Q2 £M	2015/16 Q3 £M	2015/16 Q4 £M
	Interest Rate Exposure: Indicators 7 and 8 limit the Council's exposure to both fixed and variable interest rate movements. The limits for 2015/16 to 2017/18 are set out in the Integrated Plan.							
7	Upper limit on fixed interest rates (<i>against maximum position</i>)	Monitors the limits set for 2015/16 for the volume and value of the (lending) /borrowing portfolios that may be committed for fixed interest rate investments or borrowing	6.7 Table 11	315.00	235.78	229.68	234.32	
8	Upper limits on variable interest rates (<i>against maximum position</i>)	Monitors the limits set for 2015/16 for the volume and value of the (lending) /borrowing portfolios that may be committed for variable interest rate investments or borrowing	6.7 Table 11	94.50	(118.53)	(105.90)	(88.81)	
	Maturity structure of fixed rate borrowing (against maximum position): Indicator 9 limits the Council's exposure to large fixed rate sums falling due for refinancing in the same period. The indicators are set relatively high to give the council enough flexibility to respond to opportunities to repay or reschedule debt during the financial year, while remaining within the parameters set by the indicators.							
9 A	Under 12 months		6.8 Table 12	50%	0.00%	0.00%	0.00%	
9 B	12 months to 2 years		6.8 Table 12	50%	0.00%	0.00%	0.00%	

	Indicator	Description	Integrated Plan Ref.	2015/16 Budget £M	2015/16 Q1 £M	2015/16 Q2 £M	2015/16 Q3 £M	2015/16 Q4 £M
9 C	2 years to 5 years		6.8 Table 12	60%	0.10%	0.10%	0.10%	
9 D	5 years to 10 years		6.8 Table 12	80%	3.24%	3.24%	3.24%	
9.E	10 years to 20 years		6.8 Table 12	85%	9.08%	9.08%	9.08%	
9.F	20 years to 30 years		6.8 Table 12	90%	12.34%	12.34%	12.34%	
9 G	30 years and above		6.8 Table 12	100%	75.24%	75.24%	75.24%	
<p>Investments greater than 364 days (against maximum limit): Indicator 10 measures the Council's exposure to investing for periods greater than one year. This indicator is required to ensure that the Council is aware of the cashflow implications for long term investments. This includes deposits at risk in Icelandic Banks.</p>								
10	Investments greater than 364 days (Maximum Limit)		6.9 Table 13	50M	20.01M*	31.73M*	31.73M*	

*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 November 2014.

3. Treasury Management Performance and Activity Measures

	Indicator	Description	Integrated Plan Ref.	2015/16 Q1	2015/16 Q2	2015/16 Q3	2015/16 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>GROUP A: Security, Liquidity and Yield</p>							
	Average Investment Portfolio	Monitors the average amount HCC has had invested in third parties.	7.3 Table 15	127.30	134.27	133.69	
	Average borrowing portfolio	Monitors the average amount HCC has as long term borrowing during the quarter	6.3 Table 9	258.78	258.78	258.78	
	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	3.31	4.45	5.20	
	Liquidity Indicator: Weighted Average Maturity of investments held	Measures the liquidity/accessibility of investments in average days	Section 6.10	19 days	21 days	19 days	
	Yield Indicator: Interest Earned	Monitors the interest earned on HCC investments. Shown as both an actual amount and a percentage of amount invested	7.3 Table 15	0.88%* 0.280M	1.35%* 0.451M	1.37%* 0.458M	
	Yield Indicator: Interest Paid	Monitors the interest paid on HCC borrowing. Shown as both an actual amount and a percentage of amount borrowed	7.2 Table 14	4.73% 3.05M	4.73% 3.08M	4.75% 3.09M	

*includes Pooled Fund investment returns some of which are estimated, see Yield section below for further information for rate excluding Pooled Funds

Security, Liquidity and Yield

Exposure to Risk

The Treasury Management Strategy was approved on 24 February 2015 as Part C of the Integrated Plan. This introduced additions to the types of investment used following on from changes already made in year 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 December 2015.

Diagram 1: Summary of Credit Risk of Investment Portfolio as at 31st December 2015

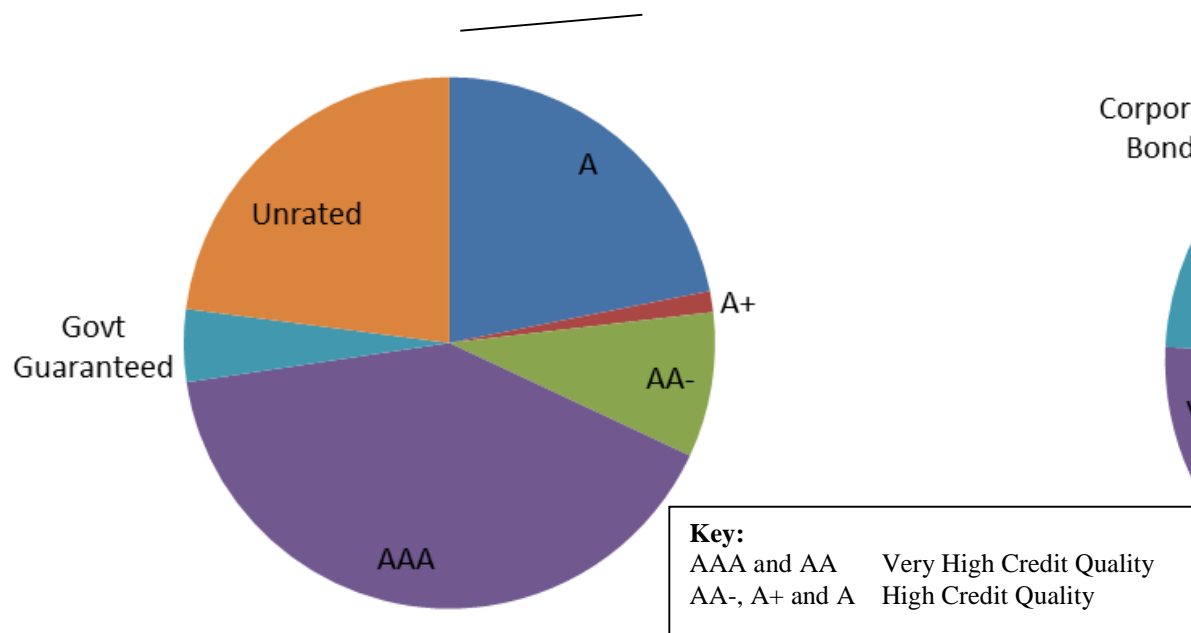
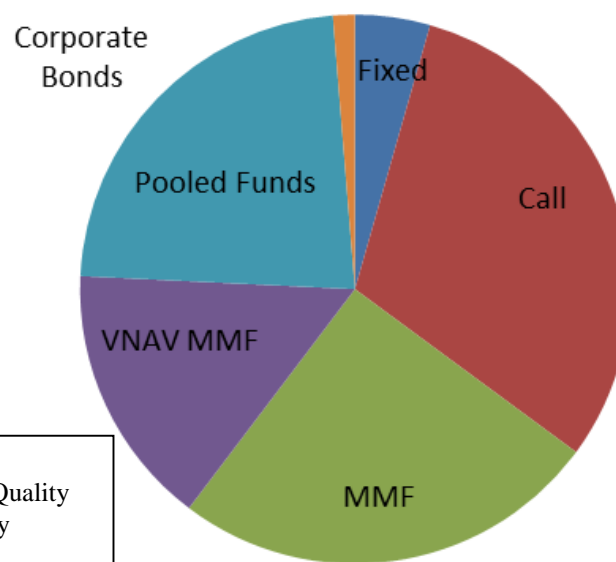


Diagram 2: Summary by Investment type as at 31st December 2015



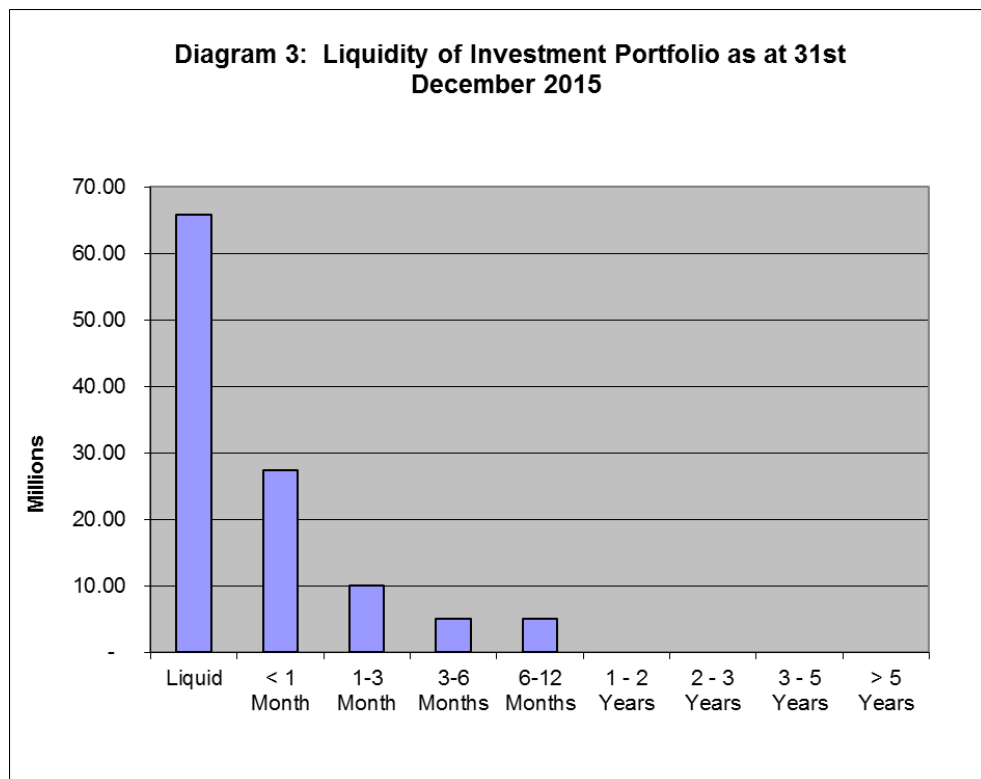
The greatest percentage of deposits are held in money market funds and call accounts, this reflects the reduction in cash balances since 2014/15 and the need to therefore hold a greater proportion of the portfolio in liquid investments to meet daily cashflow requirements. The Pooled Funds category now comprises the CCLA property fund, two multi-asset funds, two bond funds and one equity fund. The remaining

fixed term is a two year investment with Dumfries and Galloway local authority. One corporate bond was also held at the quarter end, in GE Capital Financing which matures mid January.

Liquidity

The majority of the investment portfolio is held in instant access Money Market Funds and call accounts. Due to reducing investment balances, there are less fixed term investments than were held at the end of 2014/15. The decision has also been taken to invest a proportion of the portfolio in pooled funds, these are shown on this graph based on their accessibility, which is less than 1 month. The intention, however, is to hold these funds for 3-5 years due to the potential capital volatility.

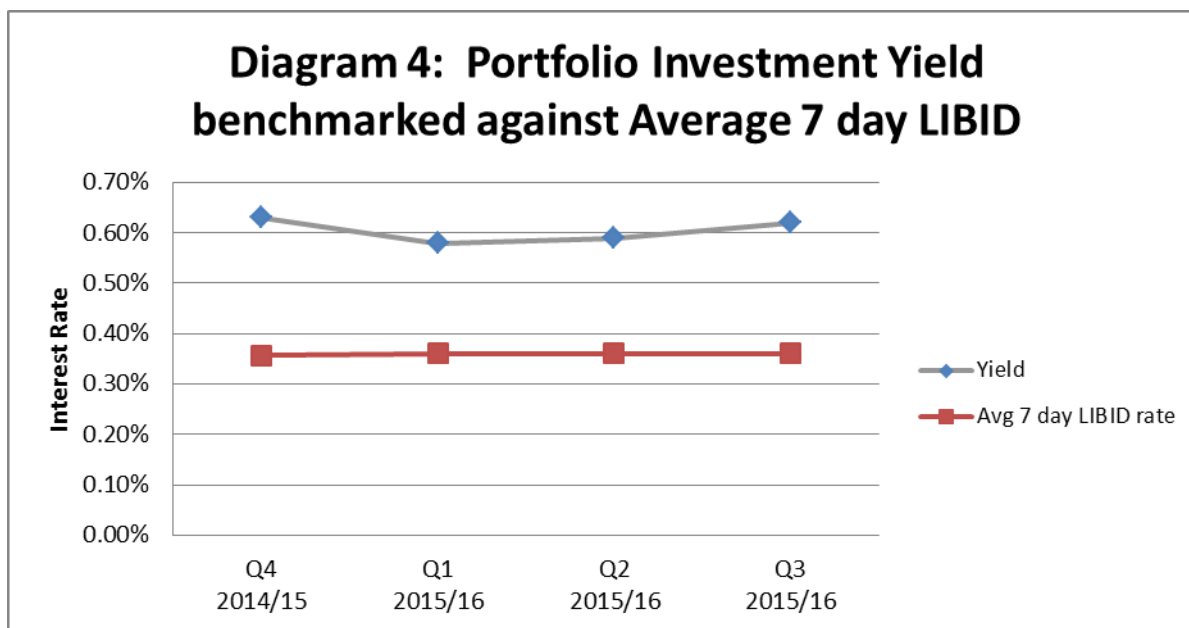
Diagram 3 provides a graph showing the liquidity of the Council's investments portfolio as at 31st December



Yield

The benchmark used for assessing the performance of return on lending is the 7-Day London Interbank Bid Rate (LIBID). Diagram 4 shows yield against the benchmark for the last four quarters. In reporting on yield, the return on pooled funds has been excluded from benchmarking against 7 day LIBID, as 7 day LIBID benchmark is more relative to short-term investments.

Since quarter 1, 7 day LIBID has stayed the same (at 0.36%), but the return excluding pooled fund interest (0.62%) has increased due to a couple of new investments in short dated corporate bonds paying good yields and is now similar to where last year ended.



Performance on the Pooled funds is difficult to analyse at this early stage due to the long-term nature of these investments, and the short period of time of investment so far. It is estimated on current performance that the pooled funds will return on average income of 4.78% per annum, exceeding the target rate of 4%. Overall, performance of the pooled fund investments also reflects capital movements. Due to global market conditions, values have fallen across the board over this short time period resulting in a -1.5% loss over the year to 30 December 2015. Capital values were always expected to be volatile on these funds and this is why they are intended to be held for the long-term to smooth out this volatility.

Appendix C – Debt Management Reports

1 Debt Management Performance Reports

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

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

a. How Much Debt Do We Have?

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

b. How Effective is the Debt Recovery Process?

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

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

2 Summary of Debt Outstanding at 31 December 2015

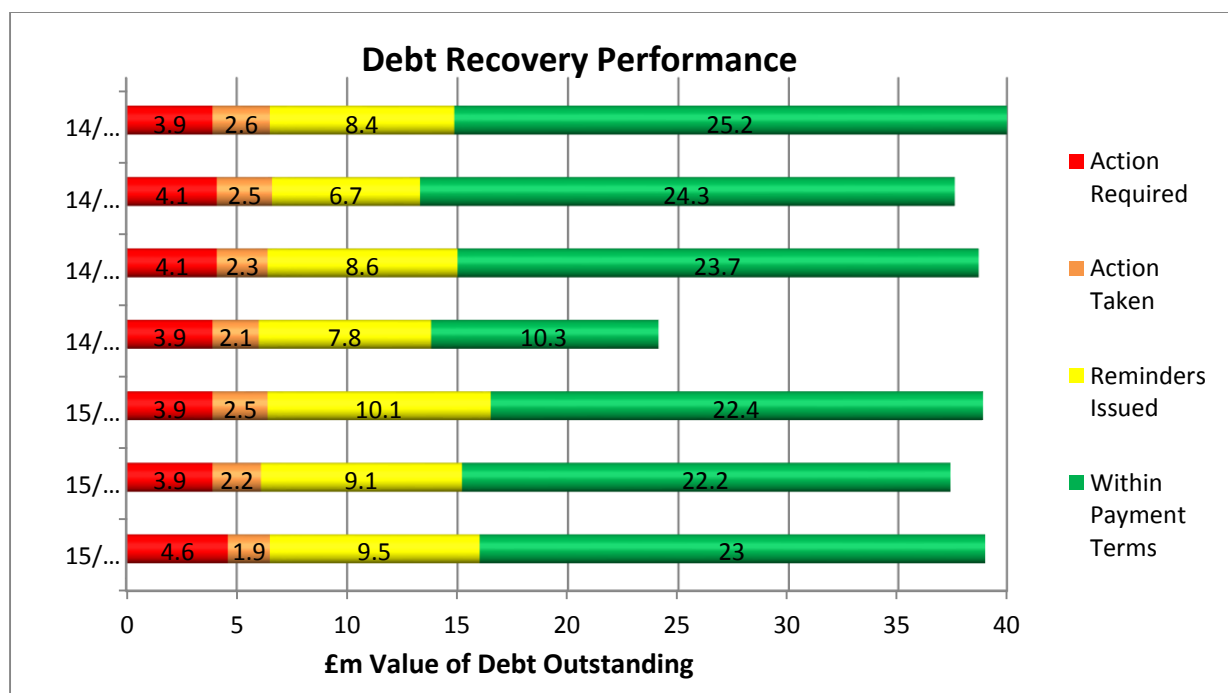
The following chart provides a summary of debt at 31 December 2015 analysed by the current debt recovery status and shows the change between quarters.

At 30/9/15	Debt Recovery Status	At 31/12/15		Description	Quarterly Change £ M
£ M		£ M	% of Total Debt		
22.2	Within Payment Terms	23.0	59	Invoices that have not reached the due date for payment	0.8
9.1	Reminders issued	9.5	24.4	Invoices where reminders have been issued	0.4
2.2	Action Taken	1.9	4.9	Invoices where active debt recovery is in progress	-0.3
3.9	Action Required	4.6	11.8	Invoices awaiting budget manager/holder decision	0.7
37.4	Total	39.0	100		1.6

Debt of £39m at 31 December 2015 increased between quarters by £1.6m. This is in line with the general trend for debt raised illustrated by the Debt Recovery Performance chart shown below.

Total debt outside of payment terms at 31 December 2015 was £16m. There has been an increase of 0.8m in debt outside payment terms compared to the previous quarter and of this total, there is an increase of £0.4m in the level of aged debt where action is currently being taken or where a decision on further action is pending.

The following chart provides a trend analysis of debt recovery performance for 2014/15 and Q1 to Q3 for 2015/16.



The chart above illustrates that the amount of debt raised each quarter and debt flowing through the reminder process fluctuates in relation to seasonal billing cycles. There has been an increase of £0.4m where reminders have been issued. Aged debt, where action is currently being taken or where a decision on further action is pending, has largely remained static over the last five quarters with an increase of £0.4m between quarter 2 and 3 of 2015/16.

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

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

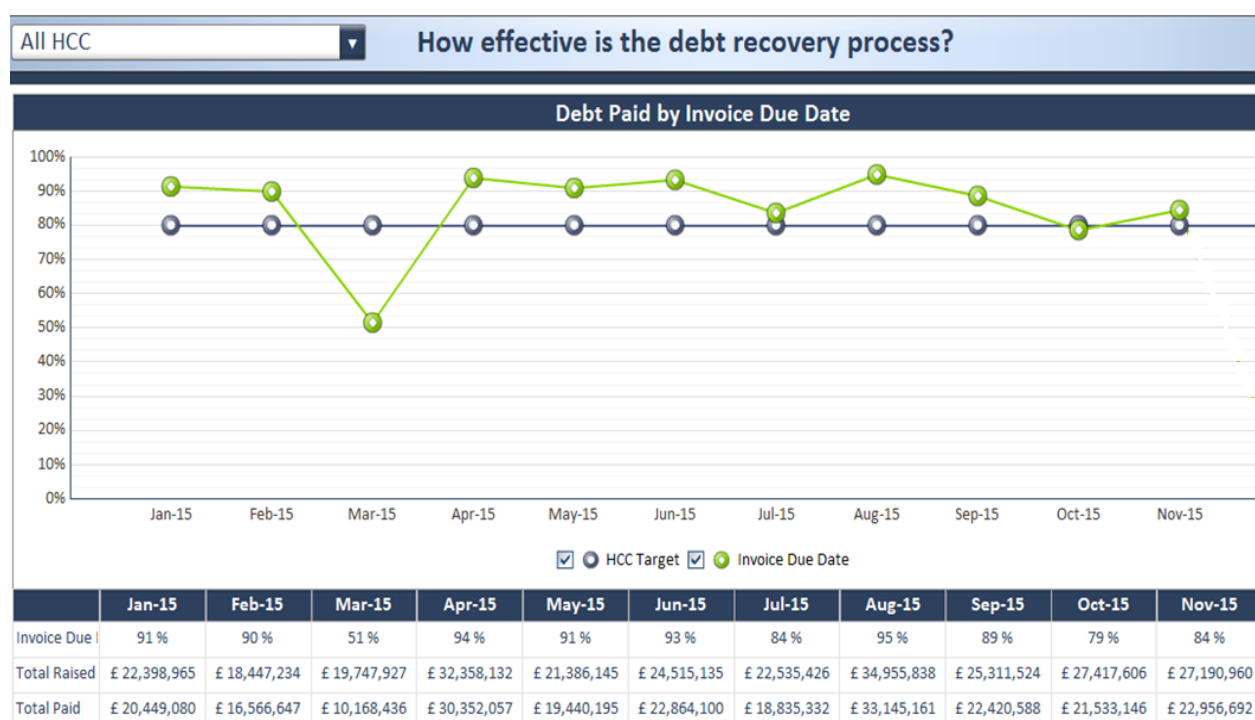
The online Debt Dashboard will provide further detail giving the breakdown between departments with underlying trend data.

3 Debt Management Trend Data

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

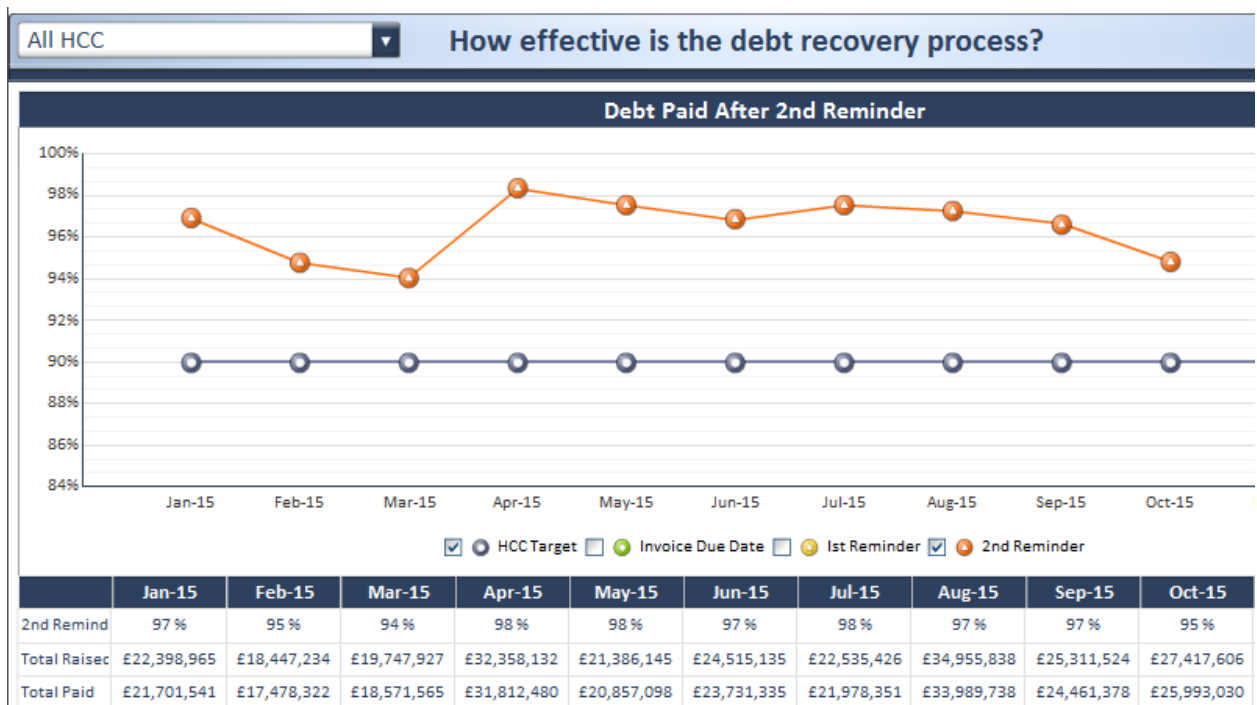
a. Invoices paid within terms (by the due date)

The following chart shows the trend in the value of invoices paid within terms over the period January 2015 to November 2015. The dip in performance in March 2015 relates to year end billing arrangements. On a rolling 12 month basis to November 2015, the average value of invoices raised in a month was £25.3m and an average 86.6% of debt was paid within payment terms. This exceeded the HCC benchmark of 80%.



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

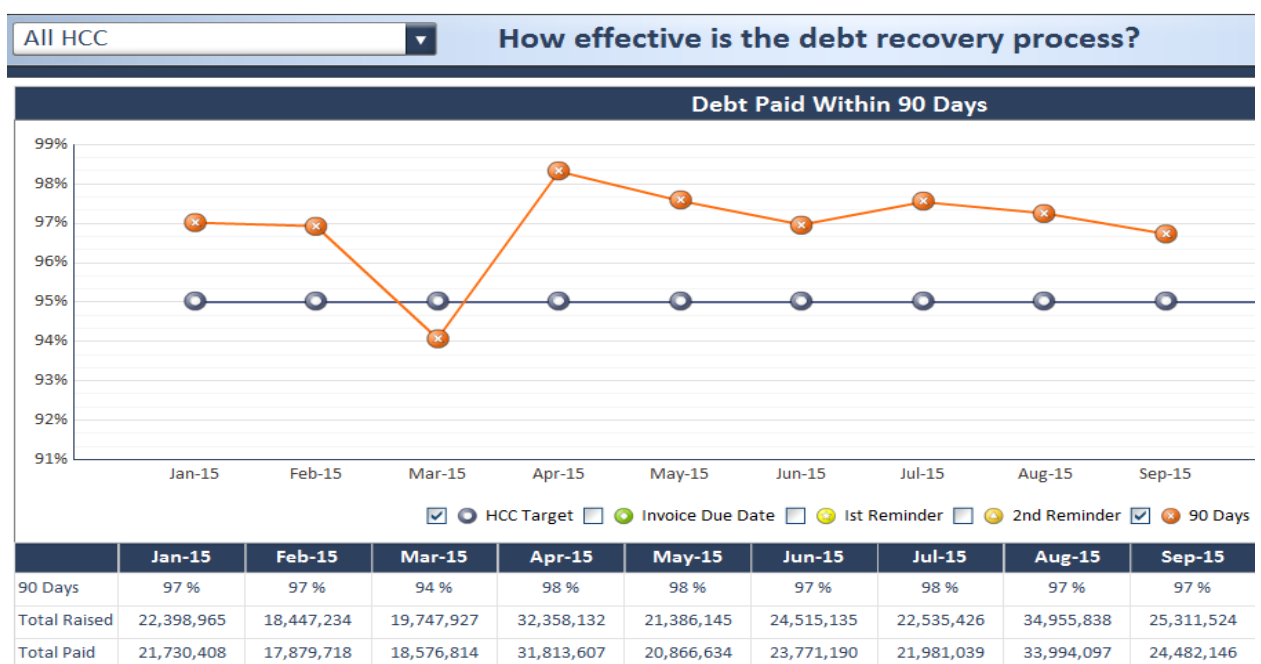
The following chart shows the trend in the value of invoices paid by the end of the dunning cycle. On a rolling 12 month basis to October 2015, the average value of invoices raised in a month was £24.9m and an average 96.9% of debt was paid by the end of the dunning cycle. This exceeded the HCC benchmark of 90%. On average, a further 10.3% of invoices were paid following the issue of reminder letters.



c. Invoices paid within 90 days

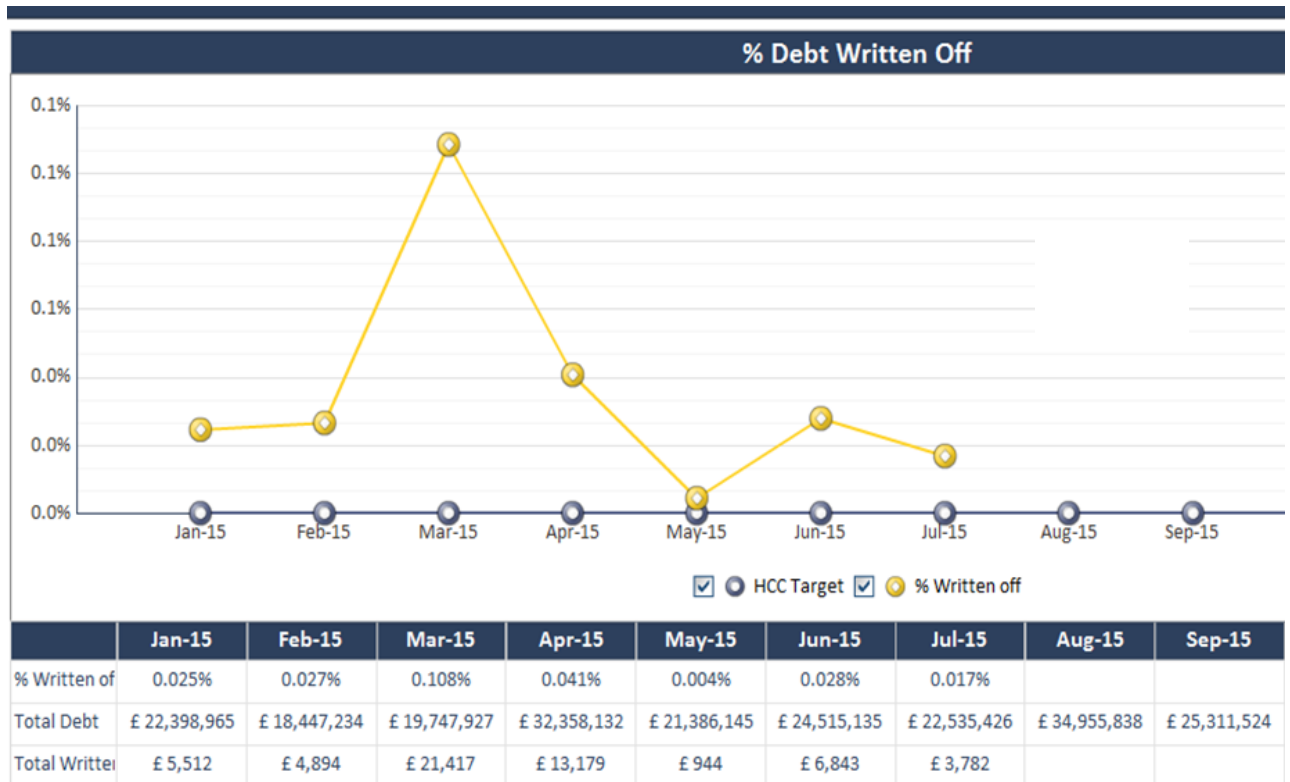
The following chart shows the trend in the value of invoices paid within 90 days. On a rolling 12 month basis to September 2015, the average value of invoices raised in a month was £24.7m and an average 97.4% of debt was paid within 90 days following the due date. This includes invoices paid by the due date and following the dunning cycle. This exceeded the HCC benchmark of 95%.

The dip in performance in March 2015 to 93% largely relates to an increase in the number of invoices outstanding for care services provided by Health and Community Services.



Invoices written off

Over a rolling 12 month period to September 2015, the value of invoices raised was £282.6m and of this a total £191,474 has been written off representing 0.067% of the total debt raised in the period. The debt written off related to cases where it was uneconomic to pursue debt recovery or the debt was statute barred.



HERTFORDSHIRE COUNTY COUNCIL

**RESOURCES & PERFORMANCE CABINET PANEL
FRIDAY 12 FEBRUARY at 10.00AM**

Agenda Item

No.

6

CHANGES TO THE COUNTY COUNCIL'S PETITION SCHEME

Report of the Chief Legal Officer

Author: Kathryn Pettitt, Chief Legal Officer (Tel: 01992 555527)

Executive Member: R Gordon, Leader of the Council

1. Purpose of report

To seek members' views on proposed changes to the Council's Petitions Scheme.

2. Summary

2.1 Following discussions with Group Leaders, it is proposed that the provisions of the Council's Petitions Scheme relating to the presentation of petitions to Cabinet Panels is revised. The proposed revisions would mean that petitions which affect two or more divisions would qualify for an officer report; petitions which affect only one division would be presented to panel but without an officer report.

2.2 The proposed revisions do not affect the current procedures concerning petitions which relate to a report that is already on the Agenda for the Cabinet Panel.

2.3 The Petitions Scheme forms part of the Council's Constitution. Changes to the Constitution need approval by the full Council after consideration of a report from the Chief Legal Officer. The recommendations of the Cabinet Panel will be reported to Cabinet on 22 February who will in turn make a recommendation to full Council on 23 February.

3. Recommendations

That Cabinet Panel recommends that Cabinet recommends to County Council:

1. That the revisions to the Petitions Scheme, attached as an Annex to the report, be approved and incorporated into the County Council's Constitution at Annex 22.

2. That the Chief Legal Officer be authorised to make such amendments as are necessary to the standing orders for Cabinet Panels and elsewhere in the Constitution ensure that the principles of the Petitions Scheme (as revised) are incorporated into the Constitution.

4. Background

- 4.1 Following revisions to the Council's Petitions Scheme in November 2013, petitions which have 100 signatures and do not relate to an item which is otherwise on the agenda can be presented to a Cabinet Panel provided that they are submitted more than 20 clear days before the relevant meeting. The Petitions Scheme provides that officers must prepare a report for such petitions setting out the background to the petition and other relevant information. There is a limit of two such petitions for each panel meeting.
- 4.2 These provisions mean that an officer report is prepared for every petition which is presented to Panel no matter how localised the subject matter may be and the two petitions limit means that petitions can be 'bumped' to meetings later than that to which the petition organiser would have liked to present the petition – this is particularly relevant for Highways Cabinet Panel which receives more petitions than other Panels.
- 4.3 Group Leaders asked that consideration be given to varying the Petitions Scheme in relation the presentation of Petitions to Cabinet Panels which do not relate to reports on the Agenda as follows:
 - if the subject matter of the petition affects 2 or more divisions then an officer report will be prepared (and limit of 2 such petitions per panel)
 - all other petitions - petition presented and then handed over to officers for a response; no limit on the number of such petitions
- 4.4 In addition to the points mention above, it is suggested that there will be a period of 30 minutes for petitions for the presentation and consideration of petitions which do not relate to items already on the Agenda. This is suggested as a way of trying to manage the Panel meetings so that there is a balance between the Panel's substantive work and ensuring that matters of concern to the public (which they wish to raise at Panel) are brought to members' attention.
- 4.5 The threshold for petitions to be presented to Cabinet Panel would remain at 100 signatures. Petitions which relate to a report which is already on the Agenda for the Panel meeting would be presented at the time that the Report is considered as per the current procedure.

5. Revisions to the Petitions Scheme

- 5.1 Attached as an Annex to this Report are revisions to the provisions of the Petitions Scheme relating to the presentation of petitions to Cabinet Panel incorporating the principles mentioned above. Paragraph 36 has been revised by the addition of wording to reflect the practice that has been adopted where there have been more than two petitions relating to a report on the Agenda. All other provisions of the current Petitions Scheme remain unchanged.
- 5.2 The revisions to the Petitions Scheme in relation to the presentation of petitions which do not relate to an item that would otherwise be on a Panel Agenda are as follows:
- (a) There will be an overall time limit of 30 minutes for considering such petitions
 - (b) Petitions which affect two or more divisions will qualify for an officer report. Petitions which qualify for an officer report will be subject to discussion at Panel. These are referred to in the revisions to the Petitions Scheme annexed to this paper as 'Petitions for Debate'. The Chief Officer of the service to which the petition relates in consultation with the relevant Executive Member will determine if the petition affects two or more divisions.
 - (c) Where the Cabinet Panel is considering a Petition for Debate then a total time of 10 minutes will be allocated for the presentation of the petition and consideration of the item by members. The petitioner can have up to 3 minutes to present the petition.
 - (d) There will be a maximum of two Petitions for Debate at each Cabinet Panel.
 - (e) Where a petition is to be presented, but there is no officer report, the Petition Organiser will have two minutes to present the petition. These petitions are referred to as 'Petitions for Presentation' in the revisions to the Petitions Scheme annexed to this paper.
 - (f) There can be as many Petitions for Presentation at each Panel as the 30 minute petition time slot allows, taking into account the number (if any) of Petitions for Debate on each Agenda. It will be for the Democratic Services Officer to liaise with petitioners to ensure that an appropriate number of Petitions for Presentation are scheduled for a particular Panel meeting – advising prior to the meeting whether it is likely that a petition can be accommodated within the time allowed.

5.3 Following agreement to the revisions to the Petitions Scheme Standing Orders for Cabinet Panels, meetings would also have to be revised to reflect the new procedures.

6. Financial Implications

There are no financial implications arising from this report.

Background Information

Current petitions scheme Link: [Petition Scheme](#)

Annex

Proposed Revisions to the Petitions Scheme (Annex 22 to the Constitution)

Presentation to Cabinet Panel

23. If a petition contains 100 or more signatures and is to be presented to Cabinet Panel, the following paragraphs of this section will apply.
24. In this section:
 - 'Petition for Debate' means a petition the subject matter of which affects two or more electoral divisions and which relates to a matter which is not scheduled to be on the Agenda of the Cabinet Panel to which it is to be presented. The Chief Officer of the service to which the petition relates in consultation with the relevant Executive Member will determine if the petition affects two or more divisions.
 - 'Petition for Presentation' means a petition the subject matter of which affects one electoral division only and which relates to a matter which is not scheduled to be on the Agenda of the Cabinet Panel to which it is to be presented.
 - 'Petition Time' means the period of thirty (30) minutes following confirmation of the minutes during which any Urgent Petitions, Petitions for Debate and Petitions for Presentation which satisfy the criteria set out in paragraphs 25 and 27 below will be considered.
 - 'Report Petition' means a petition relating to an item on the Agenda of the Cabinet Panel to which it is to be presented.
 - 'Urgent Petition' is a petition which the Executive Member determines should be presented to the Panel Meeting as mentioned in paragraph 27 below.
25. The Cabinet Panel will endeavour to consider the petition at its next meeting as long as it is submitted at least 5 clear days before the meeting if it is a Report Petition or a Petition for Presentation and 20 clear days before the meeting if it relates to a Petition for Debate (subject to paragraph 27 below).
26. Subject to the petition complying with paragraph 25, if the petition is a Petition for Debate officers will prepare a Report for members setting out the background and other relevant information of which they are aware relating to the subject matter of the petition, but will not give a recommendation as to how the Petition should be dealt with.

27. If a Petition for Debate is received less than 20 clear days but more than 5 clear days notice before the meeting then, if the subject matter of the petition needs to be considered urgently (as determined by the relevant Executive Member), the petition may be presented to the Cabinet Panel meeting but no officer report will be prepared.

At the Cabinet Panel Meeting

28. At the Cabinet Panel meeting:
- 28.1 the Petition Organiser for a Report Petition, Petition for Debate or an Urgent Petition will be given three minutes maximum to present the petition and will not otherwise be allowed to speak
- 28.2 the Petition Organiser for a Petition for Presentation will be given two minutes maximum to present the petition and will not otherwise be allowed to speak
29. If the petition is a Report Petition then the petition will be presented immediately prior to consideration of the relevant item.
30. Petitions for Debate, Urgent Petitions and Petitions for Presentation will be considered during Petition Time as follows:
- 30.1 firstly, each Urgent Petition followed by a discussion on that Urgent Petition subject to a maximum period of 10 minutes in total for presentation and consideration of each Urgent Petition;
- 30.2 secondly, each Petition for Debate followed by a discussion on that Petition for Debate subject to a maximum period of 10 minutes in total for presentation and consideration of each Petition for Debate;
- 30.2 then Petitions for Presentation
31. No further petitions shall be presented after the expiry of Petition Time save that at the discretion of the Chairman of the Panel if a Lead Petitioner is presenting their petition at the expiry of Petition Time they may finish their presentation.
32. Following presentation of a Petition for Presentation there will be no discussion on the petition and the petition will be referred (at the discretion of the Chairman) to the next appropriate meeting of the Panel, or to officers for consideration and report to the local member and Group Spokesmen.
33. Following consideration of a Petition for Debate or an Urgent Petition the Panel can make a recommendation as follows:
- refer the matter to Cabinet
 - make a recommendation to officers as to how to respond to the

petition

- request officers undertake further work and either liaise with the Local Member and relevant Executive Member before responding to the petition or bring the matter back to Panel
- Acknowledge the petition but recommend that no further action is taken.

Generally

34. On some occasions it may not be possible for a petition which meets the time requirements set out above to be considered by a Cabinet Panel and if this is the case, consideration of the petition will then take place at the next appropriate meeting.
35. No more than two Petitions for Debate or Urgent Petitions in total will be considered at any one meeting of the Cabinet Panel.
36. No more than two Report Petitions shall be presented in respect of any one item at a Cabinet Panel. If there are more than two report Petitions at the discretion of the Chairman the Petition Organiser(s) for the additional petitions may be invited to attend the Panel meeting and advise Members of the text of their petition and the number of signatories to it.
37. The order of receipt of the petitions above shall govern priority.
38. Where two or more petitions are received in time for a particular meeting supporting the same outcome on a particular matter, each Petition Organiser will be treated as an independent Petition Organiser, but only the Petition Organiser for the first petition to be received will be invited to address the meeting with members being informed that the other petition(s) has/have been received.

All subsequent provisions of the Petitions Scheme to be re-numbered