

KEY BUDGET MOVEMENTS 2018/19 - 2021/22

	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s
Technical Adjustment	(4,983)	(4,983)	(4,983)	(4,983)
Service Specific Inflation	34	34	34	34
Legislative	(11)	(11)	(11)	(11)
Other Pressures	5,906	6,315	10,229	13,853
TOTAL PRESSURES	5,895	6,304	10,218	13,842
Existing Efficiencies	(136)	(157)	(136)	(157)
Existing Policy Choice	(50)	(100)	(100)	(100)
New Efficiencies	(5,273)	(6,662)	(9,389)	(13,536)
New Policy Choice	0	0	0	0
TOTAL SAVINGS	(5,459)	(6,919)	(9,625)	(13,793)

Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
	Technical Adjustments							
	<u>SEN Reform</u>							
TA8	An initial amount of grant funding was been allocated in 2017/18 to meet the identified pressure within Children's Services and the remainder was held centrally, with future budget allocations to be agreed. <u>School improvement monitoring and brokering grant</u>	Rsources - Central Items	Technical Adjustment	(564)	(564)	(564)	(564)	
TA9	Removal of 18/19 grant, pending announcement of any further funding. Once grant conditions are confirmed, the budget will be allocated to services. <u>Revenue Contribution to Capital Programme</u>	Rsources - Central Items	Technical Adjustment	(842)	(842)	(842)	(842)	
TA7	Transferred to a reserve to meet capital financing in future years, reducing the need to borrow.	Resources - CFIB	Technical Adjustment	(3,577)	(3,577)	(3,577)	(3,577)	
	Service Specific Inflation							
	<u>Coroner Service - expenditure</u>							
	HCC has a contract with 3 NHS Trusts to provide mortuary services for Coroner's Post Mortems (West Herts, East & North Herts and Princess Alexandra). The contract allows for the Trusts annual fee rises in line with NHS inflation. NHS inflation has consistently been higher than general inflation. Economic assumptions 2016/17 to 2020/21 paper on NHS website projects that NHS inflation for 2018/19 will be 2.0%.	Resources	Service Specific Inflation	4	4	4	4	
	<u>Registration & Citizenship Service - income</u>							
	Fees within this GL account are statutory and are set by the Home Office. There is no indication of proposed increase in fees for 2018/19, thus income will not rise.	Resources	Service Specific Inflation	5	5	5	5	
	<u>Registration & Citizenship Service - income</u>							
	Fees within this GL account are statutory and are set by the General Register Office. There is no indication of proposed increase in fees for 2018/19, thus income will not rise.	Resources	Service Specific Inflation	14	14	14	14	
	<u>Other Properties - income</u>							
	Abel Smith is currently fully let to businesses that have agreed rent payments to HCC at set prices until the rent reviews which do not take place until 19/20. This also means that adding income inflation would create a pressure to the budget.	Resources	Service Specific Inflation	11	11	11	11	

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	Pressures							
L5	<u>County Councillors - ending of superannuation scheme</u> Following County Council elections in May 2017, all members previously on the scheme will cease to be members of the LGPS.	Resources	Legislative	(11)	(11)	(11)	(11)	
OP19	<u>Robertson & Farnham House</u> At the point of purchase of the freehold of Robertson and Farnham House in Stevenage, Aviva held a lease of the freehold with HCC subleasing from Aviva. This situation continues until the Aviva lease expires in September 2018. However, there is a difference in the values of the lease (£3.7m) and the sublease (£2.5m) of £1.269m which in turn will create a pressure on the overall property budget when the Aviva lease ends. As Aviva do not make profit from this arrangement they will not look to renew the lease.	Resources	Other Pressures	589	1,168	1,168	1,168	15,179
OP21	<u>Herts Fullstop - Invest to transform and increased revenue</u> Herts Fullstop is currently facing pressures in the trading environment. the business plan for next year focuses on increasing sales income to reduce the pressure, before a planned Invest to transform bid for around £1.5m of investment would increase the surplus generated (see savings section below).	Resources	Other Pressures	112	0	0	0	(1,611)
OP22	<u>County Council Elections</u> County Council Elections are held every four years. The budget is accumulated over the four years. The current level of budget is not sufficient to meet the costs in 2021. The budget also funds any by-elections during the 4 years.	Resources	Other Pressures	85	85	85	85	308
OP23	<u>Service Property - Libraries</u> Centrapark is the libraries logistics centre (in Welwyn Garden City) that stores all the books, dvds and items that are currently not in libraries around Hertfordshire. The original annual rent for this building was £160k a year but following the rent review (on 25th March 2017) the new cost of rent will increase to £202k a year	Resources	Other Pressures	42	42	42	42	451
OP30	<u>Loss of income from PCC</u> The CFO role for the PCC is currently provided by the Assistant Director (Strategic Finance & Performance) from the Environment Department. When that individual retires, it is unlikely that the role can be covered elsewhere, and the income is therefore likely to cease.	Resources	Other Pressures	24	31	31	31	87
OP33	<u>Sessional fees for Assistant Coroners</u>	Resources	Other Pressures	20	20	20	20	822
OP34	<u>Provision of body removals service</u>	Resources	Other Pressures	74	74	74	74	822
OP24	<u>Interest cost - HCC borrowing</u> Interest cost increase due to the borrowing required to fund the rest of HCC's capital programme not funded by grants, contributions or reserves.	Resources - CFIB	Other Pressures	342	1,993	4,065	5,927	
OP25	<u>Interest on Investment Balances (external)</u> Reduction in interest earned on externally invested funds due to fall in interest rates	Resources - CFIB	Other Pressures	(43)	(7)	33	33	
OP26	<u>Minimum Revenue Provision Policy choice</u> As a result of moving the calculation of the provision to the annuity method the savings generated are front loaded and creates a pressure in future years.	Resources - CFIB	Other Pressures	450	625	625	625	
OP27	<u>Additional Borrowing to fund the Capital Programme</u> Borrowing to fund the Capital Programme results in a higher minimum revenue provision. The minimum revenue provision is the statutory amount that HCC must charge to council tax in order to repay the principal on borrowing.	Resources - CFIB	Other Pressures	645	2,243	4,083	5,845	
OP32	<u>Environment Agency Thames/Anqlian Region Levy</u> The Environment Agency is a levying body for its flood defence function under the Water Resources Act 1991. Following notification of the provisional levy for 2018/19 an increase in budget is required.	Resources - Central Items	Other Pressures	19	19	19	19	
OP36	<u>Interest on Investment Balances</u> Changes in interest earned on external balances resulting from changes in forecast balances and interest rate forecast.	Resources - CFIB	Other Pressures	56	22	(16)	(16)	

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OP37	<u>Infrastructure and Investment</u> Central provision to fund projects for development of major infrastructure and sustainable transport to address future growth; for service transformation including that planned for Adult Social Care; replenishing Insurance Fund; and other projects. Allocations to be confirmed once final 2018/19 IP funding figures are known.	Resources - Central Items	Other Pressures	3,491	0	0	0	
EE14	<u>Savings</u> <u>Improvement & Technology - Management Graduate scheme</u> Remove support for academic qualification and reduce cohort from 6 to 5 trainees.	Resources	Existing Efficiencies	(31)	(31)	(31)	(31)	11,549
EE15	<u>Finance - contract savings</u> This saving from the 2017/18 IP originally envisaged savings from negotiating discounts from suppliers. The saving has been delivered as part of the Serco SMS contract renegotiation.	Resources	Existing Efficiencies	(80)	(80)	(80)	(80)	12,878
EE16	<u>Engagement and Consultation Phase 2</u> <u>Ceasing the residents' survey</u>	Resources	Existing Efficiencies	21	0	21	0	2,782
EE18	<u>Corporate Communications</u> Create income or trading opportunities e.g. Schools, Districts, Health and PCC.	Resources	Existing Efficiencies	(40)	(40)	(40)	(40)	1,034
EE3 (X1)	<u>Printing Contract Savings</u> Savings through a reduction in print costs achieved through the new managed print service contract.	XC	Existing Efficiencies	(6)	(6)	(6)	(6)	N/A
NE56	<u>Registration & Citizenship Service</u> Further channel shift to online bookings and payments reducing telephone booking, including completion of ecommerce project and development of Ceremony Planner functionality in NEO.	Resources	New Efficiencies	0	(40)	(40)	(40)	(354)
NE57	<u>Democratic Services</u> Electronic publication and distribution of agendas, reports and minutes of formal meetings of the council.	Resources	New Efficiencies	0	(20)	(20)	(20)	337
NE58	<u>Property Data collection</u> Site capacity and Net capacity commissions	Resources	New Efficiencies	(100)	(100)	(100)	(100)	259
NE59	<u>Property review and rationalisation</u> This initiative is focussed on delivering a reduction in the costs of office accommodation by 2020, which includes a drive towards freehold ownership of property.	Resources	New Efficiencies	(487)	(987)	(1,487)	(1,487)	9,701
NE60	<u>Herts Fullstop - Invest to transform and increased revenue</u> The business plan for next year focuses on increasing sales income to reduce the current pressure, before a planned Invest to transform bid for around £1.3m of investment to increase the surplus generated. The saving is dependent on this investment.	Resources	New Efficiencies	0	(420)	(657)	(909)	(1,611)
NE61	<u>Better Contract Management</u> A number of the contracts across the Council have been reviewed, and where possible savings proposals have been brought forward specifically within dept proposals, including: • Serco SMS (savings increasing to £1.1m per annum) • Children's Centres Under this proposal, the Council will review other contracts due for renewal or retender and seek to negotiate savings.	XC	New Efficiencies	0	(500)	(1,000)	(1,000)	
NE62	<u>Legal - increased income</u> Legal Services income target increased	Resources	New Efficiencies	(100)	(100)	(100)	(100)	4,414
NE66	<u>Prop Co</u> An initial estimated of returns from the councils property company (Herts living Ltd) has been undertaken. This will be revised once discussions can take place with the preferred bidder for the JV	Resources	New Efficiencies	0	0	(1,000)	(4,500)	-
EPC4	<u>Corporate Communications: Horizons - Transition to online</u> Looking at new on-line model and reduced number of issues linked to the implementation of Gov Delivery Email/text messaging system. Assumes reduction from 3 to 2 editions a year initially.	Resources	Existing Policy Choice	(50)	(100)	(100)	(100)	1,034
NE63	<u>Customer Service – Web Team</u> Increasing income by delivering web tools and support for other organisations.	Resources	New Efficiencies	0	(10)	(30)	(30)	572

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NE64	<u>Customer Service - Income and Payments</u> To drive out further savings through efficiencies in how the team work, developing more self-service and making better use of systems.	Resources	New Efficiencies	0	(30)	(70)	(70)	572
NE65	<u>Carbon Reduction Credits</u> Accumulated effect of previous energy saving works	Resources	New Efficiencies	(100)	(100)	(100)	(100)	319
NE2 (X1)	<u>Serco SMS contract savings</u> Negotiation has been undertaken with Serco regarding the possible extension of the Shared Managed Services contract by 2 years to March 2021. This will contribute a saving rising to £1.1m per annum by 2019/20 (including £300k in relation to current glide path savings). These savings benefit Resources, ACS and Childrens Services, and as such the remainder of savings appear in those departments.	Resources	New Efficiencies	(199)	(310)	(317)	(291)	12,878
NE67	<u>Trading: Herts Catering Ltd</u> Performance from HCL means the Council can expect additional income in the coming years. This could be a mix of dividend income and fees for services that HCC provides to HCL.	Resources	New Efficiencies	(500)	(300)	(500)	(700)	(500)
NE72	<u>E-commerce</u> Replacement of the existing cash management system (Cloudbuy) with Civica and retender of merchant provider contract.	Resources	New Efficiencies	(72)	(72)	(72)	(72)	235
NE73	<u>Property Managed Services (PMA) Contract</u> New tender from 1st April 2018 which is expected to result in savings	Resources	New Efficiencies	(100)	(100)	(100)	(100)	1,514
NE74	<u>Property - Elderly Peoples Residential Homes (EPH)</u> Additional annual income as a result of the Rent Review of EPH homes	Resources	New Efficiencies	(401)	(401)	(401)	(401)	(5,034)
NE75	Reduction in translation services under new contract	Resources	New Efficiencies	(25)	(25)	(25)	(25)	199
NE76	Reorganisation within Improvement Team	Resources	New Efficiencies	(15)	(15)	(15)	(15)	996
NE77	<u>HR stretch target</u> Technology - contract renewals / software replacement	Resources	New Efficiencies	(82)	(82)	(82)	(82)	7,373
NE78	<u>Finance stretch target</u> Following the outcomes of the SAP review, HR/Finance will look to develop plans for service redesign and efficiency to deliver savings.	Resources	New Efficiencies	0	0	(73)	(184)	3,665
NE79	<u>Finance stretch target</u> Following the outcomes of the SAP review, HR/Finance will look to develop plans for service redesign and efficiency to deliver savings.	Resources	New Efficiencies	0	0	(73)	(183)	3,520
NE80	Reduction in SIAS days	Resources	New Efficiencies	(25)	(25)	(25)	(25)	614
NE90	Property - utilities - non-schools Salix savings	Resources	New Efficiencies	(129)	(157)	(221)	(221)	3,878
NE91	Reprocurement of external audit fee via Public Sector Audit Appointments (PSAA)	Resources	New Efficiencies	0	(17)	(17)	(17)	235
NE92	Additional Property saving Reserve balance	Resources	New Efficiencies	(100)	(100)	(100)	(100)	16,171
NE93	Review of department reserves to release any that no longer need to be held	Resources	New Efficiencies	(83)	0	0	0	(988)
NE94	<u>Minimum Revenue Provision</u> Final savings arising from 2017/18 change to MRP policy	Resources - CFIB	New Efficiencies	(2,755)	(2,751)	(2,764)	(2,764)	

Note 1

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

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