Agenda Item No:

5

HERTFORDSHIRE COUNTY COUNCIL

RESOURCES, PROPERTY & THE ECONOMY CABINET PANEL
WEDNESDAY 14, FEBRUARY 2018 AT 10:00AM

HERTFORDSHIRE COUNTY COUNCIL FINANCE REPORT – QUARTER 3, 2017/18

Report of the Director of Resources

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

Hertfordshire County Council

Budget Monitor Report

Quarter 3 2017-18

Contents

Section 1 – Executive Summary

Revenue Monitor

- **The projected revenue outturn at 31st December is an underspend of (£3.906m)** after ringfenced underspends which will be taken to reserves, or an underspend of (£10.784m) before these carry forwards. The underspend includes £3.962m relating to Capital Financing, including £2.7m from technical changes under the revised Minimum Revenue Provision policy agreed in the 2017/18 Integrated Plan.

Table 1 - Summary Revenue Budget Monitor

Summary Revenue Budget Monitor as at 31 December 2017								
SERVICE	Ref	Latest Approved Budget £'000	Projected outturn at Year End £'000	Projected Variance before C/F at Q3 2017 £'000	Carry Forwards £'000	Projected Variance after C/F at Q3 2017 £'000	Projected Variance after C/F at Q2 2017 £'000	Quarterly Movement £'000
Adult Care Services	**2.1**	**321,985**	316,640	**(5,345)**	**5,262**	**(83)**	**209**	**(292)**
Public Health	**2.2**	**49,433**	48,717	**(716)**	**716**	**0**	**0**	**(0)**
Children's Services	**2.3**	**168,268**	170,252	**1,984**	**0**	**1,984**	**3,204**	**(1,220)**
Environment	**2.4**	**106,073**	106,213	**140**	**0**	**140**	**100**	**40**
Resources	**2.5**	**71,681**	69,903	**(1,778)**	**0**	**(1,778)**	**(206)**	**(1,572)**
Community Protection	**2.6**	**35,096**	35,231	**135**	**0**	**135**	**58**	**77**
Central Capital Financing and Interest on Balances		22,315	17,453	**(4,862)**	**900**	**(3,962)**	**(858)**	**(3,104)**
(Additional) / less Grant Income	2.7	0	(341)	**(341)**	**0**	**(341)**	**(317)**	**(24)**
Contingency/Special Provision		7,165	7,165	**0**	**0**	**0**	**0**	**0**
Precepts/Levies		2,112	2,112	**0**	**0**	**0**	**0**	**0**
Apprentice Levy		933	933	**0**	**0**	**0**	**0**	**0**
NET REVENUE BUDGET		**785,061**	**774,278**	**(10,784)**	**6,878**	**(3,906)**	**2,191**	**(6,096)**
Funded from Balances		2,441	2,441	**0**	**0**	**0**	**0**	**0**
Contribution to Capital		1,145	1,145	**0**	**0**	**0**	**0**	**0**
COUNTY FUND TOTAL		**788,647**	**777,863**	**(10,784)**	**6,878**	**(3,906)**	**2,191**	**(6,096)**
CS Schools funded by direct government grant		**620,975**	**609,847**	**(11,128)**	**0**	**(11,128)**	**(12,532)**	**1,405**
Schools Grant & Other Funding		**(620,975)**	**(611,296)**	**9,679**	**0**	**9,679**	**13,310**	**(3,631)**
Schools Overspend/ (Underspend)		**0**	**(1,449)**	**(1,449)**	**0**	**(1,449)**	**778**	**(2,227)**

Table 1A – Breakdown of Variances

Breakdown of Variances as at 31 December 2017						
SERVICE	Projected Variance at Q3 2017 £'000	Early Achievement of Savings / Pressures £'000	One off £'000	Additional Ongoing £'000	Carry Forwards £'000	Total £'000
Adult Care Services	(5,345)	415	(74)	(424)	(5,262)	(5,345)
Public Health	(716)	0	0	0	(716)	(716)
Children's Services	1,984	(216)	2,200	0	0	1,984
Environment	140	0	(110)	250	0	140
Resources	(1,778)	0	(458)	(1,320)	0	(1,778)
Community Protection	135	(61)	196	0	0	135
Central Capital Financing and Interest on Balances	(4,862)	(2,750)	(1,282)	70	(900)	(4,862)
(Additional) / less Grant Income	(341)	0	(341)	0	0	(341)
Contingency/Special Provision	0	0	0	0	0	0
Precepts/Levies	0	0	0	0	0	0
Apprentice Levy	0	0	0	0	0	0
TOTAL	(10,784)	(2,612)	131	(1,424)	(6,878)	(10,784)

Approved Virements:

- Details of approved virements and technical adjustments, showing movements from the Original Budget, can be found in Appendix B

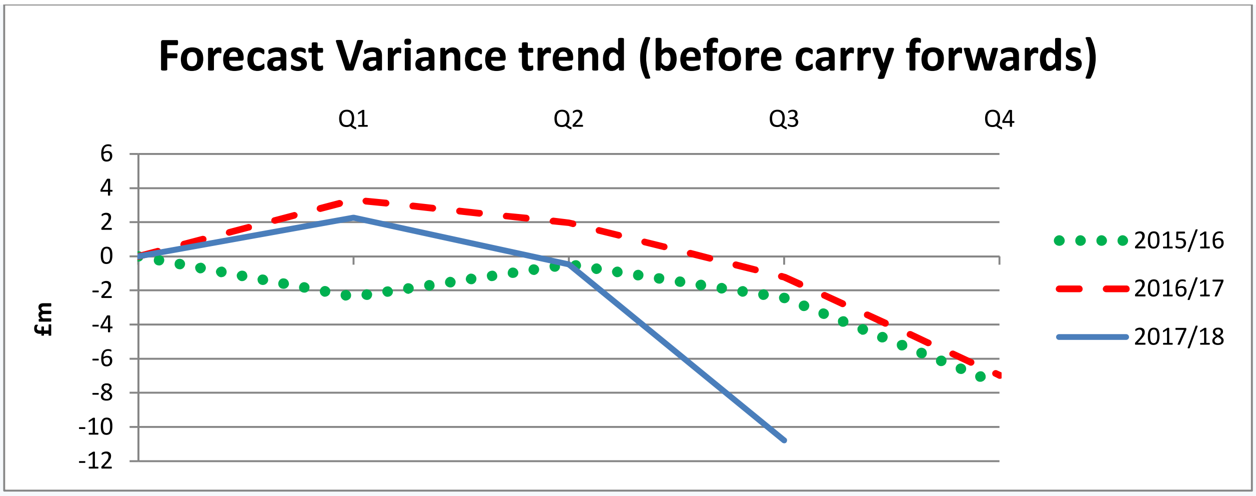
Key Movements

- Key movements (before Carry Forwards) this quarter include:

Area	Movement	Ref
Better Care Fund & Improved Better Care Fund	(£3.013m)	2.1.1
Children Looked After (CLA) budgets	(£0.673m)	2.3.2
Winter Maintenance	£0.500m	2.4.1
Lighting	(£0.650m)	2.4.2
Property	(£0.955m)	2.5.2
Revenue Financing	(£1.253m)	2.7.1
Minimum Revenue Provision (MRP)	(£2.750m)	2.7.2

HCC Forecast Variance Trend

The graph below shows how the forecast variance has moved each quarter for the previous 2 financial years. Please note that the variance graphs are before carry forwards:



Capital Monitor

- The projected capital outturn position as at 31st December 2017 is a variance of (£11.669m) comprising of;
  - Proposed Reprogramming to Future Years – (£10.947m)
  - Underspends – (£0.802m)
  - Overspends – £0.080m
- These variances are calculated on the latest budget of £175.922m. This includes the reprogramming from 2016/17 that was approved by Cabinet in June 2017 plus additional reprogramming of £62.6m at Quarter 2 that was approved by Cabinet in December 2017.
- Details of significant capital variances are shown in Section 5.2.

Schools Monitor

- The Schools' budget is funded from the Dedicated Schools Grant (DSG) and sixth form grant which is received separately from the Education Funding Agency (EFA).
- A net variance of **(£1.449m)** underspend is projected. Additional details regarding this variance can be found in Section 4.

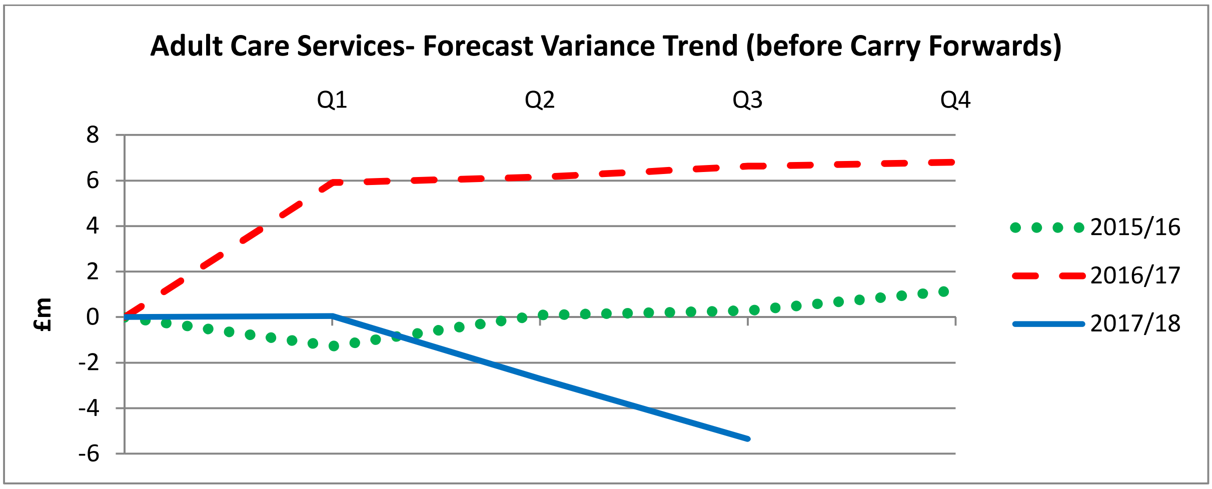
Section 2 – Forecast Variances over £250k by Service

2.1 Adult Care Services

Summary of total ACS position:

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

Adult Care Services	Ref	LAB	Projected Spend	Variance	Variance Last Quarter	Movement in Quarterly Variance
		£000s	£000s	£000s	£000s	£000s
Better Care Fund & Improved Better Care Fund	2.1.1	40,443	35,399	(5,044)	(2,031)	(3,013)
Mental Health Services	2.1.2	15,988	16,239	251	359	(108)
Preventative Services	2.1.3	16,960	16,515	(445)	(314)	(131)
Older People & Adult Disability Services		226,877	226,849	(28)	(15)	(13)
In House Day Care Services & Transport SLA		14,116	14,023	(93)	92	(185)
Strategic Centre & Support Services		7,574	7,588	14	87	(73)
Grant Funded Projects		27	27	-	-	-
Adult Care Services Total (before c/f)		**321,985**	**316,640**	**(5,345)**	**(1,822)**	**(3,523)**
Carry Forward		***-***	***5,262***	***5,262***	***2,031***	***3,231***
Adult Care Services Total (after c/f)		**321,985**	**321,902**	**(83)**	**209**	**(292)**



Key variances:

The tables below provide an explanation of the key variances within the department, along with the movement from the previous period.

2.1.1 Better Care Fund & Improved Better Care Fund

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance: Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
40,443	35,399	(5,044)	(2,031)	(3,013)	-	-	-	(5,044)

The main components of the variance are:

- (£1,440k) underspend against budget on the Better Care Fund mainly due to the release of funding which had been earmarked to support winter pressures. Although it is possible that some of this funding will be required during the winter period there are currently no definitive plans. The position has been assisted by the favourable position on the older people residential budget. There has also been underspends on various schemes including Rapid Response and Carer Friendly Hospital costs.
- (£3,600k) underspend on the Improved Better Care Fund budget. This is attributable to the schemes being funded to part year effect, given the time taken to develop and commission the appropriate services. It has been proposed to spread the IBCF across the three financial years, given the significant element of front-loading in the Improved Better Care Fund and to allow schemes to be sustainably funded. The underspend is predicated on planned carry forward of the monies to allow services to be maintained at a similar level in years 2 and 3.

Main reasons for quarterly movement

- (£1,120k) increased underspend on the Better Care Fund budget as highlighted above.
- (£1,890k) increased underspend on the Improved Better Care Fund. This has been partly due to slippage on discharge to assess schemes where previously the forecast had been kept at budgeted levels due to uncertainties around both bed price and start dates, especially for projects in the west of the county. These have now been confirmed but it has resulted in an underspend for this financial year and the recognition that the schemes will continue into 2018/19.
  There has also been the conclusion of negotiations with Herts Care Providers Association around the prevention of admissions training and it has been confirmed that the majority of this will be undertaken in the new financial year.

2.1.2 Mental Health Services								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
15,988	16,239	251	359	(108)	-	276	-	(25)

The overspend primarily relates to a forecast shortfall in the delivery of the £1,040k IP saving for Mental Health. The project associated with moving clients out of specialist into more mainstream accommodation requires further work between ACS, HPFT and District Councils to identify accommodation and carefully manage the moves. This process may not be fully concluded before the end of the financial year.
The forecast includes an underspend on funding from NHS England for Specialist Residential Services. The County Council acts as the lead commissioner but the work will not be concluded in this financial year so a carry forward for the remaining funds will be requested.

2.1.3 Preventative Services								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
16,960	16,515	(445)	(314)	(131)	-	(271)	(174)	-

The variance for the Preventative Services budget is due to:

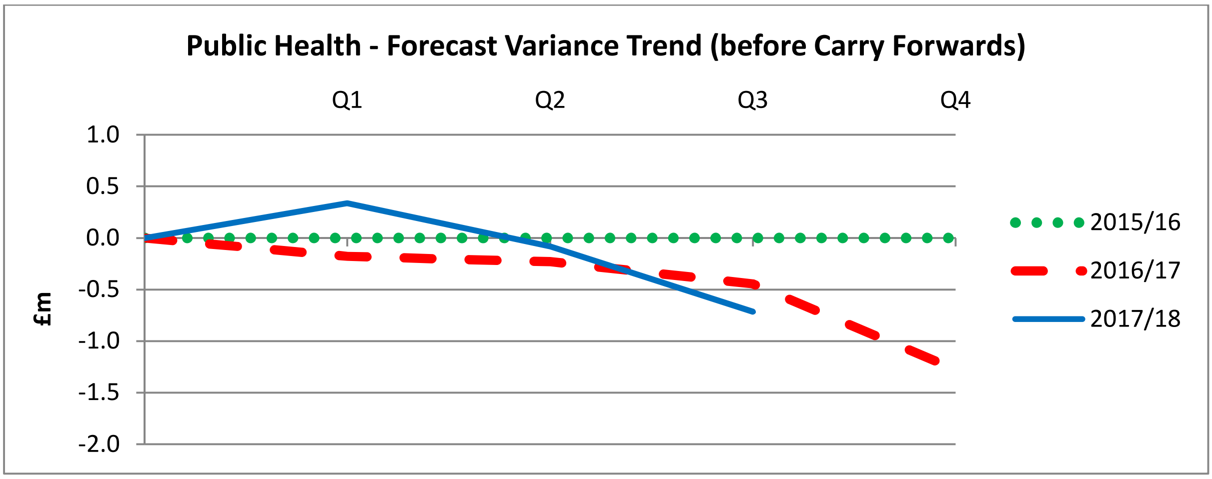
- (£270k) underspend on the Housing Related Support budget of which (£170k) is as a result of the full year effect of the £1,000k Housing Related Support saving introduced late into the budget for 2016/17. The balance is due to in year savings from reduced growth in flexicare units and reduced occupancy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

2.2 Public Health

Summary of total PH position:

The table below summarises the forecast monitor position for the department, with the graph beneath showing how the forecast variance has moved each quarter for the previous 2 financial years

Public Health	Ref	LAB £000s	Projected Spend £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Corporate PH		2,770	2,548	(222)	(174)	(48)
Smoking Cessation Service		1,829	1,818	(11)	4	(15)
Sexual Health	2.2.1	9,810	9,928	118	388	(270)
Drugs & Alcohol		7,479	7,486	7	2	5
Children		19,979	19,814	(165)	(195)	30
Adults		1,383	1,384	1	(4)	5
District & Partnership Working		1,912	1,783	(129)	-	(129)
PH Initiatives & Commissioning	2.2.2	4,271	3,956	(315)	(103)	(212)
Public Health Total (before c/f)		**49,433**	**48,717**	**(716)**	**(82)**	**(634)**
Carry Forward			***716***	***716***	***82***	***634***
Public Health Total (after c/f)		**49,433**	**49,433**	**-**	**-**	**-**



Key variances:

The tables below provide an explanation of the key variances within the department, along with the movement from the previous period.

2.2.1 Sexual Health								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
9,810	9,928	118	388	(270)	-	-	-	118

The projected overspend on the contract for Integrated Sexual Health Services (ISHS) has reduced by (£105k) from Q2 following the conclusion of contract negotiations with the provider.

The Out of Area Genitourinary Medicine (OOA GUM) budget is now projecting an underspend of (£100k) – there was no variance at Q2. The underspend has arisen because of the closure of the Barnet and Chase Farm hospital clinic which was expected to have led to increased activity in other out of area providers. However, this increase has not been evident and it is therefore assumed that patients are attending the ISHS which is a block contract. As a result there has been a reduction in costs.

The projected spend on other budgets in this area which are for GP and Pharmacy services has reduced by (£65k) since September because of a review of costs following Q1 and Q2 claims.

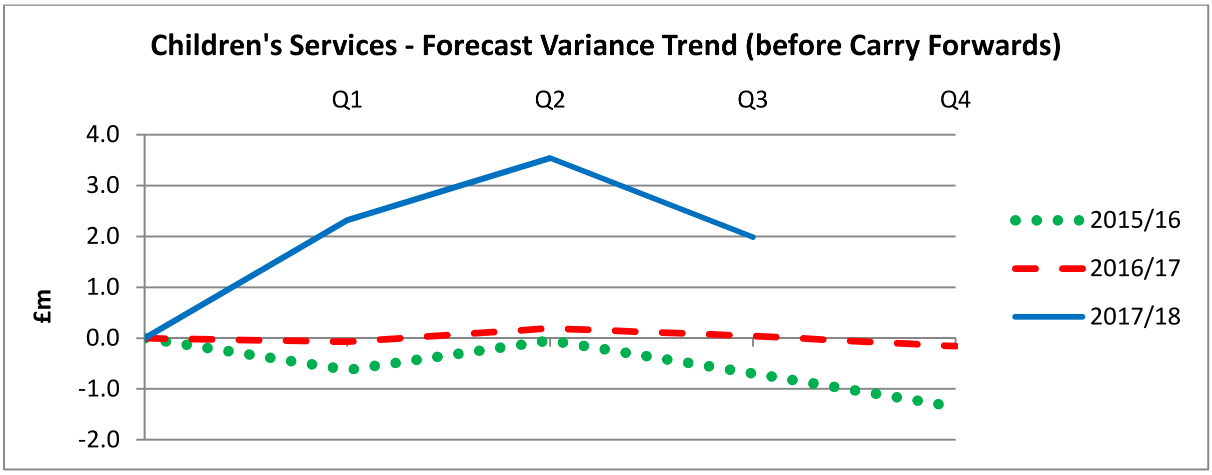
2.2.2 PH Initiatives & Commissioning								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
4,271	3,956	(315)	(103)	(212)	-	-	-	(315)

The initiatives budget is used for pump priming new initiatives within Public Health. A review of the commitments against this budget has resulted in a reduction of projected expenditure for this financial year.

2.3 Children's Services

The table below summarises the forecast monitor position for the department, with the graph beneath showing how the forecast variance has moved each quarter for the previous 2 financial years

Children's Services	Ref	LAB £000s	Projected Spend £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Education and Early Intervention (E&EI)	2.3.1 2.3.2	**50,180**	**51,327**	**1,147**	**1,569**	**(423)**
CLA	2.3.3	*43,372*	*43,875*	*502*	*1,175*	*(673)*
Other Safeguarding and Specialist Services	*2.3.4*	*74,495*	*74,881*	*385*	*476*	*(91)*
Safeguarding and Specialist Services Total		**117,892**	**118,780**	**887**	**1,651**	**(764)**
Children's Services Overheads		**220**	**169**	**(51)**	**(16)**	**(35)**
Children's Services Total		**168,268**	**170,252**	**1,984**	**3,204**	**(1,220)**



Key variances:

The tables below provide an explanation of the key variances within the department, along with the movement from the previous period:

2.3.1 E&EI Central Budgets								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
(752)	(1,164)	(413)	(87)	(326)	(100)	(313)	-	-

There is a £326k underspend movement on E&EI Central budgets due to
- £146k underspend on Customer Service Centre recharge due to less spend on professional fees due to a reduction/prevention of stage 2 complaints and IT development costs which will not be completed this financial year.
- £100k early achievement of savings
- £42k underspend on printing costs
- £125k Lease car rebate greater than anticipated in the budget
- £87k increase in forecast due to various other smaller movements

2.3.2 Mainstream Transport & SEN Transport								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
17,600	19,070	1,470	1,618	(148)	-	1,470	-	-

The overspend reported on transport is due to SN Home to School Transport. Although there has been little movement in the number of pupils being transported, from this time last year, the average cost per pupil has increased by £405 (£5,856 Jan 17 to £6,261 Jan 18). The reason behind the average cost increase is because student needs are increasing and therefore more pupils are travelling alone. Students are being transported further afield and in a large number of cases out of county as SN places within Hertfordshire are filled. As students' needs are increasing we have taken on more medically trained PAs to travel in vehicles with students. This has all contributed to higher average costs, in Jan 17 83 students were travelling with an average cost of £15k+. There are now 114 students travelling at an average cost of £15k+.The changes in transport contracts are settled now. However, additional unexpected journeys may still be required due to changes in education placements.

2.3.3 Children Looked After (CLA) budgets								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
43,372	43,875	502	1,176	(673)	-	502	-	-

The forecast for CLA budgets has reduced by £673k since quarter 2.

This is mainly due to a reduction in forecast against Unaccompanied Asylum Seeking Children (UASC) budgets of £721k, due to the number of under 18s requiring accommodation reducing by three since Q2 alongside lower than expected accommodation costs and the removal of six UASC from the forecast due to clarification of their status.

2.3.3 Children Looked After (CLA) budgets

There are also reduced forecasts for in house residential (reduction of £108k) due mainly to staff vacancies, and in house fostering (reduction of £179k) due to there being fewer placements than forecast.

These reductions are to some extent offset by an increase of £366k to the forecast overspend against Independent Placements, due in the main to an increase of £441k to the forecast for secure placements as a result of an increase of four placements.

2.3.4 Safeguarding Operations – Section 17

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance: Early Achievement of IP Savings £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
874	1,172	298	348	(50)	-	298	-	-

We are currently supporting 32 NRPF cases as at the 31st December, a decrease from quarter 2 of 13(45). There are significant delays by Home Office to conclude on cases of under appeal by families with No Recourse to Public Funds (NRPF) and we are therefore seeing families remain for significant periods and then are joined by new families so the numbers keep growing. Added to which there is reluctance from the private rented sector to rent to NRPF families due to their immigration status and the local authority cannot agree to act a rent guarantors. Therefore we are reliant on hotels for accommodating families. There is a task and finish group looking at accommodation options. A more consistent approach is now taken with recording and monitoring the status of NRPF families, with one point of contact dealing directly with the Home Office in order to obtain the latest appeals information.

We are also supporting 12 Intentionally Homeless (IH) families an increase of 2 from quarter 2 (10). As a result of welfare benefit changes, Children's Services have a duty to support families with finding and providing support to access accommodation in these circumstances. We have also seen the subsistence rates paid legally challenged which necessitates increase in current rates. A Welfare Reform Task Group has been set up to review all current supported cases, with the main focus on IH families. This group is clarifying the County Council's legal response to requests to support IH families and has been tasked with exploring various options of support. There are a number of work streams with deadlines throughout early 2018, with the final action being the development of a homelessness accommodation strategy by June 2018. We work closely with District Council Housing Services in this area.

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

Intentionally homeless families are families with children less than 18 years of age with the right to live in the UK and claim benefits. If they fall behind in their rent or have not maintained their tenancy appropriately, district councils make them 'Intentionally Homeless' and discharge their duty to provide them with accommodation. As children cannot be homeless in the UK, they become children in need and we have to obtain and pay for their accommodation until we can find somewhere for them to live within the benefit rates that they can afford. This is considered cheaper than taking the children into care and also helps keep families together.

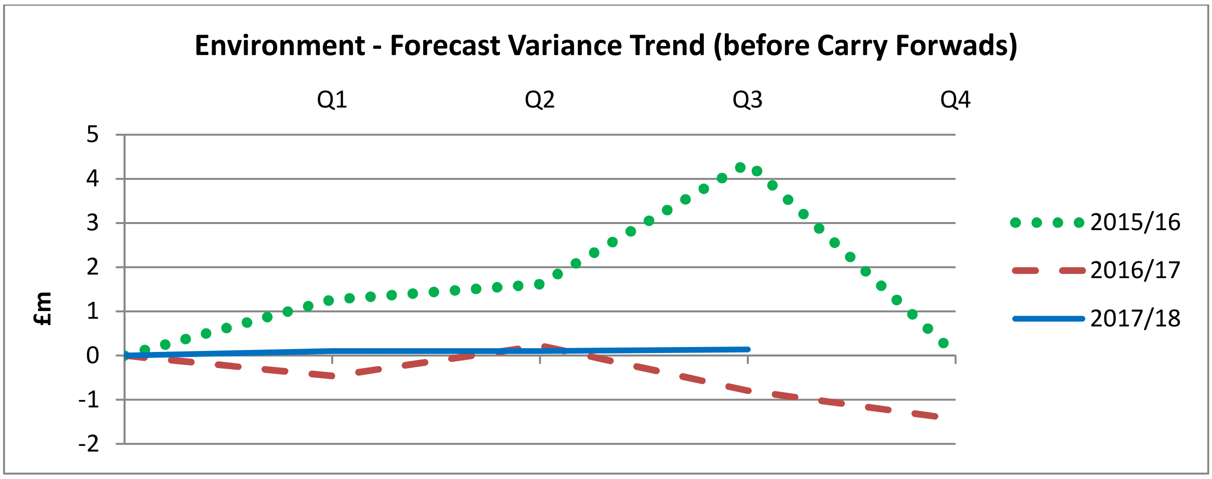
In 2017/18 to date a total of 266 families have been supported against No Recourse to Public Funds and Intentionally Homeless budgets. This element of the overall Section 17 budget are being forecast to overspend by £397k, which is being partly offset by an underspend against preventative spend of £99k.

2.4 Environment

Summary of total Environment position:

The table below summarises the forecast monitor position for the department, with the graph beneath showing how the forecast variance has moved each quarter for the previous 2 financial years

Environment	Ref	LAB £000s	Projected Spend £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Highways	2.4.1 2.4.2 2.4.3	58,512	58,552	40	100	(60)
Waste Management		43,080	43,080	-	-	-
Spatial Land Use and Planning	2.2.4	1,251	1,351	100	-	100
Environmental Management		2,309	2,309	-	-	-
Economic Development		301	301	-	-	-
Other Environment		620	620	-	-	-
Environment Total		**106,073**	**106,213**	**140**	**100**	**40**



Key variances:

The tables below provide an explanation of the key variances within the department, along with the movement from the previous period.

2.4.1 Winter Maintenance								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
3,215	3,715	500	-	500	-	500	-	-

Predicting an overspend of £500,000 as a result of December snow fall and current number of gritting runs undertaken, which is significantly higher than average

2.4.2 Lighting								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
7,015	6,365	(650)	-	(650)	-	(650)	-	-

The energy market continues to be extremely volatile providing purchasing opportunities and threats. LASER has secured an energy price better than originally forecast. In addition, further improvements to the street lighting inventory have enabled more refined calculations of the unmetered energy to demonstrate lower usage.

2.4.3 Traffic Management & Safety - Safety								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
250	500	250	200	50	-	-	250	-

Driver Training - The number of clients attending driver offender training courses remains lower than forecast and concerns remain as to how soon any upturn in demand will recover (if at all). In addition recent national changes to the charging structure of courses means less money is finding its way back to the County Council as police fees increase

2.4.4 Spatial Land Use and Planning								
					Breakdown of Variance			
LAB £000s	**Projected Spend £000s**	**Forecast Variance £000s**	**Variance last quarter £000s**	**Movement £000s**	**Early Achievement of IP Savings / Pressures £000s**	**One-off £000s**	**Additional Ongoing £000s**	**Carry Forward £000s**
1,251	1,351	100	-	100	-	100	-	-

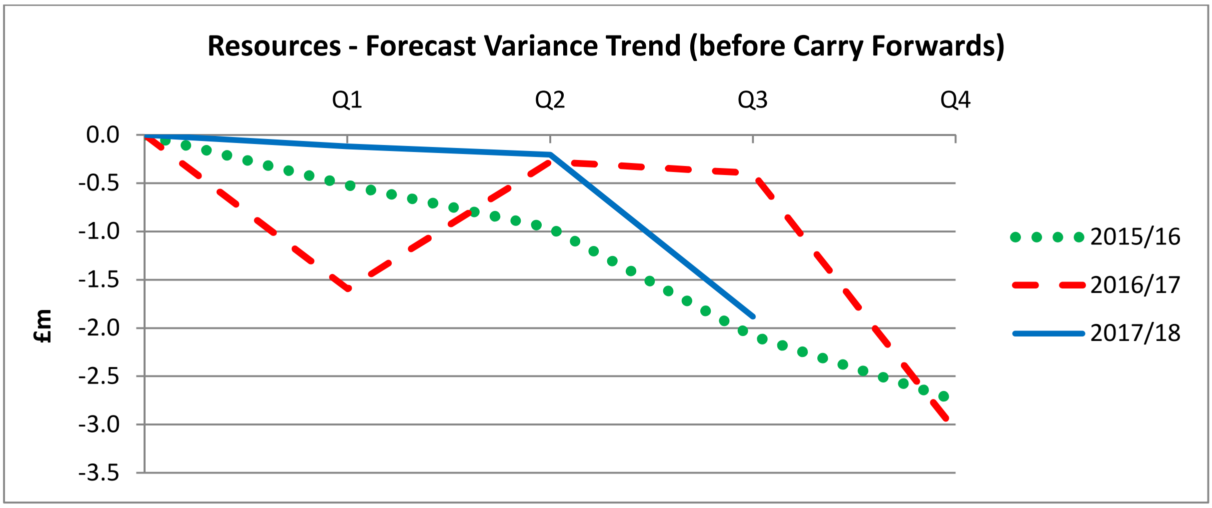
This has been caused by the employment of Agency staff – due to workload pressures (£80K); the late introduction of planning fee increases by the Government (budget income was increased for the year in anticipation of new Fees being in place at the beginning of the financial year) (£36K) and the slippage in the Atrium replacement resulting in having to pay an additional full year subscription to Atrium (£20K).
Actions to mitigate this overspend (from £130k to £100k) include, potential of £20k income to be received from HS2 recharge and offset by £10k underspend on Consultancy in Spatial Planning.

2.5 Resources

Summary of total Resources position:

The table below summarises the forecast monitor position for the department, with the graph beneath showing how the forecast variance has moved each quarter for the previous 2 financial years

Resources	Ref	LAB £000s	Projected Spend £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Corporate Services	2.5.1 2.5.2	58,257	55,890	(2,367)	(972)	(1,395)
Traded Services	2.5.3 2.5.4	(2,303)	(1,962)	341	474	(133)
Customer Engagement		5,741	5,689	(52)	(25)	(27)
Libraries & HALS	2.5.5	9,986	10,286	300	317	(17)
Resources Total		**71,681**	**69,903**	**(1,778)**	**(206)**	**(1,572)**



Key variances:

The tables below provide an explanation of the key variances within the department, along with the movement from the previous period.

2.5.1 Legal								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
4,414	3,880	(534)	(200)	(334)	-	(434)	(100)	-

Legal Services is forecasting an underspend of £534k. This underspend primarily is due to a combination of increased income and vacancies, although the amount spent on counsel's fees in December was lower than originally forecast but this may not continue for the rest of the year. Some of the vacancies are posts which Legal Services intend to fill but others are posts which subject to review may no longer be required.

This underspend includes identified IP savings of £100k.

2.5.2 Property								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
15,725	13,969	(1,756)	(801)	(955)	-	(561)	(1,195)	-

Property were previously reporting an underspend of £0.801m. This has increased by £955k this quarter from £0.801m to £1.756m. The total variance is made up of the following elements:

- £156k Property Data Collection - A saving has been achieved from site and net capacity commissions, and this is a permanent saving (£100k) that forms part of the 2018/19 Resources IP. There has been a slippage of work (£86k) into 2018/19
- £100k Energy Management – The accumulated effect of previous energy saving works have resulted in a reduction of the required Carbon Reduction Credits and this will be an ongoing saving.
- £116k Vacancies across the Property department – Vacancies were being actively recruited to, however they are now being held pending a restructure which has been postponed until next financial year.
- £227k Corporately Managed Properties – Abel Smith House is anticipated to make a surplus since all tenants are in place for the full financial year
- £112k Corporate Property Fees – Lower asset numbers and more efficient management of work streams have produced reduced contract costs. A permanent saving (£100k) forms part of the 2018/19 Resources IP and there is potential for this to be increased once the outcome of the PMA contract re-tender is known
- £260k –Rent reviews have now been settled for some of our properties
- £725k Utilities – Energy usage has been lower than expected due to the warmer than expected Autumn, and energy prices have not increased as significantly as originally predicted. Work is being undertaken to quantify savings from Salix projects which have gone beyond their payback period, and whether there is a potential IP saving.
- £48k Central & Shared – Following the rent review for Mundells, an increased rental charge has now been agreed with HBS for the occupancy of their portion of the site
- £12k Service Property – Rebates for energy, rates and the PFI contract which have been offset by costs for the library and registration service occupancy of the public sector quarter (The Forum) in Hemel Hempstead which is managed by Dacorum Borough Council. These cost figures have been under negotiation and included an accrual for estimated costs in 2016/17.

The Property underspend has decreased by £955k from £0.801m in quarter 2 to £1.756m in quarter 3 and this is made up of the following elements:

2.5.2 Property

- £48k Vacancies across the Property department – Vacancies were being actively recruited to, however they are now being held pending a restructure which has been postponed until next financial year.
- £122k Corporately Managed Properties – Majority of this movement is due to additional rental income from Royal Mail for a 4 month lease of a car park
- £260k – Rent reviews have now been settled for some of our properties
- £725k Utilities – Energy usage has been lower than expected due to the warmer than expected Autumn, and energy prices have not increased as significantly as originally predicted.
- £48k Central & Shared – Following the rent review for Mundells, an increased rental charge has now been agreed with HBS for the occupancy of their portion of the site

These increases in underspend have been largely offset by Service Property Costs for the library and registration service occupancy of the public sector quarter (The Forum) in Hemel Hempstead which is managed by Dacorum Borough Council. These cost figures have been under negotiation and included an accrual for estimated costs in 2016/17

2.5.3 Hertfordshire Business Services (HBS)

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance: Early Achievement of IP Savings / Pressures £000s	Breakdown of Variance: One-off £000s	Breakdown of Variance: Additional Ongoing £000s	Breakdown of Variance: Carry Forward £000s
(1,803)	(1,212)	591	724	(133)	-	591	-	-

HBS are forecasting to achieve a surplus in 2017/18 of £1.212m. However, this is £0.591m short of the target of £1.803m.

This is primarily due to reduced income in the network print function. Also within Fleet Services there is a £106k under contribution - mainly due to reduced level of purchasing and leasing vehicles.

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

In respect to Herts FullStop, the movement in forecast relates to supplier rebates and an improvement in gross margin on sales. In addition to this the contribution from Reprographics has improved as a result of cost reduction measures feeding through.

In support of HBS's transformation programme, two restructures have been completed and a further two are underway aimed at improving the position further, however impact in this financial year will be limited. Longer term investment options will be presented to PROG in January for consideration.

2.5.4 Contribution from HCL

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance: Early Achievement of IP Savings	Breakdown of Variance: One-off £000s	Breakdown of Variance: Additional Ongoing £000s	Breakdown of Variance: Carry Forward

2.5.4 Contribution from HCL									
					/ Pressures £000s			£000s
(500)	(750)	(250)	(250)	-	-	(250)	-	-

Herts Catering Ltd is forecasting an increased contribution of £750k based on their successful trading performance. This results in a favourable forecast variance of £250k over the £500k budgeted contribution.

2.5.5 Libraries & HALS								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
9,986	10,286	300	317	(17)	-	300	-	-

Libraries are reporting an overspend of £300k, down £17k reported in Quarter 2. This overspend is down to three main reasons.

- The Inspiring Libraries Strategy that was designed to save £2.5 million over three years will not be achieved. £2 million of this saving has been achieved in 2015/16 and 2016/17. The final £500,000 saving will be achieved when the roll-out of 16 Community Libraries is completed. Rolling out the Community Libraries depends on the establishment of a volunteer steering group in each community, and the recruitment and training of volunteers to the point where they have sufficient confidence to take over responsibility. This is a new challenge for each community and can only move at the speed of ‘trust’. As a result the roll-out has been a slower process than originally anticipated, and will not be complete by the end of the financial year.
- There is a continuing shortfall in library income, which is currently predicted to be £140k below target. Income generated from new revenue streams such as room hire, donations and reading group charges is more than offset by the continuing decline in traditional income sources for libraries (overdue charges and DVD loans).
- Additional pressures on the budget this year include a gap between our staffing budget (which assumes staff are on the mid-point of their grade) and actual staffing costs (most staff are on the top of their grade).

In order to mitigate the pressures within Libraries there is continued progression with public engagement and the recruitment and training of volunteers in the community libraries. During December there has been some progress made in the recruitment of volunteers and the establishment of community libraries which has enabled us to leave some vacancies unfilled this month. Although this variance will not increase it will continue until the roll-out of community libraries is complete and will gradually reduce over time.

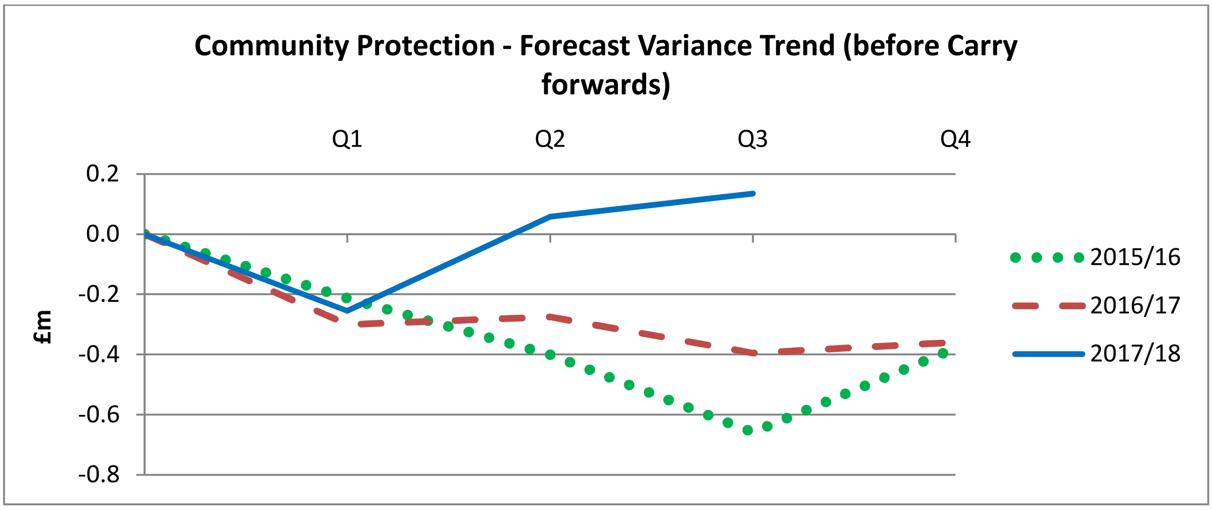
Expenditure in some other budget areas has been frozen and vacancies are being managed to mitigate the income shortfall and pressure on the staffing budget.

2.6 Community Protection

Summary of total CP position:

The table below summarises the forecast monitor position for the department, with the graph beneath showing how the forecast variance has moved each quarter for the previous 2 financial years

Community Protection	Ref	LAB £000s	Projected Spend £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Fire & Rescue	2.6.1	30,498	30,853	355	199	156
Joint Protective Services		4,598	4,378	(220)	(141)	(79)
Community Protection Total		**35,096**	**35,231**	**135**	**58**	**77**



Key variances:

The tables below provide an explanation of the key variances within the department, along with the movement from the previous period.

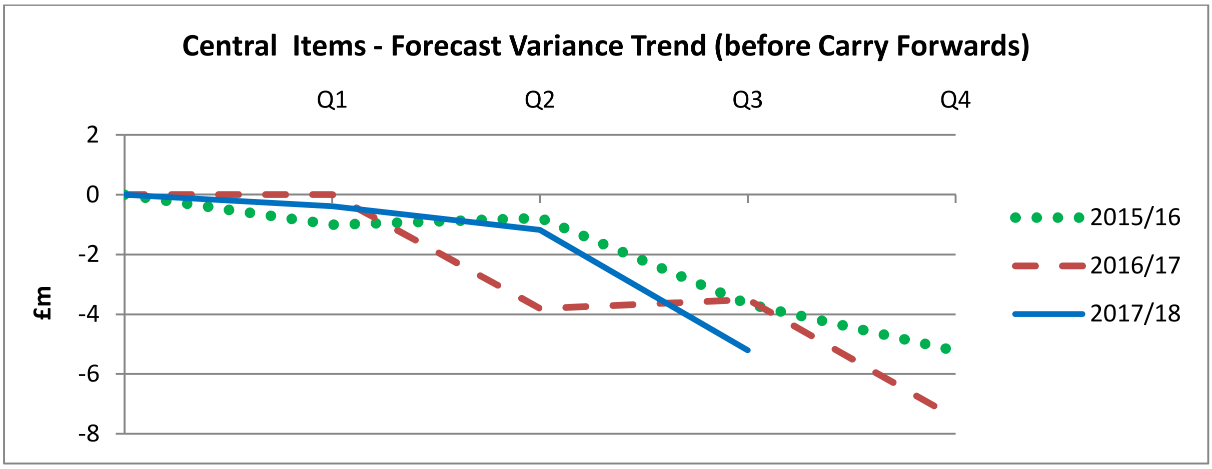
2.6.1 Fire & Rescue - Service Support								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
6,727	6,977	250	104	146	-	250	-	-
The overspend is attributable to the Ill Health Pension contributions offset by vacancies within the ICT Team, £105k less predicted income in Commercial training than budgeted for, additional staffing costs in training due to pre-arranged overtime and the new recruits, and additional costs in the provision of IT systems								

2.7 <u>Central Items</u>

Summary of total Central Items position:

The table below summarises the forecast monitor position for the department, with the graph beneath showing how the forecast variance has moved each quarter for the previous 2 financial years

Central Items	Ref	LAB £000s	Projected Spend £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Central Capital Financing and Interest on Balances	2.7.1 2.7.2	22,315	17,453	(4,862)	(858)	(4,004)
(Additional) / less Grant Income	2.7.3	-	(341)	(341)	(317)	(24)
Contingency - General		5,759	5,759	-	-	-
Contingency - Specific		1,406	1,406	-	-	-
Precepts/Levies		2,112	2,112	-	-	-
Apprenticeship Levy Recharge		933	933	-	-	-
Central Total (before c/f)		**32,525**	**27,322**	**(5,203)**	**(1,175)**	**(4,028)**
Carry Forwards			***900***	***900***	**-**	***900***
Central Total (after c/f)		**32,525**	**28,222**	**(4,303)**	**(1,175)**	**(3,128)**



Key variances:

The tables below provide an explanation of the key variances within the department, along with the movement from the previous period:

2.7.1 Revenue Financing (Interest on balances)								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
11,595	10,312	(2,182)	(928)	(1,253)	-	(1,281)	-	(900)

Main reasons for overall variance:

Cash balances during the year are higher than expected as a result of slippage in the 2017/18 Capital Programme and some additional income streams. As a consequence more cash has been available to invest, and additional borrowing to fund capital expenditure is expected to occur later in the year and be less than set out during budget setting, causing an underspend of (£761k). The Bank of England increased its base interest rate from 0.25% to 0.50% in November 2017.

The forecast includes interest from Local Authority Mortgage Scheme (LAMS) advances (£248k) and Herts Schools Building Partnership [HSBP] interest and dividend received (£161k). These figures are based on the 2016/17 year end position and are above levels assumed when setting the budget.

The County Council will also be selling its stake (loan notes) in HSBP to the other partners, resulting in (£900k) of one-off additional revenue income from this sale. This will be transferred to the Invest to Transform Reserve

Additional interest of (£84k) has been received in respect of the delayed payment of a capital receipt.

Main reasons for movement in quarter:
The £1,253k movement from the previous month is due to the following items
- £900k of additional one-off income in relation to sale of HSBP loan notes.
- Increased investment returns following Bank Rate risk and increased balance forecast £174k.
- Increased interest forecast and reduced forecast for interest payable of £96k.

£84k additional interest for a delayed capital receipt.

2.7.2 Minimum Revenue Provision (MRP)								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
10,720	8,040	(2,680)	70	(2,750)	(2,750)	-	-	-

Following changes to the MRP policy introduced in 2017/18, a further £2.75m savings have been identified as achievable within the new policy. These have been included in the 2018/19 IP and can be realised from 2017/18

2.7.3 Additional/ less Grant Income								
					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
(28,883)	(29,224)	(341)	(317)	(24)	-	(341)	-	-
Adjustment for latest estimates of grant income for ESG, KS2, New Homes Bonus, Fire Revenue, Extended Rights to Free Transport, Local Reform & Community Voices, Social Care in Prisons, War Pensions Scheme Disregard and School Improvement Grants.								

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 Adult Care Services

General Context for these budgets

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

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

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

- Adult Care Services assess clients for their eligibility to contribute towards the cost of care. There is a risk that not all of the client contributions are fully recoverable.

Specific Risks

- There continues to be a risk associated with the legal judgement around the payment for sleep-ins. We have already received claims and undertaken a review but there remains the risk that further providers will come forward with claims against the Authority.

- The Authority previously facilitated payment to Nursing Care providers for Funded Nursing Care, a contribution that was fully funded by CCG's. There has been a long standing dispute over the reimbursement of these payments due to differences in chargeable client numbers for the financial years 15/16 and 16/17. Operational teams are working to provide the necessary evidence to ensure full payment is received but there remains the risk that not all of the disputed items will be resolved.

3.2 Public Health

NICE prescribing

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

3.3 Children Services

Independent Placements

Currently CCG funding for clients placements continues post 18th Birthday. There is a risk that this funding could now be reviewed and cease as at the 18th birthday.

If all current health contributions are ceased at the 18th birthday the impact on current forecasts would be £272K

3.4 Community Protection

Grey Book (uniformed) pay is agreed and increased from 1st July each financial year in line with the NJC agreement. The July 2017 pay increase has yet to be agreed, however if it is greater than the 1% increase built into the budget then this will create a pressure if funding is not allocated from Contingency (as has occurred in previous years).

3.5 Treasury

Interest Received

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

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

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

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

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

Pooled Funds

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

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

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

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

Section 4 – Children's Services (Schools) Variances

4.1 The Schools' budget is funded from the Dedicated Schools Grant (DSG) and sixth form grant which is separately received from the Education and Skills Funding Agency (ESFA). As reported in section 1, there is a net forecast underspend of **£1,449k** against this budget.

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

Independent Schools Placement overspend	**Variance £1,453k**
- Independent Placements are expected to overspend by £1.453m. This is due to a higher number of new placement notifications than was budgeted (£0.953m). The budget was reduced this financial year due to previous years' underspends, and with the higher number of placements, this has now resulted in a pressure on the budget. There is also £500k of additional expenditure covering the Education of Social Care placements.	

Integrated Services for Learning DSG	**Variance (£71k)**
- Speech and Language Therapy is expected to underspend by £87k. Whilst the anticipated contract value is as expected, uncommitted funding is being held pending a review of the Speech and Language joint contract (with the CCGs) and delivery model. - Developing Special Provision Locally (DSPL) is overspent by £47k. This budget is used to fund the 9 DSPL Area Groups and also to support special schools in developing and building confidence to meet more complex needs such as Autism. As the spending on this budget is demand led, it is therefore difficult to predict the number of claims to be received from schools. An element of the overspend relates to a higher than estimated level of claims received. - The Special Education Needs (SEN) Strategy Development Fund is expected to underspend by £3m. This fund has been established to support new initiatives, including key priorities within the Special Education Needs & Disability (SEND) strategy. As an uncommitted resource, the fund also provides useful flexibility in managing budget risks. - Additional Welfare & Tuition (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 £39k higher than budgeted mostly due to additional tuition the teams are having to provide for children excluded or out of school due to pressures on places. - There is a £100k overspend expected due to the cost of education of pupils place by Health in private or other local authority hospitals. - The Attendance teams ceased trading at the end of the last academic year. Approximately 56% of academies/free schools are currently purchasing a traded service however given the pressures on school's budgets, and changes to academy's funding, the trading environment has become increasingly challenging and at the end of this academic year there will be a shortfall in the trading income giving £58k forecast overspend. The service has restructured and achieved savings giving a net forecast underspend this year of £86k.	

Colleges High Needs	Variance £490k

- There is a forecast pressure of £490k on Colleges High Needs budget
  There have been further requests for college placements and increased referrals to tribunals.

  Built into this forecast are the following uncertainties:-
  Costs
  > Placement requests received, not yet approved at Panel but likely to be agreed - £1,028K - mostly Independent Specialist Provision (ISP) & Over the Border (OTB)
  > 1 case returned from Tribunal - outcome further £100K
  > 3 further cases going to Tribunal potential additional cost £115K
  > Additional element 2 payments to colleges for unplanned places £126K
  Income
  Personal Care funding from ACS yet to be agreed (£214K)

Growth Fund	Variance (£886k)

This budget is showing a net underspend of £497k (of which £389k of the expenditure is offset by additional DSG). This relates to the requirements to make allocations to academies for the Summer term (as academies are funded on an academic year basis). Adjusting for this, there is an underspend on the Growth Fund of £886k, due to:

- a lower number of bulge classes than originally anticipated,
- a delay in opening new free schools,
- an underspend on infant class size funding as some of these schools are expanded.

Special Delegated	Variance (£1,239k)

The underspend in Special Delegated relates to:
a) £300k reduced revenue contribution to capital spend from the High Needs Budget in respect of Special Schools expansion programs. The budget was provided for up four SLD schools. Schemes are only being taken forward at two schools this financial year, resulting in the underspend, and
b) £940k underspend on top up funding and residential allocations, these figures have been calculated using the current levels of allocations, and may be subject to variances following panels held in the Spring term.

Disapplication Fund	Variance £2,093k
This forecast is in relation to the Authorities Disapplication approval for schools with significant lagged pupil funding. The Authority has approval to apply £3.1m of DSG in disapplication funding to five schools who have intentions to convert to Academy Status and are in a period of exceptional growth which requires financial stability in relation to lagged pupil funding. Of these five schools, one school has converted, two are expected to convert and the remaining two are without current approval for conversion. The forecast reflects the likelihood that the two that have yet to receive approval will not gain approval before 31st March 2018. The authority will seek consent from the DfE in January to carry forward the disapplication request for those schools who do not receive their Academy Order in this financial year.	

Contingency	Variance £610k
It was agreed at Schools Forum in September, that the deficit for Cheshunt School would be met from the school's contingency budget and this is included in the forecast outturn.	

Other Non-Delegated	Variance (£1,203k)
The underspend of £1.203m relates to: - £900k savings largely resulting from the receipt of back-dated rates refunds (sometimes dating back to 2010). The refunds result both from the conversion of schools to foundation status and from reviews of rateable values by the Local Billing Authorities. - The underspend on Units and Bases of £158k is due to the funding ceasing for a Physical & Neurological Impairment (PNI) designated school - £60k of additional appeals funding not required in 2017/18 - £32k allocation for lift maintenance not required in 2017/18 - £44k of additional income forecast following higher levels of notifications in December for Excluded pupils, than previously forecast - and underspends on various smaller budgets totalling £8k	

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

Schools becoming Academies	**Variance (£9,434k)**
The reduction in expected expenditure relating to payment of budget shares to schools is off-set by a corresponding reduction in DSG income received from DfE	

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

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

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

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

Status	**Number of Schools Q3**	**Deficit Value 2017-18**	**Number of Schools**	**Deficit Value 2016-17**
Schools with Approved Licensed Deficits	**2**	£1.038m	1	£0.597m
Schools with Licensed Deficit Applications in Progress	**11**	£2.421m	9	£1.592m
Total Projected value of Licensed Deficits for Schools at 31 March	**13**	**£3.459m**	**10**	**£2.189m**

5.1 Capital Summary

The projected capital outturn position as at 31st December 2017 is as follows:

	£000s
Reprogramming to future years	(10,947)
Underspends	(802)
Overspends	80
Total Variance	**(11,669)**

- Details of significant capital variances are shown in Section 5.2.

- These variances are calculated on the latest budget of £175.922m. This includes the reprogramming from 2016/17 that was approved by Cabinet in June 2017 and reprogramming for Quarter 2 that was approved by Cabinet in December 2017.

	£k	£k
Original Budget Per 2017/18 Integrated Plan		**222,858**
2016/17 Reprogramming	10,148	
2017/18 Reprogramming - Month 6	(62,587)	
Additional LEP funding	1,627	
High Needs Funded Projects - funded from School's DSG	1,555	
Other Budget Adjustments	2,321	
Total Budget Adjustments		(46,936)
Latest Approved Budget for 2017/18		**175,922**

Table 2 – Summary Capital Budget Monitor

	Latest Approved Budget 2017/18 £'000	Underspend £'000	Overspend £'000	Reprogramming £'000	Total Variance £'000
Children's Services					
School Expansions	43,931	(200)	36	(6,774)	(6,938)
Schools R&M	19,169	-	-	-	-
High Needs projects	1,555	-	-	-	-
Other - Children's Services	1,579	(253)	7	(90)	(336)
Total Children's Services	**66,234**	**(453)**	**43**	**(6,864)**	**(7,274)**
Environment					
Major Projects	7,858	-	-	(387)	(387)
Road Maintenance	41,634	-	-	-	-
Street Lighting	8,945	-	-	-	-
ITP	6,789	-	-	-	-
Bridge Maintenance	5,894	-	-	-	-
Other - Environment	2,778	-	-	(335)	(335)
Total Environment	**73,898**	**-**	**-**	**(722)**	**(722)**
Fire	**3,494**	**-**	**19**	**(114)**	**(95)**
ACS					
EPH Provision	4,292	-	-	-	-
Disabled Facilities Grant	6,200	-	-	(555)	(555)
HCS Property	2,431	-	5	(625)	(620)
Other - ACS	1,019	(296)	-	-	(296)
Total ACS	**13,942**	**(296)**	**5**	**(1,180)**	**(1,471)**
Resources					
Acquisitions	8,023	-	13	-	13
Broadband	4,000	-	-	(975)	(975)
BMT Projects	1,359	-	-	(84)	(84)
Non-School Cap. Maint.	1,569	-	-	-	-
Co-location of Libraries	358	-	-	(238)	(238)
Technology Purchasing	1,397	-	-	-	-
Other -Resources	1,606	-	-	(770)	(770)
Total Resources	**18,312**	**-**	**13**	**(2,067)**	**(2,054)**
Public Health	**42**	**(53)**	**-**	**-**	**(53)**
Grand Total	**175,922**	**(802)**	**80**	**(10,947)**	**(11,669)**

The net variance of £11,669k comprises re-programming of £10,947k, underspends of (£802k), and overspends of £80k.

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.

5.2 Significant Capital Forecast Variances

The movements shown in the tables below include the adjustments made to LAB for reprogramming approved in Q2, offset by any new movements in Q3.

Children's Services

New School Developments & Site Acquisitions							
					Breakdown of Variance		
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Underspend £000s	Overspend £000s	Reprogramming £000s
20,840	13,646	(7,194)	-	(7,194)	-	-	(7,194)

The main reasons for the variance are:

- £7,194k is forecast to be reprogrammed due to anticipated timings of land acquisitions.
- There is a further risk of further reprogramming (up to an additional £10m) which relates to the purchase of Secondary Sites where planning consent may be received later than anticipated.

Primary Expansions PEP6 & Temporary Expansions Sept 2016 - HCC Managed							
					Breakdown of Variance		
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Underspend £000s	Overspend £000s	Reprogramming £000s
3,690	3,350	(340)	(2,378)	2,038	-	-	(340)

The main reasons for the variance are:

- £340k is forecast to be reprogrammed for Leavesden Green. The programme has been profiled to accommodate a phased programme with delivery of some external works this financial year. This is in addition to the reprogramming agreed in Q2 of £2.378m.

Secondary Expansions - SEC2							
					Breakdown of Variance		
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Underspend £000s	Overspend £000s	Reprogramming £000s
13,726	14,816	1,090	(556)	1,646	(200)	-	1,290

The main reasons for the variance are:

- £1,290k is forecast to be reprogrammed for Hitchin Girls school due to updated information being received by the Independent Certifier supporting the County Council for the School Expansions. This school is expected to progress further than previously reported by year end. This offsets the £356k reprogrammed in Q2 for school managed schemes.
- £200k underspend relates to a secondary expansion agreement being £200k lower than originally anticipated.

Secondary Expansions - SEC2.5							
					Breakdown of Variance		
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Underspend £000s	Overspend £000s	Reprogramming £000s
1,385	993	(392)	(6,591)	6,199	-	-	(392)

The main reasons for the variance are:

- £392k is forecast to be reprogrammed for the expansion programme at Hemel Hempstead due to a review of project timescales. This figure is an estimate and will be reviewed. Tender evaluation for the provision of Phase 1 is now complete and we are ready to enter into contract. Phase 2 is currently out to tender.
  This is in addition to the £6.591m reprogrammed in Q2 for Hemel Hempstead and Hertswood Academy.

Environment

A602 Improvements							
					Breakdown of Variance		
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Underspend £000s	Overspend £000s	Reprogramming £000s
5,037	4,650	(387)	(1,423)	1,036	-	-	(387)

The main reasons for the variance are:

- Sections A and C have started the on-site construction phase. The Planning Application process for Section B has been extended and thus the overall delivery programme for this section has been delayed. Previously there was in-year reprofiling of £1.4m into 2018/19. A further £387k will need to be re-profiled into 2018/19 due to the delays to the planning process for Section B.

Ware Household Waste Site							
					Breakdown of Variance		
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Underspend £000s	Overspend £000s	Reprogramming £000s
500	165	(335)	-	(335)	-	-	(335)

The main reasons for the variance are:

- Changes to the last monitor confirm that habitat creation works in 2017/18 are likely to be £165k. Reprogramming of £335k is currently anticipated.

Fire

No major variances

Adult Care Services

Commissioning for Independence (formerly Supported Living)							
					Breakdown of Variance		
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Underspend £000s	Overspend £000s	Reprogramming £000s
1,567	942	(625)	(700)	75	-	-	(625)

The main reasons for the variance are:

- Additional reprogramming of £625k is forecast for 17/18 following the implementation of a revised Supported Accommodation Strategy and governance process which will allow a longer term strategic view on the use of capital investment rather than the current, more reactive use of capital funds.

This is in addition to the £700k reprogrammed in Q2.

ACS Vehicle Replacement							
					Breakdown of Variance		
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Underspend £000s	Overspend £000s	Reprogramming £000s
640	359	(281)	(318)	37	(281)	-	-

The main reasons for the variance are:

- A number of vehicles that were planned to be purchased from the 2017/18 capital programme are no longer required to be replaced due to low mileage and the opportunity of transferring vehicles from closed services.

Disabled Facilities Grant							
					Breakdown of Variance		
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Underspend £000s	Overspend £000s	Reprogramming £000s
6,200	5,645	(555)	-	(555)	-	-	(555)

The main reasons for the variance are:

- Reprogramming of £555k is anticipated arising from the phased handover of cases from partner authorities to the shared Home Improvement Agency (HHIA) starting in October, ongoing development of contractor framework and staggered recruitment of the HHIA team

Resources

Inspiring Libraries							
					Breakdown of Variance		
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Underspend £000s	Overspend £000s	Reprogramming £000s
923	368	(555)	-	(555)	-	-	(555)

The main reasons for the variance are:

- £555k of inspiring libraries budget is forecast to be reprogrammed to 2018/19. This is an estimate and is subject to further review. This includes refurbishment projects that are subject to delays and the consequential impact on Creatorspace; plus spend for the Open+ roll-out as we are awaiting evaluation of the pilot.

Broadband Delivery (Contract 2)					
LAB	Projected	Forecast	Variance	Movement	Breakdown of Variance

Broadband Delivery (Contract 2)							
£000s	Spend £000s	Variance £000s	last quarter £000s	£000s	Underspend £000s	Overspend £000s	Reprogramming £000s
4,000	3,025	(975)	(4,658)	3,683	-	-	(975)

The main reasons for the variance are:

- £975k is currently forecast to be reprogrammed to 2018/19. This is due to delays in project delivery by BT Openreach for which a remedial plan is now in place - but pushes payment for delivery back across financial years. This is in addition to the £4.658m reprogrammed in Q2.

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 expected outturn against budget. Reprogramming and underspend, except where these are linked to grant funding or external contributions, result in a higher level of capital reserves to carry forward for funding in future years.

Table 3 – Capital Budget Financing

Budget Financing Source	Original Budget (2017/18 IP)	Funding Movements Agreed	Latest Adjusted Budget 2017/18	Variance (Additional Funding Movements)	Latest Forecast Outturn
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Capital Receipts	10,000	12,122	22,122	(5,000)	17,122
Capital Grants	98,537	(388)	98,149	(10,465)	87,684
Revenue contributions	-	2,740	2,740	-	2,740
Contributions from Third	36,037	(24,335)	11,702	(387)	11,315
Specific Reserves	2,836	(1,553)	1,283	(515)	768
Borrowing	75,448	(35,522)	39,926	4,698	44,624
Total	**222,858**	**(46,936)**	**175,922**	**(11,669)**	**164,253**

5.4 Capital Receipts

£9.489m has been achieved by the end of December 2017. A further £9.284m has been received at the time of this report, bringing the total capital receipts to £18.773m.

The Integrated Plan assumed receipts of £13m of which £3m was to fund the Invest to Save and £10m to fund the Capital Programme. A delayed significant receipt meant that the capital receipt target for 2016/17 was not achieved and therefore borrowing was £12.1m higher than planned. This has been offset by an increase in budgeted receipts in place of borrowing in the current year, increasing the budget for 2017/18 to £25.122m.

As at the end of December 2017, expected receipts for 2017/18 are £20.122m resulting in a forecast deficit of £5m. At present forecast spend, this will require additional borrowing although this would be offset by any further reprogramming

As at the end of December 2017, a deficit of £5m is forecast. On current projected spend, this will require additional borrowing of £4.698m in the interim until delayed receipts are received: this would be reduced by any further reprogramming.

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

	Receipts to 31.12.17 £'000	Forecast 2017/18 £'000	Forecast 2018/19 £'000	Forecast 2019/20 £'000
Budgeted Receipts:				
Capital receipts funding assumed in IP for Capital Programme		10,000	10,000	10,000
Re-profiling of receipts financing from 2016/17		12,122		
Subtotal		**22,122**	**10,000**	**10,000**
Capital Receipts – Spend to Achieve		3,000	3,800	
Total Budgeted Receipts		**25,122**	**13,800**	**10,000**
Total Targeted Receipts	**9,489**	**20,122**	**30,002**	**11,708**
Surplus/ (shortfall)	**9,489**	**(5,000)**	**16,202**	**1,708**

Spend to Achieve
The Spend to Achieve Capital Receipts Reserve is a fund that is used to deliver projects that require investment prior to generating a Capital receipt or a revenue income stream. The fund is reviewed monthly. At present, there is anticipated to be a surplus of £1,372k on this reserve at year end due to expenditure relating to the Former Norton School Site now being forecast in 2018/19.

	£000
Starting Balance 01/04/17	**823**
Top up from capital receipts 2017/18	**3,000**
Total Funds available 2017/18	**3,823**
Schemes	
Replacement Accommodation for Judo Club, Ariston Works	(1,000)
Lands at Beaumont School, St. Albans Forward Funding	(790)
Other Small Schemes	(661)
Total Spend	**(2,451)**
Balance forecast to 31/03/18	**1,372**

5.6 Other Matters

Schools R&M

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

School expansions

Further reprogramming of up to £10m may be required for new school developments as the timing of spend is dependent on a range of external factors. In addition, further reprogramming for the Secondary Expansions may be required in 2017/18. These are mainly school managed projects, where we have less control over the delivery of the projects and when the payments are due.

Bishops Stortford North Expansion

£44m budget was approved within the September 2014 Cabinet for the provision of Schools on a site within Bishop's Stortford North Expansion. Current indications are showing that there is potentially a budget gap of c£9m. The schools are contingent on the start of the development of housing across sites.

A120 Bypass (Little Hadham)

The total scheme outturn indicates a c£4.5m pressure on the current available funding. A capital bid for the additional funding is included in the 18/19 IP, combined with an approach to the LEP, to effectively underwrite the risk pressure.

Metropolitan Line Extension (Croxley Rail Link)

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

Highways Maintenance of Bridges

There are some uncertainties around the bridge budget as a number of schemes are due to be built in Quarter 4 and therefore there may be some reprogramming. At the same time some of the costs from the main contractor are higher than anticipated which could result in a pressure on this budget although, at this point it is believed that these uncertainties can be managed within the existing budget.

6 Other Financial Information

Appendix C shows the reported 2017/18 Treasury Management prudential indicators, and Appendix D shows summary information on debt management.

6.1 Treasury Management Report

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

The Bank of England voted 7-2 in favour of increasing the base rate from 0.25% to 0.50% on 2nd November.

Economic data showed subdued growth in Gross Domestic Product [GDP], at 0.3% and 0.4% in the second first and third quarters respectively. During Q3 Consumer Price Index [CPI] inflation peaked at to 3.1% before falling back to 3.0% in December, above the 2% Bank of England target, while wage growth was 2.5%.

Much of the inflationary pressure noted above can be attributed to the approximately 20% decline in the value of Sterling during 2016/17. The Bank of England had looked to business investment and exports to sustain GDP, while consumer spending remains vital for growth. Negative real-terms wage growth coupled with falling household savings may continue to constrain economic activity during the remaining months of the calendar year.

Following the Bank of England rate increase, investment yields improved slightly, but remained low overall. The 7-day LIBID benchmark was 0.17% for the quarter, an improvement of 0.06% on the previous quarter.

During the third quarter of 2017/18 the Council held an average investment portfolio of £152.38m, and achieved an investment return of £0.464m. The total annual forecast for interest earned on treasury investments throughout the year is currently £1.886m, which represents an underspend of £0.452m on budget, due to a combination of the strong performance of pooled funds, the increase interest rates and overall higher than expected cash balances.

The overall rate of rate of return for the second quarter was 1.22%, which represents a reduction of 0.23% on the previous quarter.

Underlying this, the pooled fund investments returned 4.90% (an increase of 0.04%) and the remaining, mainly short-term investments returned 0.32% (unchanged).

The reduced overall rate of return reflects the impact of increased short-term balances at lower rates off-setting the strong performance of the pooled funds.

6.2 Debt Management Report

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

At the time of writing it has not been possible to produce data for the position at 31 December 2017 due to technical difficulties including a power outage at Stevenage, when these reports were delayed as they were not a high priority system. The information below represents an overview of the data available on the position at 30 November 2017. A verbal update will be provided at the meeting.

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

As at 30/09/17	Debt Recovery Status	As at 30/11/17		Description	Quarterly Change £ m
£ m		£ m	% of Total		
26.7	Within Payment Terms	24.8	52.4	Invoices that have not reached the due date for payment	-1.9
6.9	Reminders issued	9.3	19.7	Invoices where reminders have been issued	2.4
7.5	Action Taken	3.7	7.8	Invoices where active debt recovery is in progress	-3.8
11.5	Action Required	9.5	20.1	Invoices awaiting budget manager/holder decision	-2.0
52.6	**Total**	**47.3**	**100**		**-5.3**

Total debt at 30 November 2017 was £47.3m – this is a decrease of £5.3m from the previous quarter.

There were decreases in invoices within payment terms (£1.9m), and invoices where action was required or underway (£5.8m), and an increase in overdue invoices where reminders have been issued.

Significant reductions in invoices within Payments terms were recorded for the county Music Service (£0.80m), ACS fairer charging (£0.67m) and Rural Estates invoicing (£0.51m). These charges are linked to the timing of the invoices – for example Music Service invoices are raised termly, and the fairer charging invoicing cycle is completed every four weeks.

Of invoices where reminders have been issued, the most significant movements were an increase in CCG Invoices reaching the reminder stage of £2.77m, and a reduction in residential client contribution invoices at this stage (£0.24m).

The increase in CCG invoices passing into the reminder stage is reflective of typical payment patterns. Invoices to CCG are raised regularly for significant amounts, and whilst there is an ongoing dialogue to ensure the correct information is provided there can be long delays while they check that the client data underlying the invoices matches their records. Overall, CCG invoices outstanding reduced by £2.92m in the period

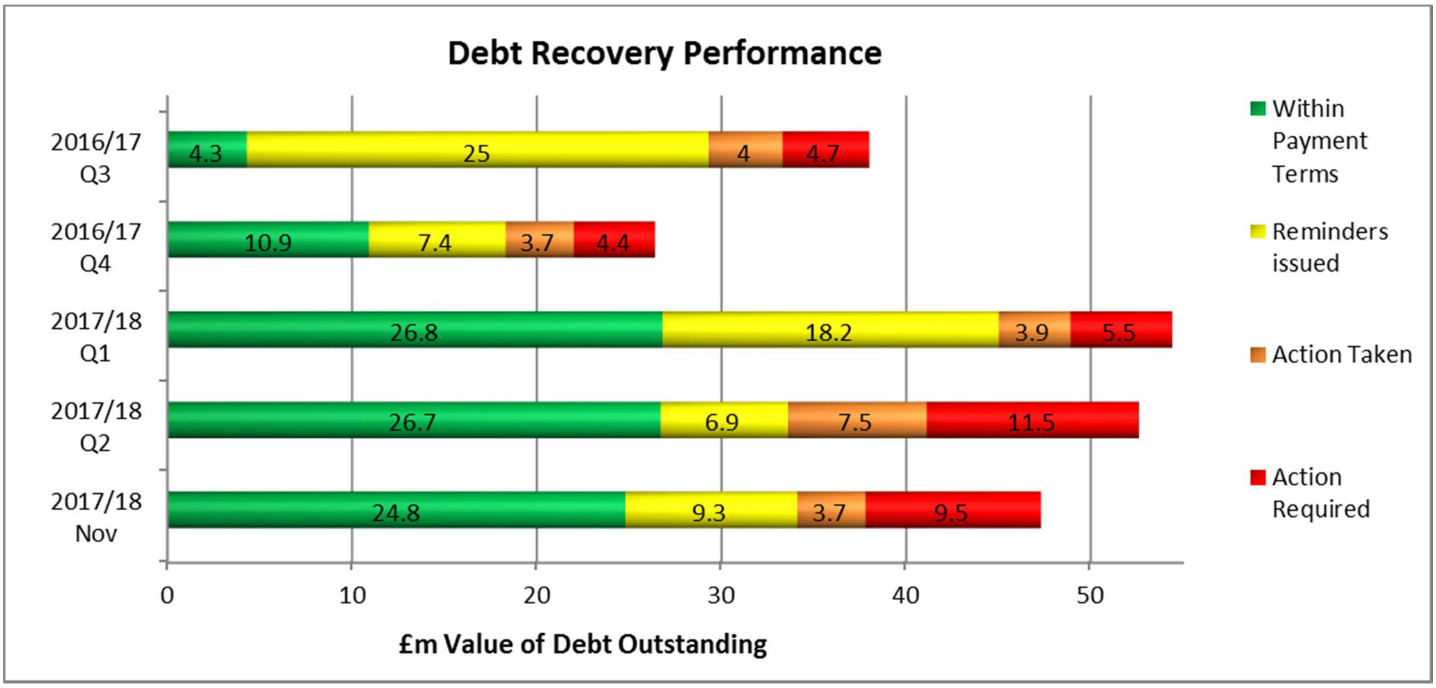
Of the reduction in debt where action was taken or required, there was a reduction of £5.88m in the value of invoices to CCGs, and £0.63m related to Herts Fullstop Invoices.

Invoices for ACS residential client contributions where action is required increased by £0.54m, indicated that debt has passed through the reminder stage to become actionable.

Total debt outside of payment terms at 30th September 2017 was £25.9m, this has decreased by £3.4m to a total of £22.5m as at 30th November 2017.

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

The Chart below illustrates the amount of debt raised at the end of the past five quarters. This reflects the decrease in total debt of outlined above.



Appendix A – Invest to Transform Fund

The table below shows the brought forward position on the ITT and provides updates on approvals to date. A number of projects commencing in 2017/18 are still in progress, and outcomes will be reviewed following project completion.

Invest to Transform Fund £000s	Spend to 31/03/17 £000	Budget 2017/18 £'000	2018/19 onwards £'000	Expected Outcome (from Business Case) and achievement against these	Project Progress
B/F Funding	**34,303**	**17,805**	**18,362**		
Underspends transferred to Fund as at 31/03/17		3,265			
Contribution from HSBP Sale		900			
Schemes completed by 31/03/17	(706)				
TOTAL BALANCE	**33,597**	**21,970**	**18,362**		
Live Schemes (approved before 2017/18)				-	-
Telecare	(1,773)	(78)	(156)	ITT funding is to provide the ongoing support costs for the provision of preventative telecare to a cohort of 1,000 people with current low to moderate needs, to reduce demand for more complex support. In year spend covers the installation, monitoring and responder service costs for the cohort of 1,000 users. Equipment was paid for up front and the service has 1000 sets of kit that they recycle. Current plans are to continue until 2020 subject to SMS contract extension negotiations as the service forms part of the SMS contract. The service is now setting a new Assistive Technology strategy to identify and deliver further efficiencies.	While it is difficult to isolate the benefits of this technology from other interventions and the impact of other changes, telecare is supporting the delivery of savings planned to reach to £1.2m by 2018/19. A review of the experience of other local authorities indicates that efficiencies / savings can be realised through the application of assistive technology. There is scope to consider more systematic and targeted investment in 'niche' areas where benefits appear to be significant: for example in relation to high cost packages in Supported Living settings. There is also scope to increase the general numbers of service users assisted by Telecare: other large authorities are operating larger schemes than in Hertfordshire. Also, work to understand the most beneficial package type could be of value to avoid 'over-prescribing'. The council is setting a new strategy on Assistive technology which will bring in all these aspects. A programme manager has been appointed for this work and plans for the service post 2020 are under development.
Broadband (Funding ring-fenced)			(1,500)	This investment will release match funding against grant from Department of Culture, Media & Sport. 97%+ superfast coverage domestic & business properties	While there have been some initial issues in delivering the fibre infrastructure, this funding will still be required and is forecast to be spent in 2018/19.
Broxbourne Land Acquisition		(500)		To fund Local Plan Review and planning permission application	Planning application proceeding with all necessary due surveys being undertaken. Project also includes development of Greater Brookfield Retail Park.

Invest to Transform Fund £000s	Spend to 31/03/17 £000	Budget 2017/18 £'000	2018/19 onwards £'000	Expected Outcome (from Business Case) and achievement against these	Project Progress
Web-site upgrade (including £120k Intranet)	(774)	(226)		To enhance online transactions & self service. Savings from reduced calls volume to Customer Services Centre	Hertfordshire.gov.uk has replaced Herts Direct, providing a next generation website that will enable more self-service by customers, reducing queries to the Customer Service Centre; releasing efficiencies in technology costs; and providing more opportunities to develop new and improved digital services, releasing further efficiency savings across the whole Council. This includes reduced phone calls (£105k pa) and lower technology costs (£125k pa) – these savings were taken in the 2016/17 IP; together with an improved the customer experience (94% reduction in pages, so easier to navigate to desired content). The final spend on this project has taken place in 2017/18 and is providing further improvement to user navigation.
Library Strategy review	(503)	(1,281)	(3,856)	Bid supports delivery of 'Inspiring Libraries' strategy, through 1. Property investment: Eleven library buildings were identified as priorities for reprovision in the 'Delivering Inspiring Libraries' Cabinet Paper due to their configuration, condition or location. This bid seeks to underwrite and support these projects, but acknowledges that wholescale replacement of single properties is most likely to be achieved through a 'sell to release' improvement plan that will be the subject of individual capital bids progressed when opportunities are presented. These should deliver their own individual investment plans as and when they arise, but funding may be required from this fund. Wherever applicable, S106 monies will be used. Other opportunities to improve library buildings in line with the Inspiring Libraries Strategy will be considered as they arise. A project to co-locate libraries with retained fire stations in Redbourn, Sawbridgeworth and Wheathampstead, supported by grant funding from the DCLG, is included. £186k funding is currently allocated from this budget but further support may be required from within this budget. 2. Investment in technology that includes: • Rolling out a LibraryLink service via a video link to enable customers in self-service or volunteer-supervised libraries to summon assistance from a librarian in another library. • Piloting and rolling out swipe card access to library buildings via a smart library card to extend self-service library access beyond core opening hours. • Extending the use of tablets for both staff and public use, including the Home Library Service, as part of the library IT offer to encourage customers to access information in digital formats. • CreatorSpace, which includes 3D printers. • Exploring cloud-based software access to ensure that the software on public access ICT remains robust and current, potentially replacing the need for a network of desktop PCs. • Interactive touch screens. • Developing Wifi printing to enable customers to print documents from their own devices when using the library Wifi. • Exploring video-chat facility for the public at various libraries.	The Inspiring Libraries programme was established to ensure that Hertfordshire's Library Service remains relevant and sustainable into the future, delivering against the strategy themes - the library as a vibrant community asset, the digital library and the library as an enhanced gateway to reading, information and wellbeing. In November 2017, Cabinet agreed priorities for the next phase of Inspiring Libraries from 2018-2021. The investment has supported the delivery of £2.5m savings in the annual revenue budget between 2015/16 and 2017/18, and will support the delivery of a further £0.5m over the next two years. Spend to date has supported new Libraries at Hemel Hempstead and Berkhamsted; refurbishments at Watford Central, Hitchin and St Albans; the planned co-location of libraries with fire stations at Rebourn, Sawbridgeworth and Wheathampstead; new "Creatorspace" facilities in Watford, Hemel Hempstead and St Albans; a pilot of Open + in Croxley Green, that allows swipe card access to the library outside core opening hours; and other technology developments, including LibraryLink - video link between libraries to support volunteer-partnered community libraries, self-service Wi Fi printing and the provision of tablet technology in libraries. ITT funding is also supporting project management to give capacity to deliver these changes and developments. Future planned spending includes the roll-out of Open+ swipe card access to further libraries; the further development and roll-out of LibraryLink; the extension of CreatorSpace; and the reprovision of Libraries at Stevenage, Ware, Potters Bar, Cheshunt and North Watford.
Adult Complex Needs Phase 2	(90)	(30)		Agencies in Hertfordshire pool resources and work more closely together to identify and deliver services to adults with complex needs and chaotic lifestyles, to achieve a more cost effective service, and deliver interventions, solutions or improvements which are more customer focussed and effective.	Key achievements include reduced anti-social behaviour; improved housing situation (reduced rent arrears & eviction threat); reduction in drug and alcohol usage and emergency callouts for Health & Police; improved life skills

Invest to Transform Fund £000s	Spend to 31/03/17 £000	Budget 2017/18 £'000	2018/19 onwards £'000	Expected Outcome (from Business Case) and achievement against these	Project Progress
Accommodation for Independence programme	(513)			Project agreed November 2015 to fund over 4 years a team to facilitate changes and achieve savings through an 'Accommodation for Independence Programme'. The premise of the programme was to facilitate the large scale conversion of residential care homes for people with learning disabilities into supported living accommodation.	Government consultation in November 2016 proposed changes to the funding framework for supported housing as part of its implementation of Universal Credit, and introduced a level of uncertainty for housing providers which meant that there was less willingness from residential home providers to pursue conversion to supported living. The basis therefore of the original proposal was no longer achievable although a number of services (4) are de registering over the next year. Nonetheless, accommodation and the associated care / support delivered into specific settings for people with learning disabilities is a major area of council expenditure and a strategic approach is necessary to deliver effective solutions which offer good outcomes for individuals and provide value for the public purse. This project has been ended and a new bid for Learning Disabilities Transformation has been approved (see below).
Families First	(20)	(612)	(68)	Set up 9 local Families First hubs which offer quicker access & co-ordinated approach. Multi agency panels to reduce duplication & fragmentation. Early help to reduce referrals into Children's Services, reduce escalation into Specialist Services. Reduce contacts with Customer Services Centre. Action & Impact meetings to reduce referrals & have alternative solutions	Nine Families First partnership hubs are established (Watford and Three Rivers are one hub), with excellent multi- agency representation from most key stakeholders including the Community and Voluntary Sector. As a result there is consistent partnership attendance at operational partnership meetings, including Triage Panels and Action and Impact meetings, which is benefiting the families, by enabling them to receive integrated services as early as possible: there were 612 families with a Families First Assessment started between April and September 2017, which included 1,373 children. The Invest To Transform funding is transforming the way that services identify and respond to the early help needs of families, with over 8,000 requests for support (for individual children) received between April and September 2017, via the Families First Triage Process, and during the same period, 895 families were subsequently discussed with agreed forward action plans at the multi-agency Triage Panels. The funding also enables the Early Help team to encourage and coach partners to apply the Families First principles and practice tools in their own work with families resulting in 1,500 practitioners from a wide range of services now trained on the new case management system to support early help assessment and support plans, and 120 practitioners have attended Effective Assessments training, who report it to be helping them identify and respond to early help needs of families. Plans to implement a new step up/down process on IT systems (EHM/LCS) are almost complete and the investment in a data warehouse (Single View) will begin to reap rewards from early 2018 when data matching exercises will become significantly more automated, supporting the reporting of outcomes. Building on previous alignment of early help services with the Families First approach (Children and Well-being Service and AFDASH, Family Group Conferencing and Better Relationships Better), new progress is underway with both Safer Places and Hertfordshire Constabulary, to manage demand on the police in respect of antisocial behaviour, domestic abuse , CSE and serious, organised and gang related crime.

Live Schemes (approved to start 2017/18)					
E- commerce project		(225)		Replacement of e-income collection & Merchant card provider into one system. Telephone & Web based payments. Savings from reduced reconciliation / payment / refund times; reduced call handling time; reduced processing costs; reduced cheque payments, enhanced reporting functionality	All Services in phase 1 have been migrated and work has begun on migrating phase 2 Services. Replaces Cloudbuy system which was switched off in October 2017. Majority of Chip & PIN Machines now deployed. Procurement of new Merchant Card provider progressing. Orange Leaf implementation has been completed and went live on 17th January. Implementation for CSC and Library (and HALS) events progressing.
Development of e-allowances		(102)		New package from Oxford Computer Company to automate c 800 payment reviews per year for adoption orders, special guardianship orders and child arrangement orders. Reduce time & manual input, claimant completes form online & automated payment follows. Savings from decommissioning Softbox	High level design for new infrastructure delivered. Serco are finishing off proposal for HCC approval. Work is expected to be completed by the end of the financial year.
Local Authority Trading Company for Adult Care Services		(134)	(10)	Production of business model and options-appraisal; preferred vehicle identified and costed; savings evaluated and verified; Options in relation to governance produced; Route to market and options for in-house services identified with timescales for implementation.	There has been good progress and Cabinet in December approved a report seeking authority to set up a Local Authority Trading Company for the delivery of adult care services. The project team have worked with HR, Finance and Legal to develop the scoping and feasibility work. A consultant has been appointed to develop the initial business plan and this has now been circulated to legal and resources colleagues following presentation to ACSMB. Work is now being undertaken to progress feasibility work around home care and the consultant is supporting the project team to look into home care in two areas in response to continued market pressures. The project is still on track to have the company set up early in 2018 and for it to be ready to deliver services in 2018 subject to Member approval, and the necessary due diligence and business appraisals.
A414 Strategy studies		(150)		DfT compliant Outline Business Cases establishing the preferred options for Hertford Bypass and potentially A414 Junction Upgrade Package; Financial / Funding Strategy for the delivery of interventions along the A414 corridor	We have an agreed approach and brief for the work with a supporting programme that seeks to complete the work by the end of the year. Stage 1 (£15k) and 2 (£75k) are complete with Stage 3 starting. The completed document will set out a medium to long term investment strategy for the corridor with dependencies identified along with funding opportunities. The document will support future bids to government, enable informed discussions with developers and begin to develop the business case for priority schemes.
Adult Care Services - Business Process Efficiency		(57)		To scope a business process efficiency review for ACS that will aim to review and improve business processes and identify efficiency improvements. The appropriate structures for business support will also be considered.	Phase 1 Adult Disability Service (ADS) Finance dashboard and financial forecasting has been completed. ContrOCC was upgraded to v11.1 and Provider Portal developments are in testing with providers. This will improve financial management information on the ledger, ability to forecast and accuracy and efficiency of provider payments. Review of ADS business processes is being finalised to determine the approach that will be taken in 2018/19. Care Purchasing Line Item (CPLI) workshops have taken place with stakeholders across Adult Care Services (ACS) to improve data integrity to support decision making and recommendations will be reported shortly. Development is starting to improve financial dashboard information to manage budgets better. In the new year, the technological approach to citizen engagement within ACS will be reviewed with suppliers to develop the online offering to service users and families, improve information flow and reduce transaction costs.

Adult Care Services - Mental Health Accommodation- Project Manager		(42)		Achievement of capital receipts; introduction of recovery and move on model; measured by reduction in care spend; measured via benchmarking towards the comparator average & targets for number of people assisted to recover and move on	Project Manager appointed, the review is on target to return/reprovide £1.5m of property by 31/03/2018. Another £2.37m is likely to be released between July and Nov 2018 when a further four properties are returned/reprovided or disposed of. The recovery model will be achieved by 31 Mar 2018. Service users and providers have been engaged with effective move on plans for 7 out of 10 Aldwyck tenants (remaining three are too ill at present).
Adult Care Services - Continuing Health Care assessments (Learning Disabilities & Physical Disabilities)		(53)		Amount of Continuing Health Care funding achieved; Number of successful cases; Number of successful challenges to Continuing Healthcare Care reductions proposed by Clinical Commissioning Groups; Benchmarking data showing movement of Herts CCGs towards national average positions	
Adult Care Services - Transport Co-ordinator (Learning Disabilities)		(50)		Review high cost and long standing transport arrangements; identify the most effective use of transport; establish and implement authorisation process for transport requests within CLDT to ensure cost effective transportation and compliance with policy; develop strong relationships with partners and stakeholders to enable a continuous review of transport arrangements; train staff on the Implement Assisted Transport Policy and oversee compliance with the policy in practice.	Transport Co-ordinator appointed and work has commenced, initially reviewing transport for day services, including route planning and review of taxi and contract services.
Adult Care Services - Occupational Therapists (3 posts)		(75)	(53)	All 8 community enablement OTs will be in post from the 4th December, although x1 En OT is currently supporting the DTA beds in Watford until the appointed En OT is able to start. Referral criteria and process agreed and circulated. Specialist Care at Home facilitators can directly refer. Referral rates from Specialist Care at Home (SCAH) providers and care managers within ACS have increased. En OTs, in addition to working with those receiving SCAH, are working with individuals receiving mainstream care where it is evident enablement may avoid or reduce the need for home care. Regular meetings (minimum monthly, generally weekly) with SCAH facilitators are in place and relationships with the facilitators are close and productive. Formats to record and share enabling programmes in place – not yet embedded with care workers. Links being made with Health colleagues, particularly Rapid Response, Home First and Intermediate Care Team. Referrals since the 1st September: 178	The Enablement Occupational Therapist are undertaking assessments and goal setting with individuals, and designing personalised programmes that enable the individual to relearn skills and regain abilities that maximize their independence, health and well-being. Assessments may include reviews of moving and handling and solutions may include the provision of specialist equipment and minor adaptations to support the identified goals. In this way the health and well-being of individuals will improve and the need for commissioned services, in particular home care, will be reduced or avoided. The En OTs also design interventions and routines that will increase the strength and mobility of individuals, thereby reducing the risk of falls, minimising incremental loss of independent function which can lead to further requests for care, and reducing the risk of hospital admission. Working closely with SCAH providers the En OTs will increase the skill set of both facilitators and care workers.
Ariston Site, St Albans		(125)		Ground studies for sinkholes in St Albans to assess the need for any remedial work before proceeding to planning permission & capital receipt (£13m) or more if goes through PropCo	Joint Venture partner bids demonstrated added value by way of land value and a share of developer's profit. This will also create an enhanced capital receipt.
Property Company		(125)		Funding for tax, legal advice & ongoing consultancy. To set up a Joint Venture to accelerate the development process and generate better receipts	Preferred bidder dialogue process for Joint Venture under way during January / February. A further cabinet paper will be submitted setting out the detail of the joint venture terms after this.
Baldock Urban extension master planning.		(150)		The promotion and development of an urban extension, including an archaeological survey. There are a range of delivery models for the development of this site, but a residual land value of circa £100m over ten years appears to be achievable.	Planning application was submitted in December. Assuming the planning permission is granted, land value will shift from agricultural use to residential, which creates a significant uplift in value subject to infrastructure investment. Depending on how HCC wishes to sell the land, capital receipts will be generated over the short medium and long term.
Promoting HCC land to emerging local plans.		(150)		Feasibility work to understand the level of opportunities available. HCC will also be competing with other land owners in the area who are also promoting their land. Given the land values in all of the above locations and the scale of the holdings, there is the potential for significant land value capture.	LSH commissioned to assist with Local plans submissions. Subject to land being considered for change of use this could lead to significant land value increase, similar to Baldock urban extension. Note: there are significant sensitivities in HCC promoting land.
Hertfordshire Partnership Foundation Trust Saving challenge		(75)		Audit suggests that 60% of existing Personal Budgets with a value of less than £3k do not meet eligibility criteria. Based on 524 such budgets with a current cost of £519,248 savings are estimated at £311,545.	HPFT have recruited staff to carry out the reviews and between April and October have spent £27k. It is anticipated that there will be full spend at the end of the year, followed by a review of outcomes.

Introduction of Job Families		(30)		Pilot in Resources. Creation of a number of job families with a catalogue of role profiles that sit within each family at different levels linked to grade/s; Generic role profiles within each job family, replacing job descriptions & Job Evaluation Questionnaires, creating simpler job design; Common and identified Career Paths across and up the organisational structure; Encourage and allow movement and flexibility within roles and across services / department; Give a common understanding and language to certain role responsibilities i.e. Administrative, Management, Head of Service.	HR have explored options for a Job Family model and presented primary findings to Resources management board for their comments and feedback should we conduct the pilot within their Directorate. We have collated and analysed baseline data to inform how Job Families (or something similar) would work in practice for the organisation and what interdependencies and dependencies this will have across the organisation. This is now being taken forward with initial pilots.
Smart Digital - Customer Facing Services		(110)	(40)	Develop 1 - 2 projects per department, e.g. whitelist of apps providing info & advice to users & carers to reduce SW contact; roster for part time & shift workers in Supported Living & Day Services; Safe & Well checks - assist decision as to which residents to target; Video conferencing tool.	Started Sept 17 - first projects include: • Implementing a booking system for events and appointments • Supporting the implementation of an e-shop system for Hertfordshire Archives and Local Studies • Market research on the use of voice assistants (e.g. Amazon Echo) to provide information to residents • Collating whitelist of HCC recommended apps for social care and public health service users • Supporting research and workshops looking at apps for adult social care and waste collection service users. Business analyst appointed, and Digital Product Manager started Dec 17. These roles support a range of digital projects, including e-payments and an internal / external event booking system
Learning Disability Transformation		(370)	(772)	Improve data, intelligence, planning & commissioning, procurement exercise for supported living, better choice & control to promote independent living; support required for people being accommodated & their families, reduce accommodation costs of future demand	Work started August 2017 the key focus over the first quarter will be on staff recruitment (operations and commissioning which is 7 roles in total) , 3 staff are already in post , and also the establishment of key project activities, including: · Driving forward the Adult Disability Service Efficiency Programme, putting in place the overall arrangements for efficiency in this area; · Comparison with other council approaches; · Financial Forecasting and Future Planning; · Access to Mainstream Accommodation/ Enablement; · Moving home from LD specialist into mainstream residential care; · Supported Living transformation
Hertfordshire Art Collection		(54)		To reduce portfolio to 167 works, Project manager required to manage the collection - by conservation & display of significant works and sales of others.	Project Manager appointed in September 2017 and review under way.
<u>Payback</u>					
LED Street Lighting Phase I & II	(12,119)	1,196	10,923	LED wireless central management system for A,B,C & U roads. Save energy, maintenance & carbon	Project completed, savings achieved plus ongoing payback to ITT fund
Cumulative Total	**17,805**	**18,362**	**22,830**		

Appendix B – Details of Approved Virements & Technical Adjustments

Summary Revenue Budget Monitor as at 31 December 2017				
SERVICE	**Original Budget £'000**	**Approved Virements & Tech Adj £'000**	**Latest Approved Budget £'000**	**Explanation of Approved Virements & Technical Adjustments**
Adult Care Services	**322,842**	**(857)**	**321,985**	o Apprentice Levy Charge (-269k) **MAY** o 0-25 Service Realignment (-1,122k) **MAY** o Carry forward from 16/17 (+472k) **JUNE** o Funding from Contingency re Pension Strain Costs (+2k) **AUGUST** o Funding from Contingency re redundancies (+16k) **SEPTEMBER** o Transfer from Invest to Transform Fund (+30k) **OCTOBER** o Funding from Contingency re Pension Strain Costs (+14k) **NOVEMBER**
Public Health	**48,867**	**566**	**49,433**	o Apprentice Levy Charge (-12k) **MAY** o Carry forward from 16/17 (+578k) **JUNE**
Children's Services	**166,233**	**2,035**	**168,268**	o Apprentice Levy Charge (-319k) **MAY** o 0-25 Service Realignment (+1,122k) **MAY** o Schools Notification System (+11k) **MAY** o Customer Services Charge (-49k) **MAY** o Transfer from SEND reform (+489k) **JUNE** o Carry forward from 16/17 (+559k) **JUNE** o Carry forward from 16/17 adj (-142k) **JULY** o Funding from Contingency re redundancies (+7k) **AUGUST** o Funding from Contingency re redundancies (+5k) **SEPTEMBER** o Funding from Contingency re redundancies (+20k) **OCTOBER** o Funding from Contingency re Stepping Out legal costs (+333k) **OCTOBER**
Environment	**106,525**	**(452)**	**106,073**	o Apprentice Levy Charge (-56k) **MAY** o Carry forward from 16/17 (+209k) **JUNE** o Revenue Contribution to Capital re Highways Locality (-605k) **OCTOBER**
Community Protection	**35,195**	**(99)**	**35,096**	o Apprentice Levy Charge (-122k) **MAY** o Schools Notification System (-11k) **MAY** o Carry forward from 16/17 (+20k) **JUNE** o Transfer from Proceeds of Crime Act reserve (+16k) **AUGUST** o Transfer to Proceeds of Crime Act reserve (-3k) **NOVEMBER**
Resources	**72,565**	**(883)**	**71,681**	o Apprentice Levy Charge (-155k) **MAY** o Customer Services Charge (+49k) **MAY** o Contribution from HCL (-500k) **MAY** o Carry forward from 16/17 (+83k) **JUNE** o Funding from Contingency re redundancies (+6k) **AUGUST** o Transfer from Contingency re consultancy costs (+20k) **AUGUST** o Funding from Contingency re redundancies (+16k) **SEPTEMBER** o Transfer to Capital for Planned Maint for Leahoe (-100k) **SEPTEMBER** o Transfer to Resources for Property Consultancy Fees (-108k) **SEPTEMBER** o Revenue Contribution to Capital re Hazard Management (-197k) **OCTOBER** o Funding from Invest to Transform re Arts Collection Bid (+21k) **NOVEMBER** o Funding from Contingency re Pension Strain costs (+86k) **NOVEMBER** o Revenue Contribution to Capital re Hazard Management (-35k) **DECEMBER** o Transfer to Contingency for redundancies and PSC no longer required (-70k) **DECEMBER**
Central Capital Financing and Interest on Balances	**25,892**	**(3,577)**	**22,315**	o Transfer to Capital Finance Reserve (-2,287k) **JULY** o Transfer to Education School Reserve (-1,290k) **JULY**
(Additional) / less Grant Income	**-**	**-**	**-**	
Contingency/Special Provision	**8,415**	**(1,251)**	**7,165**	o Contribution from HCL (+500k) **MAY** o Transfer to Invest to Transform RE Street Lighting (-1,196k) **AUGUST** o Transfer to ACS re Pension Strain Costs (-2k) **AUGUST** o Transfer to Resources re redundancies (-6k) **AUGUST** o Transfer to Children's Services re redundancies (-7k) **AUGUST** o Transfer to Resources re consultancy costs (-20k) **AUGUST** o Transfer to Children Services re redundancies (-5k) **SEPTEMBER** o Transfer to Resources re redundancies (-16k) **SEPTEMBER** o Transfer to ACS re redundancies (-16k) **SEPTEMBER** o Transfer to Children's Services re redundancies (-20k) **OCTOBER** o Transfer to Children's Services re Stepping Out legal costs (-333k) **OCTOBER** o RCCO transfer re sinkhole (-100k) **OCTOBER** o Transfer to Resources re Pension Strain Costs (-86k) **NOVEMBER** o Transfer to ACS re Pension Strain Costs (-14k) **NOVEMBER** o Correction journal for previous transfers to Resources for redundancies and PSC (+70K) **DECEMBER**
Precepts/Levies	**2,112**	**-**	**2,112**	
Apprentice Levy	**-**	**933**	**933**	o Apprentice Levy Charge from services (+933k) **MAY**
NET REVENUE BUDGET	**788,647**	**(3,586)**	**785,061**	
Funded from Balances	**-**	**2,441**	**2,441**	o Carry forward from 16/17 (-2,268k) **JUNE** o Transfer from Central Capital Financing & Interest (+2,287k) **JULY** o Transfer from Central Capital Financing & Interest (+1,290k) **JULY** o Transfer from Contingency RE Street Lighting (+1,196k) **AUGUST** o Transfer to Community Protection from POCA reserve (-16k) **AUGUST** o Transfer to ACS from ITT Fund (-30k) **OCTOBER** o Transfer to Resources from ITT Fund (-21k) **NOVEMBER** o Transfer from Community Protection for POCA Reserve (+3k) **NOVEMBER**

Summary Revenue Budget Monitor as at 31 December 2017				
SERVICE	**Original Budget**	**Approved Virements & Tech Adj**	**Latest Approved Budget**	**Explanation of Approved Virements & Technical Adjustments**
Contribution to Capital	**-**	**1,145**	**1,145**	o Transfer from Resources for Planned Maint for Leahoe (+100k) **SEPTEMBER** o Transfer from Resources for Property Consultancy Fees (+108k) **SEPTEMBER** o Revenue Contribution to Capital re Highways Locality (+605k) **OCTOBER** o Revenue Contribution to Capital re Hazard Management (+197k) **OCTOBER** o Transfer from Contingency re sinkhole (+100k) **OCTOBER** o Revenue Contribution to Capital re Hazard Management (+35k) **DECEMBER**
COUNTY FUND TOTAL	**788,647**	**-**	**788,647**	
CS Schools funded by direct government grant	**918,729**	**(297,755)**	**620,975**	
Schools Grant & Other Funding	**(918,729)**	**297,755**	**(620,975)**	

APPENDIX C: PRUDENTIAL INDICATORS 2017/18 – 31st December 2017

1. Capital financing Indicators

	Indicator	Description	Integrated Plan Ref.	2017/18 IP	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
	Indicators 1 to 3 demonstrate the affordability and sustainability of the capital programme. The projections for financial years 2017/18 to 2018/19 are set out in the Integrated Plan at the reference shown in the table below.							
1	**Capital Expenditure** Monitors capital expenditure for 2017/18 against the projections set out in the Integrated Plan		2.4 Table 1	£219.29m	£192.40m	£174.70m	£164.74m	
2	**Capital Financing Requirement (CFR)** Monitors the Council's underlying need to borrow for capital purposes for 2017/18 against the projections set out in the Integrated Plan		2.10 Table 3	£580.44m	£577.80m	£564.81m	£564.44	
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 2017/18 against projections set out in the Integrated Plan.		2.11 Table 4	1.47%	1.37%	1.35%	1.32%	
	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 2017/18 are set out in the Integrated Plan.**							
4A	**Net Borrowing** Monitors actual borrowing less actual lending		NA	NA	£151.08m	£137.89m	£126.43m	
4B	**Net Borrowing Less than CFR** Comparison of net borrowing to CFR		NA	NA	✓	✓	✓	
	Borrowing: Indicators 5 and 6 control the overall level of borrowing. The limits for 2017/18 to 2019/20 are set out in the Integrated Plan. The Authorised Limit is the maximum amount that may beyond which borrowing is prohibited without Member Approval. The Operational Boundary is an estimate for the external debt for the financing year – this is not a limit but an indicator to ensure the authorised limit is not breached.							
	Total Borrowing in Place at Quarter End		Borrowing in £ at Q End		£288.8m	£258.8m	£258.8m	
	Maximum Borrowing Exposure in Quarter		Quarter Maximum in £		£298.8m	£288.8m	£258.8m	
5	**Authorised Limit**		6.5 Table 11	Limit	£495m	£495m	£495m	
	Compliance Indicator			Complied?	✓	✓	✓	
6	**Operational Boundary**			Indicator	£465m	£465m	£465m	
	Compliance indicator			Complied?	✓	✓	✓	

2. Treasury Management Indicators

	Indicator	Description	Integrated Plan Ref.	2017/18 Budget	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
	Interest Rate Exposure: **Indicators 7 and 8 limit the Council's exposure to both fixed and variable interest rate movements.** **The limits for 2017/18 to 2017/18 are set out in the Integrated Plan.**							
7	**Upper limit on fixed interest rates *(against maximum position)***	Monitors the limits set for 2017/18 for the volume and value of the (lending) /borrowing portfolios that may be committed for fixed interest rate investments or borrowing	6.7 Table 12	£325.00m (LIMIT)	£258.78m	£258.78m	£258.78m	
8	**Upper limits on variable interest rates *(against maximum position)***	Monitors the net limits set for 2017/18 for the volume and value of the (lending) /borrowing portfolios that may be committed for variable interest rate investments or borrowing	6.7 Table 12	£97.50m (LIMIT)	(£107.70m)	(£120.89m)	(£132.34m)	
	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.**							
9A	Under 12 months		6.8 Table 13	50%	0.00%	0.00%	0.00%	
9B	12 months to 2 years		6.8 Table 13	50%	0.00%	0.10%	0.10%	
9C	2 years to 5 years		6.8 Table 13	60%	1.22%	1.12%	1.12%	
9D	5 years to 10 years		6.8 Table 13	80%	3.28%	3.28%	3.23%	
9E	10 years to 20 years		6.8 Table 13	85%	7.92%	7.92%	7.92%	
9F	20 years to 30 years		6.8 Table 13	90%	12.34%	12.34%	12.34%	
9G	30 years and above		6.8 Table 13	100%	75.24%	75.24%	75.24%	
	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.**							
10	Investments greater than 364 days (Maximum Limit)*		6.9 Table 14	£50m	£30.63m	£30.63m	£30.61m	

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

3. Treasury Management Performance and Activity Measures

Indicator	Description	Integrated Plan Ref.	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
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"						
GROUP A: Security, Liquidity and Yield						
Average Investment Portfolio	Monitors the average amount HCC has had invested in third parties.	7.3 Table 16	£133.47m	£129.02m	£152.38m	
Average borrowing portfolio	Monitors the average amount HCC has as long term borrowing during the quarter	6.3 Table 10	£258.78m	£258.78m	£258.78m	
Security Indicator: Average Credit Rating of Investments held	Measured on a 1 to 10 scale, where 1 is a very good Credit Rating, i.e., government guaranteed	Section 6.10	4.46	4.72	4.44	
Liquidity Indicator: Weighted Average Maturity of investments held	Measures the liquidity/accessibility of investments in average days	Section 6.10	23 days	14 days	9 days	
Yield Indicator: Interest Earned*	Monitors the interest earned on HCC investments. Shown as the actual amount (in quarter) and equivalent annual percentage of amount invested	7.3 Table 16	1.35% £0.451m	1.45% £0.467m	1.22% £0.464m	

Indicator	Description	Integrated Plan Ref.	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
Yield Indicator: Interest Paid Monitors the interest earned on HCC investments. Shown as the actual amount (in quarter) and equivalent annual percentage of amount invested		7.2 Table 15	4.35% £3.13m	4.74% £3.10m	4.79% £3.12m	

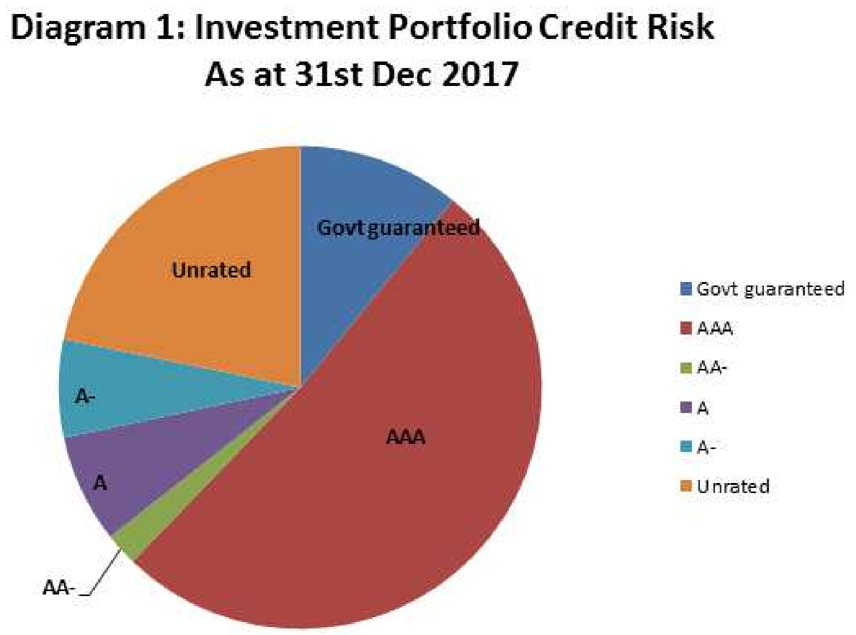
*includes Pooled Fund investments, see Yield section below for further information for rate excluding Pooled Funds

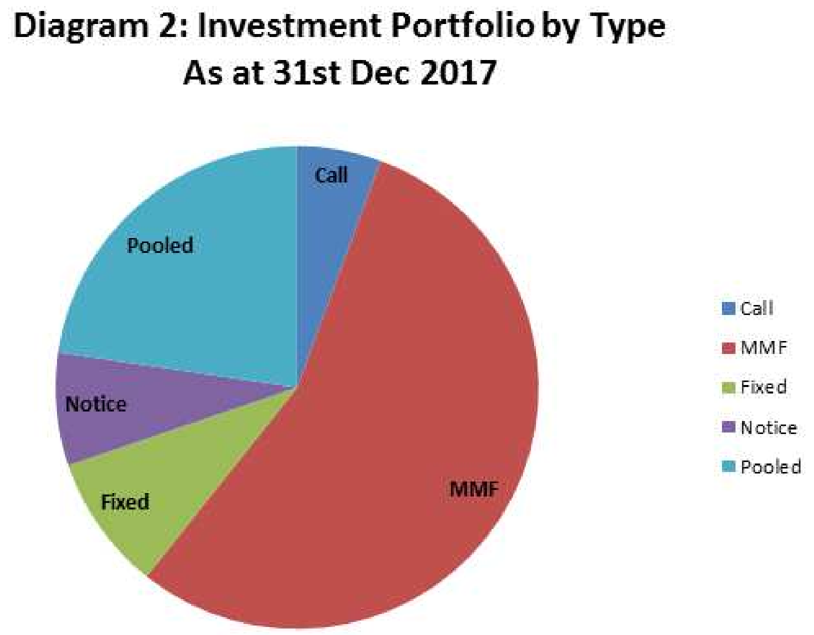
Security, Liquidity and Yield

Security - Exposure to Risk

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

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





Investment Portfolio and Activity

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

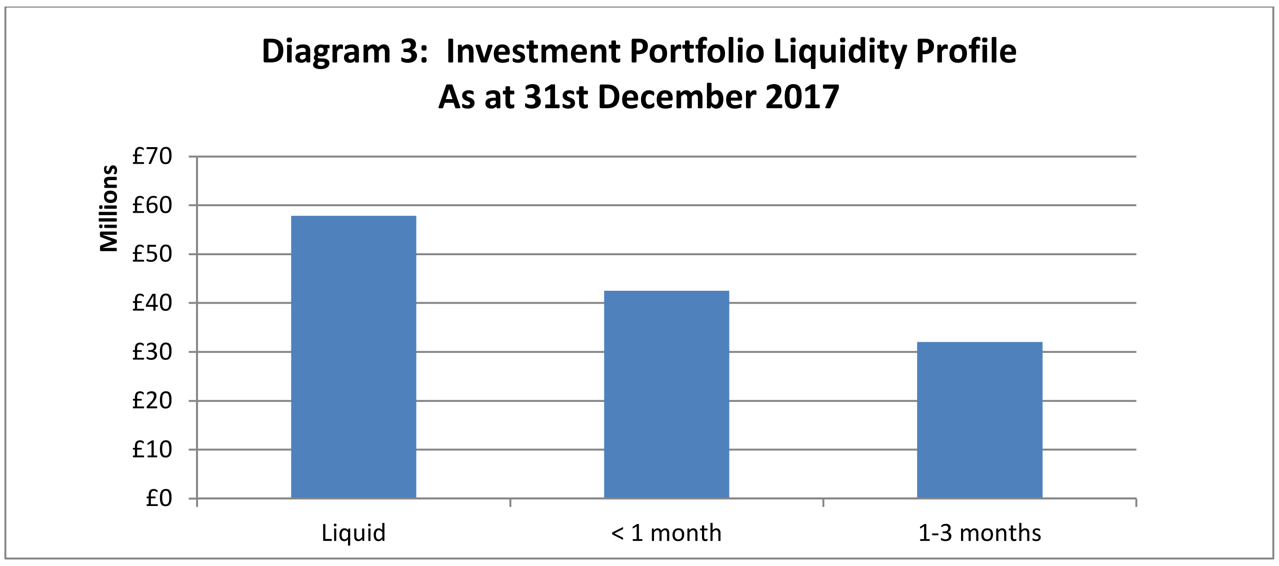
Investments in pooled funds consist of the CCLA Property Fund, two bond funds, two multi-asset funds and one equity fund.

7 new fixed deposits were made during the period, and matured, during the period. 1 was with the Debt Management Office and the remainder with Local Authorities.

Liquidity

Investment balances are forecast to reduce during the second half of 2017/18, which has restricted the duration of new fixed-term investments. Diagram 3 (overleaf) provides a graph showing the liquidity of the Council's investments portfolio as at 31st December 2017.

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

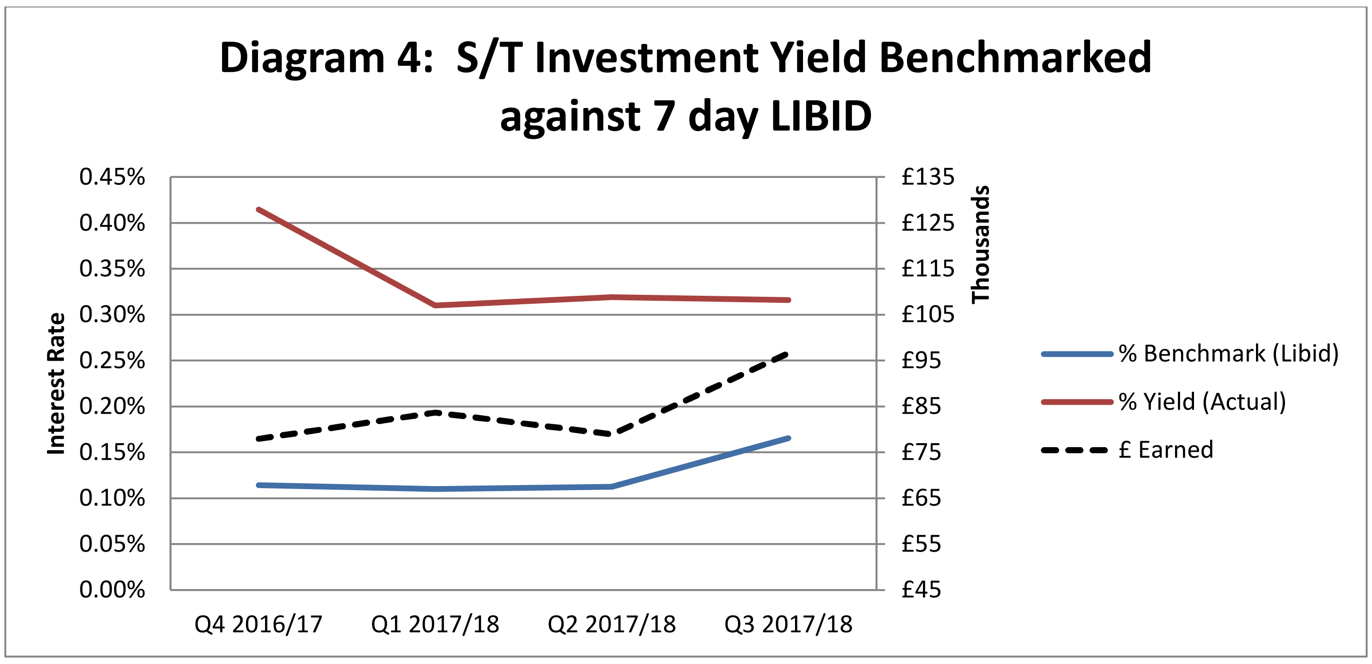


Yield

Yield: Short-Term Investments

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

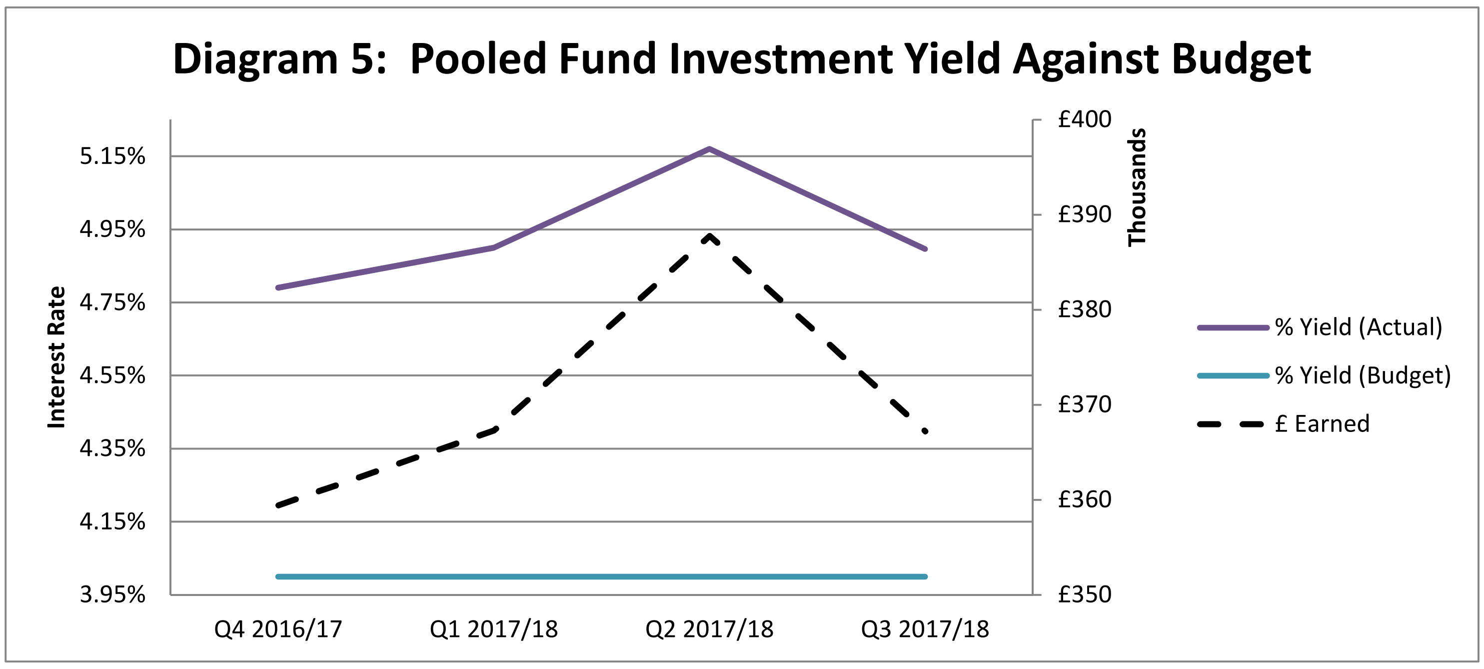
LIBID remained constant at 0.11% during the first half of the year, remaining stable despite significant uncertainty in financial markets, and increased to 0.17% in the third quarter following the Bank of England Base Rate rise. The return excluding pooled fund interest was stable at 0.32%. Overall rate of return fell during the third quarter due to a combination of higher balances held for shorter durations at low rates.



Yield: Pooled Funds

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

The Pooled funds have consistently achieved returns exceeding expectations, and the average % yield during 2017/18 is equivalent to 4.94% per annum.



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.

At the time of writing it has not been possible to produce data for the position at 31 December 2017 due to technical difficulties including a power outage at Stevenage. These reports were delayed as they were not a high priority system. Therefore the information below represents a overview of the data available on the position at 30 November 2017. An update will be provided at the meeting.

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

a. How Much Debt Do We Have?

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

b. How Effective is the Debt Recovery Process?

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

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

2 Summary of Debt Outstanding at 30 November 2017

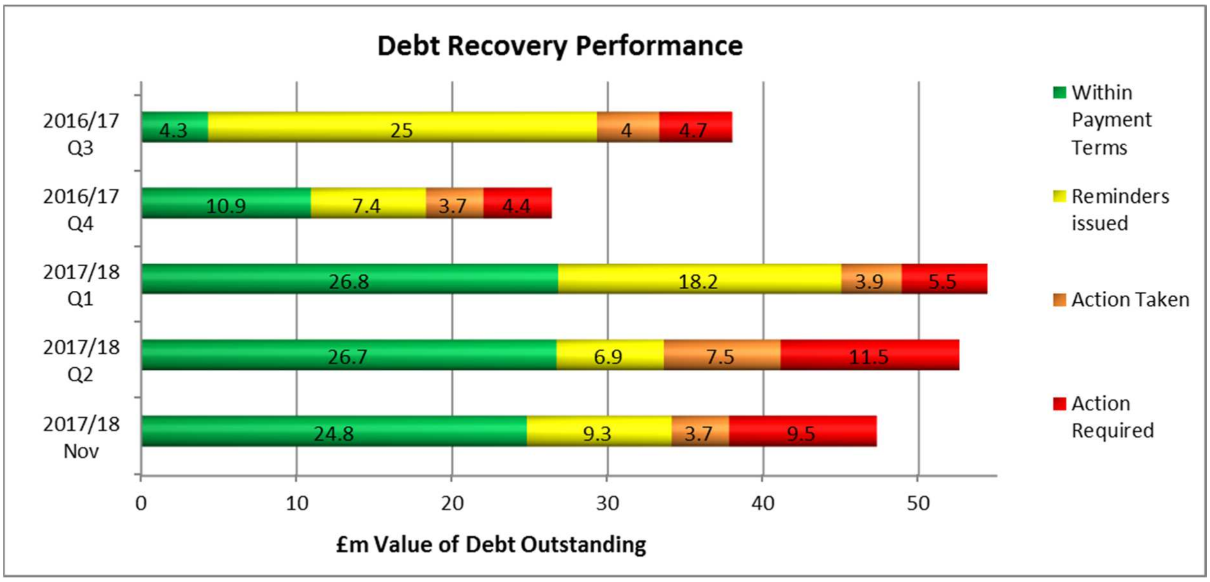
The following table provides a summary of debt at 30 November 2017 analysed by the current debt recovery status and shows the change between periods.

As at 30/09/17	Debt Recovery Status	As at 30/11/17		Description	Quarterly Change £ m
£ m		£ m	% of Total		
26.7	Within Payment Terms	24.8	52.4	Invoices that have not reached the due date for payment	(1.9)
6.9	Reminders issued	9.3	19.7	Invoices where reminders have been issued	2.4
7.5	Action Taken	3.7	7.8	Invoices where active debt recovery is in progress	(3.8)
11.5	Action Required	9.5	20.1	Invoices awaiting budget manager/holder decision	(2.0)
52.6	**Total**	**47.3**	**100**		**(5.3)**

Total debt of £47.3m as at 30 November 2017. This represents a decrease of £5.3m.

Total debt outside of payment terms at 30 November 2017 was £22.5m. This is a decrease of £3.4m from the previous quarter.

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



The chart above illustrates that the amount of debt raised each quarter and debt flowing through the reminder process fluctuates in relation to seasonal billing cycles.

The value of invoices where reminders have been issued has increased, but is at a typical level. The value of debt which has passed through the reminder stage and is subject to action, or a decision on further action is pending has reduced by £2m during the period

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

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

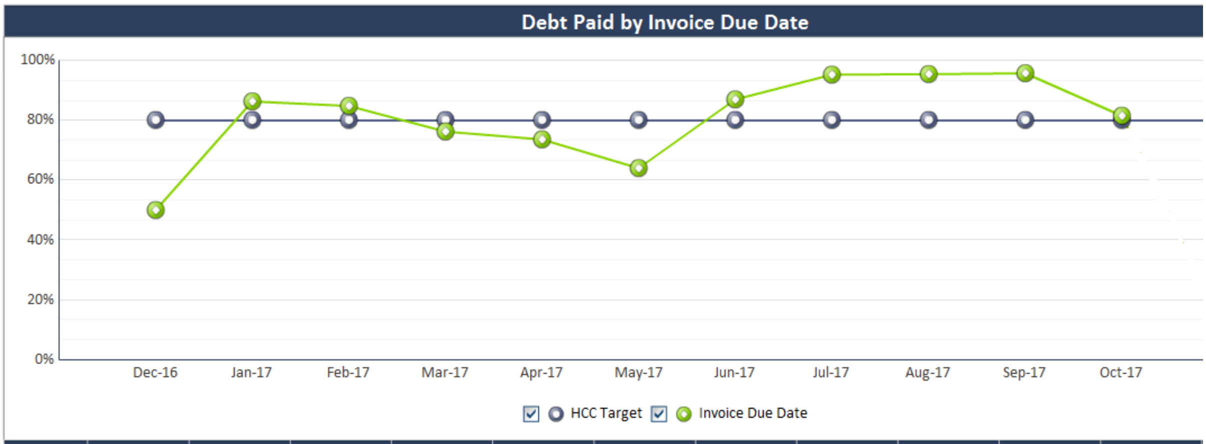
The online Debt Dashboard will provide further detail giving the breakdown between departments with underlying trend data.

3 Debt Management Trend Data

The underlying data used to show the trends of debt recovery performance is based on invoices raised in a specific month. The following charts illustrate performance at an 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)

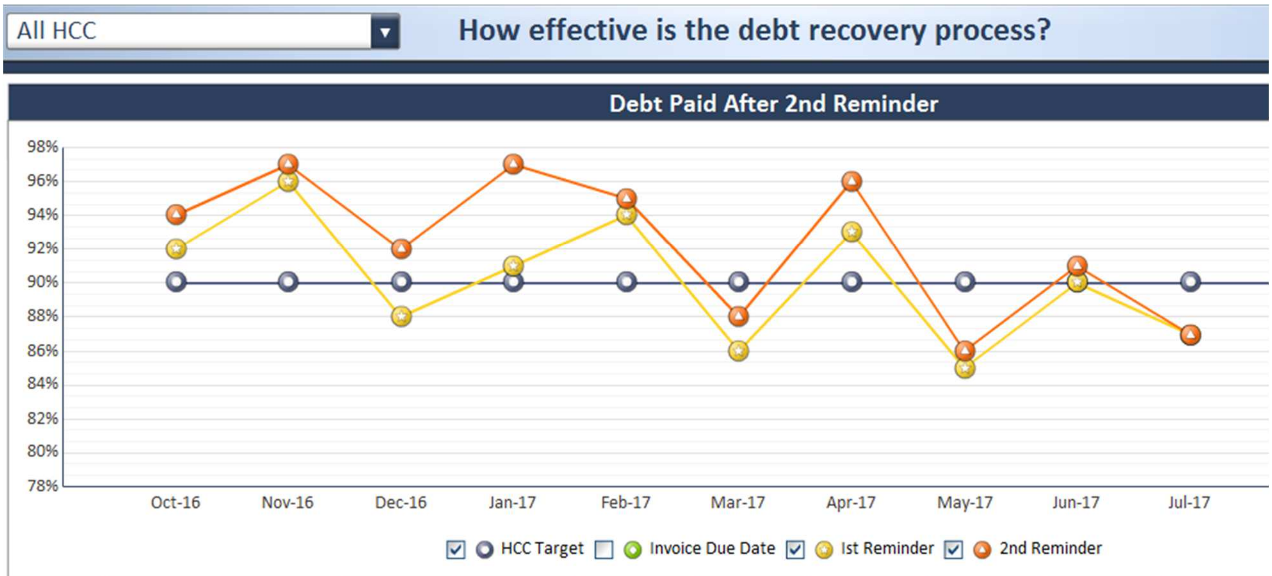
The following chart shows the trend in the value of invoices paid within terms over the period December 2016 to October 2017. On a rolling 12 month basis to October 2017 the average value of invoices raised in a month was £28.1m and an average 81.98% of debt was paid within payment terms. This is above the HCC benchmark of 80%.



	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
Invoice Due	50 %	86 %	85 %	76 %	74 %	64 %	87 %	95 %	95 %	96 %	81 %
Total Raised	£ 24,397,306	£ 31,530,023	£ 24,711,433	£ 13,004,711	£ 37,177,799	£ 33,531,588	£ 29,801,652	£ 29,660,459	£ 26,729,962	£ 29,509,544	£ 31,205,747
Total Paid	£ 12,185,050	£ 27,193,622	£ 20,938,110	£ 9,901,700	£ 27,346,900	£ 21,443,887	£ 25,904,887	£ 28,219,868	£ 25,485,401	£ 28,235,652	£ 25,423,489

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

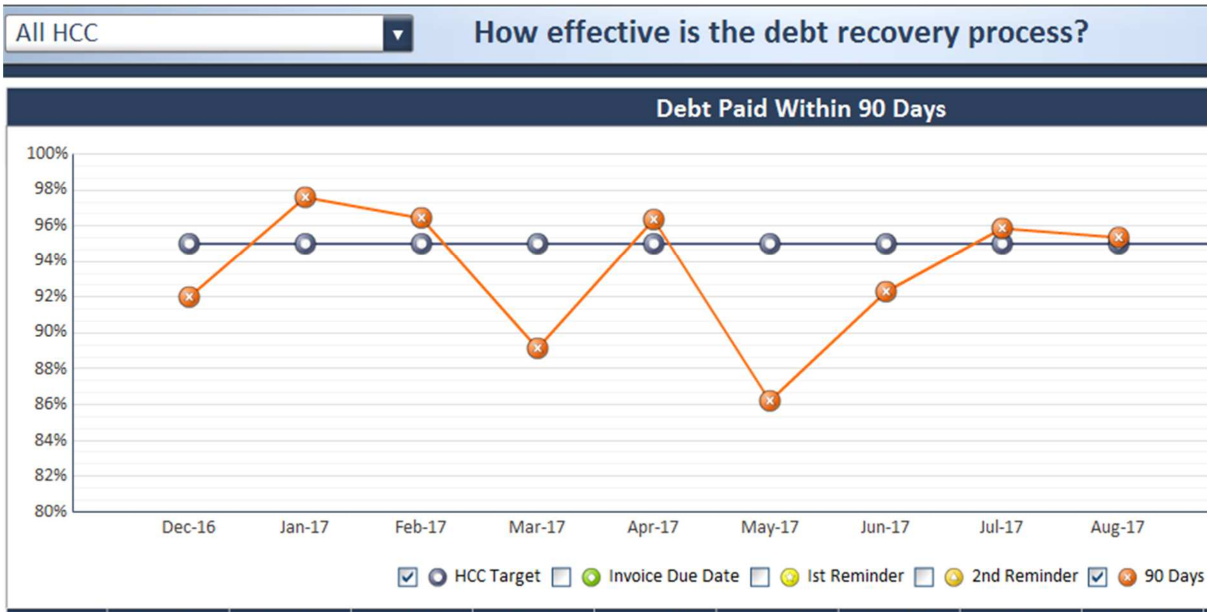
The following chart shows the trend in the value of invoices paid by the end of the dunning cycle. On a rolling 12 month basis to September 2017 the average value of invoices raised in a month was £27.8m and an average 94.06% of debt was paid by the end of the dunning cycle. This exceeded the HCC benchmark of 90%. On average a further 13.52% of invoices were paid following the issue of reminder letters.



	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
2nd Reminde	94 %	97 %	92 %	97 %	95 %	88 %	96 %	86 %	91 %	87 %
Total Raised	£27,144,181	£26,644,054	£24,397,306	£31,530,562	£24,711,516	£13,004,711	£37,177,977	£33,533,327	£29,802,454	£29,660,588
Total Paid	£25,509,798	£25,787,487	£22,432,966	£30,705,881	£23,577,755	£11,451,917	£35,573,659	£28,737,414	£27,206,159	£25,687,636

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 August 2017 the average value of invoices raised in a month was £27.8m and an average 94.34% of debt was paid within 90 days following the due date. This includes invoices paid by the due date and following the dunning cycle. This is below the HCC benchmark of 95%.



	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
90 Days	92 %	98 %	96 %	89 %	96 %	86 %	92 %	96 %	95 %
Total Raised	24,397,306	31,530,023	24,711,433	13,004,711	37,177,799	33,531,588	29,801,652	29,660,459	26,729,962
Total Paid	22,445,309	30,768,803	23,829,031	11,592,877	35,820,845	28,904,055	27,504,963	28,431,673	25,485,595