

Hertfordshire County Council Efficiency Plan 2016/17 – 2019/20

Introduction

Hertfordshire County Council 's vision, set out in its Corporate Plan, is to be a Council of Opportunity, where people have the opportunity to lead healthy, fulfilling lives in thriving and prosperous communities. To fulfil this vision in a time of constrained resources, the Council continues to respond with proactive, innovative forward planning to the financial challenge arising from increasing demand and costs.

Since 2010 the Council has implemented a substantial savings programme: to date, annual £244m savings have been achieved, of which £211m are efficiencies rather than service reductions. The Council's approach has been to achieve smarter ways of working in the back office and to find new ways of delivering services. It is taking steps to intervene early to prevent problems before they arise - cutting the need for services rather than the services themselves. Collaboration with partners is leading to joined up, more effective working and savings by avoiding duplication.

These savings require a significant lead in period and in many cases some initial investment before efficiencies are achieved. In 2010, the Council established an innovative, forward thinking "Invest to Transform" reserve, providing upfront investment which to date has helped achieve up to £24m savings and service transformations. Further assurance on medium term funding levels will give greater confidence to undertake continued proactive planning and give sufficient time for the more complex service changes to be developed and delivered.

The purpose of this Efficiency Plan is to set out a clear roadmap of how the Council will provide services on a sustainable basis over the next four years, and to support greater certainty on future funding and flexibility in the use of available resources.

Robert Gordon
Leader of the Council

John Wood
Chief Executive

Statement from the Chief Finance Officer:

Hertfordshire County Council's Efficiency Plan 2016/17 – 2019/20 builds on the Integrated Plan (IP) published in February 2016 (before firm details of the government's Efficiency Plan requirements were confirmed). The Integrated Plan brings together Strategic Direction Summaries that set out priorities and initiatives from the Corporate Plan within the context of resources and risks, to create a comprehensive and sustainable statement of the Council's future plans.

This Efficiency Plan is the product of detailed work and robust forecasting, and is supported by regular monitoring of spend against budgets to ensure that these are realistic. As part of the IP process, the Council has reviewed the adequacy of reserves and an appropriate level of contingency.

The savings gap remains challenging, and the achievement of further efficiencies and service transformation is increasingly complex and often dependent on close collaboration

with partners and providers, resulting in longer lead in times to deliver. In this context, certainty on future funding is of great importance to enable forward planning at the appropriate scale. If certainty on the four year figures in the 2016/17 Final Settlement is given, I am confident that work in services and managed under the Transformation Programme will enable the Council achieve and sustain a balanced budget position over the next four years.

Owen Mapley
Director of Resources

Medium Term Planning in Hertfordshire County Council

The Council sets its **Corporate Plan** in line with its electoral cycle. It sets out elected members' key priorities for the next four years.

The Council's Efficiency Plan is built on its key medium term strategic and financial plan, **the Integrated Plan (IP)**, published at hertfordshire.gov.uk [Integrated Plan 2016/17 – 2019/20](#). This brings together service plans within the overarching Corporate Plan, setting out their resource impacts alongside the available funding to meet these.

1.1 Revenue Budget

The Efficiencies Plan is shaped by Strategic Direction summaries (part B of the IP), which set out the future direction of services within the Council's Corporate objectives, in the context of growing demand and the need to achieve substantial further savings. This provides details of the extensive collaboration work between the Council and its partners; notably with Health and other partners to deliver joined up social care through the Better Care Fund and other initiatives; but also with Districts, the LEP, Police and criminal justice, and third sector organisations. Comparative benchmarking, both through published data and informal networks with other comparable authorities, is used to identify areas of potential service development, partnership working and efficiency gains.

Spending plans are set within the context of available resources. These are increasingly generated locally, as shown in the table below. Forecasts include anticipated housing (Council tax) growth. The Council is working with the Local Enterprise Partnership (LEP) and with local District and Borough councils to promote economic growth, for example through the extension of high speed broadband, and through the Enviro - Tech Enterprise Zone approved in November 2015. The latter will provide additional retained rates income, that will initially being used to fund infrastructure, and will subsequently support further growth and generate longer term additional funding. However, in the short term, while business rates growth is being generated, this income is often offset by the impact of appeals.

The Council maintains these forward forecasts of resources to inform efficiency planning and ensure that savings are delivered to meet cost pressures and funding reductions. Greater certainty on the grant elements of future funding will be invaluable in developing these plans. We welcome the assurance that this Efficiency Plan will provide for core funding over the four year period. However this leaves risk on other central government grants, including New Homes Bonus and the Better Care Fund: assurance on these other funds will further support effective financial planning.

Sources of Funding	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Council Tax / Social Care precept	518.831	537.465	563.190	590.154
Business Rates including top up	112.024	114.838	117.787	120.979
Revenue Support Grant including Transition Grant	87.751	52.384	22.599	1.890
New Homes Bonus	6.899	6.936	4.358	4.181
Better Care Fund	18.949	18.949	23.676	31.858
Other non ringfenced grants	18.548	17.632	17.477	17.416
Ringfenced Grants	8.748	9.148	9.148	9.148
Public Health	50.047	48.813	47.544	46.308
	821.797	806.165	805.779	821.934

The IP details the savings required to achieve a balanced budget: £32.9m for 2016/17, rising to £124.9m by 2019/20. A substantial proportion of these savings has been identified through ongoing efficiencies and changes to the way services are delivered (summarised in Part D pages 230-233), although a funding gap remains from 2017/18. The Council's Transformation Programme (section 2 below) is being developed to provide a comprehensive and cohesive framework to deliver these savings over the next four years and beyond.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Original Budget	828.732	828.732	828.732	828.732
Technical Adjustments	(5.660)	(7.311)	(8.645)	(9.885)
Inflation	8.933	20.127	34.258	48.389
Pressures (demography, legislation etc)	22.729	39.968	61.798	79.588
Savings	(32.937)	(41.235)	(44.840)	(49.444)
Further savings required (to close gap)	0.000	(34.116)	(65.524)	(75.446)
Total Revenue Budget	821.797	806.165	805.779	821.934

1.2 Capital Programme and Treasury Management Strategy

The Council continues to invest in the infrastructure needed to deliver our services and meet the needs of residents and local businesses. The Integrated Plan includes the Capital Programme, which sets out the forward programme of capital spend and how this is to be financed. All schemes in the Programme are subject to a robust business case which is reviewed annually.

In setting the Capital Programme, the Council seeks to contain the ongoing revenue impact of capital financing by minimising borrowing and where possible, meeting any borrowing requirement from internal cashflows in the first instance. There has been no new external borrowing since 2011, and the Council's total borrowing is £264m. A substantial proportion of the Council's capital spend is funded from government grant, including much of the schools expansion and maintenance programmes, and roads maintenance and improvement. The council looks to maximise other sources of funding to support its programme without impacting revenue , including capital receipts from disposal of surplus assets, and other external contributions including S106.

The Council is reviewing its Capital Strategy to ensure the right level of investment to provide fit for purpose infrastructure that supports the efficient delivery of services and to ensure maximum benefit is gained from its assets. The Council is analysing opportunities, including working with developers, to achieve future revenue rental streams or an enhanced future receipts as alternatives to simple disposal of surplus assets. Funding certainty would provide assurance about the resource envelope within which it can continue to drive these plans forward.

The Council actively reviews its asset base to generate capital receipts, where necessary investing in sites to optimise returns. This increasingly involves complex schemes that can take several years to develop and deliver. At present these receipts are used to finance the capital programme and hence minimise borrowing and its associated revenue costs (£0.075m per £1m capital spend), and it is envisaged that this will remain the most effective long term use. The Government has provided new powers for additional flexibilities, where

capital receipts may be used for revenue spend that will generate revenue savings or achieve service transformation. While the Council does not propose to make use of these powers for capital receipts generated during 2016/17, it would welcome the opportunity to use these flexibilities in future years, for example for capital receipts from investments made in relation to the Local Authority Mortgage Scheme which will be returned in 2017/18 and 2018/19. The receipts could be used to fund the delivery of further transformation projects to supplement those to be met from the Invest to Transform Fund (see section 4).

This Capital Programme is set within the context of the Council's Treasury Management and Borrowing Strategy (IP Part) incorporating agreed indicators under the Prudential Code for Capital Finance. This is reviewed annually to ensure that capital spending plans are sustainable and that the Council's cash balances are managed effectively and with appropriate regard to risk. It includes borrowing and lending policies that have been agreed by elected members, the latter setting out the credit rating framework and other limits to be used when investing the Council's funds.

1.3 Reserves and Risk Strategy

The Council maintains a number of earmarked reserves and provisions to meet specific expected future costs, including those that will help deliver future efficiencies. Reserves are reviewed annually as part of the IP process and any no longer required are returned to general balances (see IP Part D). Total specific reserves (excluding balances held by schools and on behalf of the LEP) totalled £69.8m as at 31 March 2016. They include the Invest to Transform Fund (£22.1m, see section 3); capital financing reserves to fund capital spend in 2016/17, including schemes to generate further receipts (£6.1m); the Self Insurance Reserve (£5.5m); and £8m for potential liabilities associated with the procurement of a major Renewable Energy from Waste scheme, that will generate long term savings.

The Council also holds a general reserve and contingency budget that provide resilience against unforeseen pressures. At end 2016/17 the General Fund balance was £32m, 4% of net revenue budget: this level is reviewed annually and has been benchmarked against comparable authorities. The impact and likelihood of a range of uncertainties is considered in setting the General Fund level, providing cover for such areas as uninsured losses, litigation, business continuity failures, economic risks and budgetary control failures, especially given demand pressures and the increasing challenge of delivering planned savings.

These earmarked and general reserves therefore have a specific purpose in meeting the Council's efficiency and transformation plans. Using these balances to meet any changes in funding would impact the Council's future plans and capacity to deliver service transformation: certainty of funding supports the Council's ability to plan the future use of these reserves.

Service departments have reviewed the risks attached to delivering the budget and reflected any significant risks in the Corporate Risk Register. The Corporate Risk Register is reported regularly to the Resources and Performance Cabinet Panel as part of the Quarterly Performance monitor. Mitigating actions are in place for all identified risks.

The Council's Insurance and Risk Strategy (Integrated Plan Part F) sets out the council's overall approach to risk retention and external insurance. The Council maintains specific reserves for the risks it self-insures. The level of self insurance is determined by looking at premium spend against claims incurred and by assessing the risk appetite for areas where the council is prepared to meet risk in house.

2 Transformation

2.1 While individual departments contribute significant savings through ongoing review of service delivery, the Council's Transformation Programme drives the delivery of more innovative and cross cutting initiatives. The programme was established in 2010 and has been refreshed in 2016/17 to address challenges for the next four years and beyond. Much of this work will be led by individual service departments reflecting the key opportunities and drivers in their areas. In addition, a number of broader cross cutting approaches will ensure that we are well-placed to deliver over-arching or collective opportunities. Responsibility and governance for the delivery of these programmes sits within service directorates or, for cross cutting initiatives, under a named lead officer, with reporting to Service Boards and the Transformation Board. The purpose of these arrangements is to

- Keep a clear corporate view of progress, outcome, and risk
- Have appropriate governance and management which supports and enables transformation and required savings to be delivered coherently
- Enable sufficiently agile and flexible responses to new challenges and pressures.

2.2 The Transformation Programme includes service led transformation including our key responsibilities for adult and children's social care. These initiatives have a strong emphasis on partnership working to deliver improved outcomes and efficiencies, and demonstrate the significance of such arrangements that exist outside formal devolution arrangements. Examples of current projects include:

Joint working with Health partners to integrate health and social care.

Supported by the Better Care Fund (BCF), the Council has created a pooled budget of over £300m with the Clinical Commissioning Groups within Hertfordshire; and is working with local health authorities to develop a five year Sustainability and Transformation Plan to deliver efficiencies in the provision of health and care services tailored to local needs. CCG's recognise the significance of social care in reducing demands on NHS budgets, and provide funding over and above their BCF contributions towards schemes to support earlier discharge from and reduce readmission to hospital. These include:

Hertfordshire NHS organisations in the east and north of the county and the county council are one of six national vanguards for new models of care in care homes. This involves staff in the care homes being trained to a higher standard on clinical matters to support residents, and the NHS providing enhanced services into the home including pharmacy, GP and nursing services - and a premium payment being made to care homes in recognition of higher levels of need. The scheme started in Nov 2015, and admissions to hospital from those homes are already decreasing with people and their families more satisfied with the care.

Home First, a joint project between Hertfordshire County Council, Hertfordshire Community NHS Trust, East and North Herts Clinical Commissioning Group, GP practices and Hertfordshire Partnership NHS Trust, won the Local Government Chronicle (LGC) award for Health and Social Care. This scheme delivers a rapid response service that can be heralded by GPs as an alternative to 999 to prevent people being admitted to hospital, providing alternative care and support at home within 60 minutes instead.

The county council and Hertfordshire's main NHS hospital trusts now have integrated discharge arrangements in place, with social work staff integrated into the key processes on the hospital site. This includes in A&E to prevent admission into the hospital where alternatives are available, on wards where people's discharge can be expedited and within

an integrated discharge team where people with complex needs can have their onward care and support planned efficiently between health and social care resources available.

Family Focussed Working

This project delivers a phased implementation of a district based, more cost-effective early help delivery model to respond to families' needs as they emerge and build sustainable family resilience.

Key elements include:

- **Local delivery and governance arrangements** at a District level to maximise the effectiveness of local services which target support where it is most needed.
- **Multi-agency Families First Panels** to triage requests for support and reduce contacts into Children's Services
- **Families First Co-ordinators** providing rapid response and timely support to families whilst supporting partners to understand their roles/ responsibilities.
- **Families First Keyworkers** within teams and partner agencies to co-ordinate the planning and delivery of the family plan.
- **Local practitioners from a range of agencies working effectively together** to ensure needs are met within the community rather than referring on.
- **Implementation of LCS Early Help Module** to streamline assessment and planning processes

In addition to this scheme, since 2015/16, the Council has introduced a new Family Safeguarding model for child protection. The model created multi-disciplinary, co-located teams, including staff from NHS, third sector and other partner organisations, working together to tackle the toxic trio of domestic abuse, substance misuse and mental health issues that place children at risk of significant harm. Ofsted have noted improvements to the outcomes for children, and the quality of work and initial evaluations are very positive. The Council expects to achieve significant savings in staffing and placement costs over the next four years, and the evaluation is analysing savings across the wider partnership, including care/treatment/criminal justice provision. The Council is currently working with four other authorities to explore the extension of Family Safeguarding so that we can test whether it has potential to form the basis for an improved national model.

Adults with Complex Needs

The "You Can" pilot project for Adults with Complex Needs is working with Health, Police and District colleagues in Hertsmere and Three Rivers districts to support vulnerable and often chaotic people to manage complex care needs: from mental health to criminal justice, substance misuse and homelessness.

- 2.3 Alongside service specific transformation, the Council is promoting cross cutting initiatives to deliver efficiencies which will be incorporated in the 2017/18 and future Integrated Plans:

Supporting the right approaches to **prevention** and demand management so that we deliver services in different, more prevention focused ways. This will be achieved by developing a systematic, corporate approach to prevention of need for public services that can inform decisions around when to invest or disinvest in services to maximise good value returns and outcomes.

Maximising our **commercial opportunities** building on a number of successful companies and arm's length organisations that have developed over recent years. We will review our approach to these to ensure that we have a coherent and consistent procedures to ensure that we are getting value for money from our arrangements. We will also enhance our capacity for strategic commercial planning as well as ensuring that all our staff engaged in contract management are equipped to deliver best value.

Using outcome driven technology to respond to fast-changing **digital opportunities** so that we have responsive services that are designed end to end with service users and make the best use of data to tailor services and pre-empt trends and needs. This will include redesigning a series of specific service areas, beginning with those areas with the scope to deliver quick wins and build capability, enhancing our supporting infrastructure, improving the quality and use of our data, and ensuring our workforce is engaged and equipped digitally.

Enhancing our property strategy to make the most of our **property and office and service accommodation**. We are developing new approaches to asset development and disposal to maximise capital and revenue receipts, establishing a property investment vehicle to deliver multiple projects in tandem. We are also reviewing our office and service accommodation portfolio to reduce our office accommodation costs by 25% by 2020 and ensuring that all our property assets are managed to best effect.

Our people strategy will ensure that Hertfordshire has a **high performing, engaged, and committed workforce** that will deliver excellent services, provide value for money through increased productivity and innovation making a positive difference to the lives of Hertfordshire citizens. Understanding the needs of the organisation now and in the future will ensure we have the capability and capacity to deliver current and future outcomes and help us to position Hertfordshire as an employer of choice so we increase retention and ensure we have a workforce that reflects the community it serves and drive forward performance.

By developing and enabling **SmartWorkers** throughout the organisation we will maximise productivity and outcomes by ensure that our staff are equipped to be as effective and efficient as possible and developing the culture required to achieve this. Linking with our digital strand, new technology is supporting staff to do their job differently. We are developing alternative travel arrangements and wider availability of touchdown locations across the county are enabling staff to make the most of their working day and reducing pressure on office accommodation and improved ways to collaborate and access information including the new intranet and simplified policies and processes.

2.4 Cross- departmental and collaborative working

In addition to the Transformation Programme, the Council actively seeks opportunities to work more effectively by delivering services across departments or through collaboration with other organisations.

For example, Hertfordshire's Fire & Rescue Service (HFRS) works jointly with a number of other services within the authority, including Public Health to deliver **Safe & Well Checks** which cover a wide range of community safety activities in a single visit (security, fire safety, scams protection); working with the Council's Health and Community Services to deliver a

wide range of support activities across a wide range of adult vulnerable groups; working with Childrens Services to provide youth intervention work such as LiFE, Road Safety and other risk reduction events. The Council has secured funding to co-locate library services in retained fire stations, encouraging optimal use of these assets.

HFRS is currently participating in a national trial for co –responding by blue light services, working with the East of England Ambulance. The second fire appliances at Watford and Stevenage Fire Stations are responding to Cardiac Arrest or Red 1 calls in support of ambulance colleagues.

The service has also been instrumental in the development and implementation of a Fire Control collaboration project with Humberside, Norfolk and Lincolnshire, to improve resilience, reduce back office and procurement costs and provide a mobilising system for the future.

The council has also achieved efficiencies and improved resilience through shared arrangements with Districts for internal audit, insurance and risk management, and an anti-fraud service.

The Council has partnered with local District Councils to increase resources, for example reviews of Single Persons Discounts for Council Tax, and identifying where empty properties have been brought into use; and the creation of a Business Rates Pool to retain a higher proportion of local growth within Hertfordshire.

3 Invest to Transform (integrated Plan Part G)

Since 2010, the Council has maintained an Invest to Transform Fund, a radical new approach that supports innovative projects that will underpin service transformation to deliver improved service performance as well as future savings. Business cases are assessed with particular focus on the financial return on investment and speed of repayment, alongside consideration of the level of risk and robustness of estimates. As at end 2015/16, funding had been provided to 28 projects, contributing to annual savings of up to £24m per year. Further details of these projects, and a framework for the future use of this fund, are included in part G of the Integrated Plan.

While the Fund was initially replenished from savings generated from the projects supported, this reduces the benefit to the revenue budget in the short and medium term. Recently the Fund has been topped up from early delivery of in-year savings, although the capacity to continue to deliver these in the current and future years is becoming more difficult both given the financial context and the complexity of some of our savings programmes. In future a proportion of capital receipts could be used, under the new flexibilities that may be offered on submission of future Efficiency Plans.

4 Conclusion

This Efficiency Plan has been prepared in order to ensure robust planning is in place to ensure financial sustainability for Hertfordshire County Council. It will be submitted to the Department for Communities and Local Government, together with supporting documents, as evidence of the Council's approach and to support a request for a four year funding settlement to 2019/20, as offered in the Secretary of State's letters of 17 December 2015 and 10 March 2016.