

**Money Matters**  
**The County Council's Revenue Financial**  
**Position**  
**2018/19 Quarter 1**

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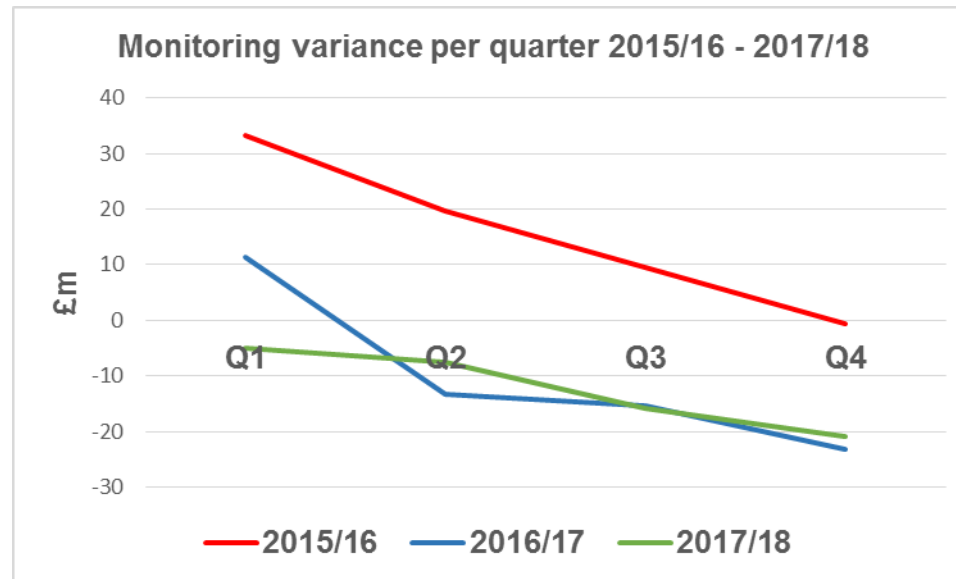
## 1. Summary Budget Monitoring Position as at 30<sup>th</sup> June 2018

Service Area	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Adult Services	554.905	558.647	3.742	-207.971	-208.840	-0.869	346.934	349.807	2.873	0.83%
Public Health & Wellbeing	96.598	95.748	-0.850	-76.441	-77.812	-1.371	20.158	17.936	-2.222	-11.02%
Education & Childrens Services	231.945	227.719	-4.226	-71.630	-67.364	4.266	160.316	160.355	0.039	0.02%
Community Services	216.749	223.264	6.515	-83.503	-89.780	-6.277	133.247	133.484	0.237	0.18%
Economic Development & Planning	10.129	10.058	-0.071	-6.489	-6.392	0.097	3.640	3.666	0.026	0.71%
Programmes & Project Management and Customer Access	29.753	28.628	-1.125	-25.116	-23.021	2.095	4.635	5.607	0.972	20.97%
Finance, Corporate & Property Services	154.084	152.778	-1.306	-77.474	-75.304	2.170	76.610	77.474	0.864	1.13%
Chief Executive Services	72.266	62.839	-9.427	-53.166	-43.848	9.318	19.101	18.992	-0.109	-0.57%
<b>TOTAL</b>	<b>1,366.429</b>	<b>1,359.681</b>	<b>-6.748</b>	<b>-601.790</b>	<b>-592.361</b>	<b>9.429</b>	<b>764.641</b>	<b>767.321</b>	<b>2.680</b>	<b>0.35%</b>

## 2. Executive Summary

This report provides the first update to cabinet on the county council's 2018/19 revenue financial position as at the end of June 2018. The forecast outturn for 2018/19 is outlined in the table above, with a £2.680m overspend, which by way of context is 0.35% of the county council's net budget.

It is important to recognise that this forecast is very early in the financial year and based on 3 months of actual expenditure and income, combined with budget holder knowledge of anticipated activity over the rest of the year and trends from previous years. This means that there is expected to be volatility in the forecast and evidence from prior years indicates that officers are prudent in their forecasts at this point in the year. The graph below shows the volatility of forecasts and the trends over the past 3 years.



The narrative within this report provides details of key variances and the progress towards the achievement of savings. The revenue position includes significant levels of support from reserves that have previously been agreed. In 2018/19 the structural reserve

funding totals £45.440m, primarily covering the funding gap, and if this support had not been available then forecast expenditure would exceeded forecast income by £48.120m.

In order to complete the forecast position at the end of Quarter 1 a detailed analysis of year to date income and expenditure has taken place for each service area in conjunction with a review of activity data and comparing this to trends in previous years and the position that is reported currently reflects our most robust forecast at this stage. However, there are some volatile, primarily demand led, service areas that could see their forecast fluctuate both positively and negatively during the rest of the financial year. Areas such as recycle income, concessionary travel, treasury management, adult social care and children's social care are areas that are particularly closely monitored as fluctuation across these areas are most likely to materially impact the forecast position. For example a 1% change in Children's Social Care placements demand over that currently forecast would have a £2.7m impact on the current forecast position.

In light of the forecast overspend, the corporate management team (CMT) have recognised and clearly communicated to all Directors and Heads of Service the importance of achieving a balanced budget position by year end. At this stage though, in light of the historical prudent forecasting evidenced above, budget holders have not been issued with any central controlling policies. However, this will be closely monitored with monthly updates provided to the corporate management team, and should an overspend position continue to be reported in September then corporate spending controls may be put in place.

As part of the forecast above, analysis is also completed of some key cross cutting areas within service budgets, particular analysis undertaken on staffing budgets (as they are approximately half of the net budget of the County Council). These budgets are forecast to underspend by c£3m. Services such as Mental Health and the Children, Family and Wellbeing Service currently have relatively high levels of vacancies that are being recruiting to. The staffing budgets this year contain savings relating to a vacancy factor and also terms and conditions. The information available at at Quarter 1 indicates that the vacancy factor saving is being achieved, however the terms and conditions saving which relates to unpaid annual leave, sickness levels and agency spend is not. However, due to the vacancy levels being higher than 2% that is built into the budget this is currently manageable, however it will be kept under close review.

The savings that have been agreed to date are also closely monitored. The position at the end of Quarter 1 is that 93% of savings we rated as on track, but with some potentially with some issues to work through such as delays. The remaining 7% are the most challenging to deliver currently, but services are working hard to deliver those savings are regularly reporting progress.

### 3. Adults Services

ADULTS	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
DISABILITY (ADULTS)	29.294	28.112	-1.182	-31.316	-31.263	0.053	-2.022	-3.151	-1.129	55.84%
OLDER PEOPLE	26.487	26.786	0.299	-23.210	-22.894	0.316	3.277	3.892	0.615	18.77%
LEARNING DISABILITIES, AUTISM AND MENTAL HEALTH	198.323	195.948	-2.375	-24.523	-23.495	1.028	173.800	172.453	-1.347	-0.78%
SOCIAL CARE SERVICES (ADULTS)	299.609	306.601	6.992	-128.783	-131.046	-2.263	170.826	175.555	4.729	2.77%
POLICY INFO & COMMISSION AGE WELL	0.451	0.449	-0.002	0.000	0.000	0.000	0.451	0.449	-0.002	-0.44%
POLICY INFO & COMMISSION LIVE WELL	0.741	0.751	0.010	-0.139	-0.142	-0.003	0.602	0.609	0.007	1.16%
<b>TOTAL ADULTS</b>	<b>554.905</b>	<b>558.647</b>	<b>3.742</b>	<b>-207.971</b>	<b>-208.840</b>	<b>-0.869</b>	<b>346.934</b>	<b>349.807</b>	<b>2.873</b>	<b>0.83%</b>

The total net approved budget for Adults Services in 2018/19 is £346.934m. As at the end of June 2018, the service is forecast to overspend by £2.873m.

### **Disability Service (Adults) – forecast underspend £1.129m**

This underspend is predominantly due to staffing underspends.

### **Older People – forecast overspend £0.615m**

Care Navigation and Operational Support is forecast to underspend by £0.235m due to a number of vacancies following the service restructure in 2017/18. The service are currently in the process of recruiting to vacant posts, but they do traditionally experience high turnover.

Care Services is forecast to overspend by £0.851m in 2018/19. This is as a result of underachievement of income savings targets, staffing pressures relating to regrading and enhancement costs.

### **Learning Disability, Autism & Mental Health – forecast underspend £1.347m**

Learning Disability is forecast to underspend by £0.420m due to the following reasons:

- Staffing is forecast to underspend by £0.069m as a result of vacancies that the service are currently experiencing. The service are working through the recruitment process to populate these posts.
- Demand overall is not currently being experienced at the levels originally forecast and built into the budget on residential and nursing placements and daycare resulting in a forecast underspend of £0.652m.
- The service are experiencing pressures in relation to Ordinary Residence cases, with current estimated costs of £0.817m.
- Overachievement of savings on the Health block contract of £0.100m, additional income of £0.416m from backdated Health claims (£0.236m) and service user income.

Mental Health is forecast to underspend by £0.927m predominantly due to staffing underspends of £0.691m.

## **Social Care Services – forecast overspend £4.279m**

Direct Payments is forecasting an overspend of £2.190m. This is predominantly due to demand pressures, which had started to emerge during the final quarter of the 2017/18 financial year. The level of growth seen by the end of Quarter 1 was 6.03%, with only 1.37% built into the 2018/19 budget for 12 months of demand. This is partially offset by reduced demand that has been seen across domiciliary care due to the implementation of the homecare framework with service users choosing to stay with their current provider through the utilisation of a direct payment.

Domiciliary Care is forecast to overspend by £1.637m in 2018/19. The service is experiencing reduced demand in terms of new service users of 2.40% over the first quarter in this financial year, compared to the 2.64% increase that has been built into the budget. As detailed above, this is offsetting some of pressure within direct payments due to the implementation of the homecare framework. However, domiciliary care is actually forecast to overspend overall due to the impact of reviews of the needs of existing service users leading to increases overall to their package of care costs. This is a further pressure that had started to emerge towards the end of 2017/18.

The remaining forecast variance of £0.902m relates to forecast overspends predominantly in nursing and residential services due to demand being higher than the values built into the budget.

#### 4. Public Health and Wellbeing

PUBLIC HEALTH & WELLBEING	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
PUBLIC HEALTH & WELLBEING	0.431	0.659	0.228	-68.367	-68.675	-0.308	-67.936	-68.016	-0.080	0.12%
PATIENT SAFETY & QUALITY IMPROVEMENT	5.339	5.835	0.496	-0.587	-0.621	-0.034	4.752	5.214	0.462	9.72%
HEALTH EQUITY WELFARE & PARTNERSHIPS	65.577	65.578	0.001	-0.511	-1.204	-0.693	65.066	64.374	-0.692	-1.06%
CHILDREN AND FAMILY WELLBEING SERVICE	19.069	17.047	-2.022	-4.495	-4.495	0.000	14.574	12.552	-2.022	-13.87%
Health, Safety & Resilience	1.792	1.867	0.075	-1.202	-1.389	-0.187	0.590	0.478	-0.112	-18.98%
TRADING STANDARDS & SCIENTIFIC SERVICES	4.391	4.762	0.371	-1.279	-1.428	-0.149	3.112	3.334	0.222	7.13%
<b>TOTAL PUBLIC HEALTH &amp; WELLBEING</b>	<b>96.598</b>	<b>95.748</b>	<b>-0.850</b>	<b>-76.441</b>	<b>-77.812</b>	<b>-1.371</b>	<b>20.158</b>	<b>17.936</b>	<b>-2.222</b>	<b>-11.02%</b>



The total net approved budget for Public Health & Wellbeing Services in 2018/19 is £20.158m, including the Public Health ring-fenced grant of £68.367m. As at the end of June 2018, the service is forecast to underspend by £2.222m.

**Patient Safety & Quality Improvement – forecast overspend £0.462m**

The forecast overspend is due to the use of agency staff to cover vacancies and undertake additional support for the service.

**Health Equity, Welfare & Partnerships – forecast underspend £0.692m**

The forecast underspend is due to staff vacancies and also underspends on contract costs.

The service forecast includes a projected overspend on sexual health contracts of c£0.900m due to the tariff based contract and higher demand than budgeted. This contract has an agreed saving of £0.500m for 2018/19 but this is not currently being delivered.

In addition the crime and disorder budget is forecast to overspend by £0.132m due to the delayed delivery of the 2018/19 saving (only achieving £0.088m of the £0.220m savings target in 2018/19).

**Children and Family Wellbeing Service – forecast underspend £2.022m**

The majority of the forecast underspend relates to staffing of £1.422m due to vacancies and delays in recruitment. There are also additional underspends of £0.600m across operational costs.

**Health, Safety & Resilience – forecast underspend £0.112m**

The service is forecast to underspend by £0.112m in 2018/19 mainly due to the one-off over achievement of income this year.

**Trading Standards & Scientific Services – forecast overspend £0.222m**

The service is forecast to overspend by £0.222m in 2018/19 predominantly due to costs within scientific services, in particular equipment renewal and repairs which were also seen in 2017/18.

## 5. Education and Children's Services

EDUCATION AND CHILDRENS SERVICES	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
CHILDREN'S SERVICES	3.162	3.020	-0.142	-4.376	-4.376	0.000	-1.214	-1.356	-0.142	11.70%
SAFEGUARDING INSPEC & AUDIT	12.342	12.455	0.113	-0.566	-0.844	-0.278	11.776	11.611	-0.165	-1.40%
POLICY INFO & COMMISSION START WELL	1.382	1.400	0.018	-0.545	-0.545	0.000	0.837	0.855	0.018	2.15%
SEN & DISABILITY	23.333	23.502	0.169	-6.602	-6.299	0.303	16.731	17.203	0.472	2.82%
ADOPTION & FOSTERING RESIDENTIAL AND YOT	32.177	32.559	0.382	-2.780	-3.148	-0.368	29.397	29.411	0.014	0.05%
CHILDREN SOCIAL CARE	103.314	101.804	-1.510	-2.003	-0.879	1.124	101.311	100.925	-0.386	-0.38%
SCHOOL IMPROVEMENT	15.308	14.717	-0.591	-8.429	-8.497	-0.068	6.879	6.220	-0.659	-9.58%
TRADED SERVICES (START WELL)	40.928	38.262	-2.666	-46.329	-42.776	3.553	-5.401	-4.514	0.887	-16.42%
<b>TOTAL EDUCATION AND CHILDRENS SERVICES</b>	<b>231.945</b>	<b>227.719</b>	<b>-4.226</b>	<b>-71.630</b>	<b>-67.364</b>	<b>4.266</b>	<b>160.316</b>	<b>160.355</b>	<b>0.039</b>	<b>0.02%</b>

The total net approved budget for Education and Children's Services in 2018/19 is £160.316m. As at the end of June 2018, the service is forecast to overspend by £0.039m.

### **Children's Services – forecast underspend £0.142m**

The forecast underspend is due to small underspends across premature retirement costs (PRC) budgets and central costs.

### **Safeguarding, Inspection and Audit – forecast underspend £0.165m**

The service are forecasting underspends on staffing as a result of vacant posts. In addition, an over recovery of income is forecast for safeguarding services which is anticipated will be similar to 2017/18. These underspends are offset by small overspends forecast on operational costs.

### **Special Education Needs and Disability (SEND) – forecast overspend £0.472m**

The most significant overspend relates to family support costs, which is forecast to overspend by £0.483m. In addition, an under recovery of income is forecast in SEN Traded Services due to resource pressures and the prioritisation of statutory work and further pressure across SEND of £0.154m due to a delay in the achievement of savings. Offsetting these overspends are various forecast underspends across a number of teams due to staff vacancies.

### **Children's Social Care – forecast underspend £0.386m**

The forecast variance includes an anticipated overspend of £1.421m relate to staffing due to a number of vacant posts being covered by agency staff.

Underspends of £0.859m within family support payments which covers Special Guardianship Orders, Child Arrangement Orders, assistance to families and other payments as a result of the forecasted growth not materialising.

In addition, further underspends are forecast within leaving care allowances and agency remand placements. There is also a forecast underspend on staying put placements due to receipt of a grant that was not expected in 2018/19.

### **School Improvement – forecast underspend £0.659m**

A small underspend is forecast on staffing, however the majority of the underspend relates to children that are looked after by the county council work placements of £0.494m. In addition there is an over achievement of income forecast of £0.132m.

### **Learning and Skills – forecast overspend £0.887m**

The forecast overspend is predominantly due to an undeliverable saving of c£0.500m within the Schools Catering Service. The main areas of pressure are Schools Catering Service, Outdoor Education and Learning Excellence. These services have additional pressures than those already highlighted, but are being reviewed by service managers with finance and as part of the strategy for the service going forward.

## 6. Community Services

COMMUNITY SERVICES	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
<b>HIGHWAYS</b>	48.205	49.034	0.829	-35.943	-37.326	-1.383	12.262	11.708	-0.554	-4.52%
<b>LIBRARIES MUSEUMS CULTURE &amp; REGISTRARS</b>	15.686	15.056	-0.630	-6.371	-5.702	0.669	9.315	9.354	0.039	0.42%
<b>PUBLIC &amp; INTEGRATED TRANSPORT</b>	72.450	73.000	0.550	-28.181	-28.502	-0.321	44.269	44.498	0.229	0.52%
<b>WASTE MGT</b>	80.409	86.174	5.765	-13.008	-18.250	-5.242	67.401	67.924	0.523	0.78%
<b>TOTAL COMMUNITY SERVICES</b>	<b>216.749</b>	<b>223.264</b>	<b>6.515</b>	<b>-83.503</b>	<b>-89.780</b>	<b>-6.277</b>	<b>133.247</b>	<b>133.484</b>	<b>0.237</b>	<b>0.18%</b>

The total net approved budget for Community Services in 2018/19 is £133.247m. As at the end of June 2018, the service is forecast to overspend by £0.237m.

### **Highways – forecast underspend £0.554m**

The forecast underspend is mainly due to additional income that the service is forecasting relating to charges for utility companies working in the network. It is a combination of permit scheme income, inspection fees, defect inspections and also penalty charges when work overruns. However, this is offset by an income pressure on pay and display at Preston Bus Station.

### **Public & Integrated Transport – forecast overspend £0.229m**

The variances across this service predominantly relate to savings delivery with the significant areas detailed below:

An overspend of £0.197m relates to bus station running costs. The budget saving relating to this area was re-profiled for 2018/19 onwards, however it is forecast that the actual net running costs will exceed this budget provision.

Savings on special educational needs and disabilities transport largely relating to a scheme enabling children to have the skills to travel independently. Due to delays in the scheme being implemented it is envisaged there will be a delayed delivery of achieving these savings of c£0.300m. Works is ongoing to review the delivery of these savings.

A 2018/19 budget saving relating to the closure of 4 transport information centres was agreed. Expressions of interest to run these sites have been received and have been agreed to be explored which will result in delayed delivery of savings whilst the sites remain operational.

Offsetting the budget pressures outlined above is a forecast underspend of £0.609m on concessionary travel. The costs in 2017/18 were particularly low due to the poor winter weather and a reduction was made in the MTFs for 2018/19, however a reducing trend in demand has continued in 2018/19.

### **Waste Management – forecast overspend £0.523m**

The forecast position is heavily influenced by a forecast overspend on recycled waste particularly paper and card is resulting in overspends of £1.043m. These markets are volatile so the position is subject to change throughout the year. In addition an overspends of £0.550m are forecast on Household Waste Recycling Centres due to the settled weather conditions which has seen additional tonnages requiring processing which is a trend that has been seen across the country. The position is subject to change throughout the year and will be monitored closely.

An underspend of £0.695m relating to the costs of waste disposal are partly offsetting the budget pressures outlined above. The main reason for this is due to waste arisings being forecast at levels lower than originally budgeted. In addition a further underspend is forecast relating to the waste company of £0.200m.

## 7. Economic Development and Planning

ECONOMIC DEVELOPMENT & PLANNING	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
ECONOMIC DEVELOPMENT	0.124	0.131	0.007	0.000	0.000	0.000	0.124	0.131	0.007	5.65%
BUSINESS GROWTH	4.376	3.765	-0.611	-2.742	-2.145	0.597	1.634	1.620	-0.014	-0.86%
LEP COORDINATION	1.269	1.897	0.628	-1.023	-1.647	-0.624	0.246	0.250	0.004	1.63%
STRATEGIC ECONOMIC DEVELOPMENT	0.504	0.310	-0.194	-0.509	-0.310	0.199	-0.005	0.000	0.005	-100.00%
PLANNING AND ENVIRONMENT	3.856	3.955	0.099	-2.215	-2.290	-0.075	1.641	1.665	0.024	1.46%
<b>TOTAL ECONOMIC DEVELOPMENT &amp; PLANNING</b>	<b>10.129</b>	<b>10.058</b>	<b>-0.071</b>	<b>-6.489</b>	<b>-6.392</b>	<b>0.097</b>	<b>3.640</b>	<b>3.666</b>	<b>0.026</b>	<b>0.71%</b>

The total net approved budget for Economic Development and Planning in 2018/19 is £3.640m. As at the end of June 2018, the service is forecast to underspend by £0.026m.



## 8. Programmes and Project Management

PROGRAMMES & PROJECT MANAGEMENT AND CUSTOMER ACCESS	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
CORE BUSINESS SYSTEMS TRANSFORMATION	4.097	4.144	0.047	-0.302	-0.302	0.000	3.795	3.842	0.047	1.24%
DESIGN and CONSTRUCTION	17.981	17.141	-0.840	-20.773	-19.309	1.464	-2.792	-2.168	0.624	-22.35%
PROGRAMME OFFICE	2.303	2.057	-0.246	-1.841	-1.010	0.831	0.462	1.047	0.585	126.62%
CUSTOMER ACCESS	5.370	5.286	-0.084	-2.200	-2.400	-0.200	3.170	2.886	-0.284	-8.96%
<b>TOTAL PROGRAMMES &amp; PROJECT MANAGEMENT AND CUSTOMER ACCESS</b>	<b>29.753</b>	<b>28.628</b>	<b>-1.125</b>	<b>-25.116</b>	<b>-23.021</b>	<b>2.095</b>	<b>4.635</b>	<b>5.607</b>	<b>0.972</b>	<b>20.97%</b>

The total net approved budget for Programmes and Project Management in 2018/19 is £4.635m. As at the end of June 2018, the service is forecast to overspend by £0.972m.

### **Design and Construction – forecast overspend £0.624m**

Design and Construction property is forecast to overspend by £0.430m. Lower than forecast income recovery of £0.857m is expected largely due to the service working on a larger number of smaller projects which tend to require a proportionately greater amount of staffing resource. Partly offsetting this are forecast underspends of £0.426m on staffing and agency costs. Depending on levels of work the service flexes staffing resource particularly reliance on agency staff but the mix of projects that are being delivered in 18/19 means the staffing underspend is significantly lower than the reduced income levels.

Design and Construction highways is forecast to overspend by £0.195m. There are currently several vacancies so whilst there is a significant staffing underspend there is a greater under recovery on income as the service is income generating.

### **Programme Office – forecast overspend £0.585m**

This forecast overspend is due to project work being undertaken not generating the level of income required within the budget. This recurring pressure is offset by underspends on staffing and non-staffing costs. The forecast position includes the support of £0.861m reserves funding in 2018/19.

### **Customer Access – forecast underspend £0.284m**

This underspend is a combination of over recovery of income and underspends on operational budgets.

## 9. Finance, Corporate and Property Services

FINANCE, CORPORATE AND PROPERTY SERVICES	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
CLIENT SERVICES	24.501	24.540	0.039	-4.688	-3.837	0.851	19.813	20.703	0.890	4.49%
DEVELOPMENT AND CORPORATE SERVICES	0.746	0.746	0.000	-0.746	-0.746	0.000	0.000	0.000	0.000	0.00%
LANCASHIRE PENSION FUND	0.183	0.202	0.019	-0.184	-0.184	0.000	-0.001	0.018	0.019	-1900.00%
EXCHEQUER SERVICES	4.396	4.307	-0.089	-1.944	-1.911	0.033	2.452	2.396	-0.056	-2.28%
FINANCIAL MGT (DEVELOPMENT AND SCHOOLS)	2.350	2.335	-0.015	-2.148	-2.148	0.000	0.202	0.187	-0.015	-7.43%
FINANCIAL MGT (OPERATIONAL)	1.940	1.906	-0.034	-0.192	-0.192	0.000	1.748	1.714	-0.034	-1.95%
OFFICE OF THE POLICE AND CRIME COMMISSIONER TRES	0.086	0.090	0.004	-0.097	-0.097	0.000	-0.011	-0.007	0.004	-36.36%
CORPORATE FINANCE	17.106	16.646	-0.460	-13.475	-12.985	0.490	3.631	3.661	0.030	0.83%
INTERNAL AUDIT	0.893	0.903	0.010	-0.193	-0.193	0.000	0.700	0.710	0.010	1.43%

FINANCE, CORPORATE AND PROPERTY SERVICES	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
PROCUREMENT	3.176	2.921	-0.255	-1.626	-1.355	0.271	1.550	1.566	0.016	1.03%
LEGAL AND DEMOCRATIC SERVICES	14.226	16.075	1.849	-2.202	-2.367	-0.165	12.024	13.708	1.684	14.01%
CORONER'S SERVICE	2.954	2.933	-0.021	-0.260	-0.274	-0.014	2.694	2.659	-0.035	-1.30%
HUMAN RESOURCES	9.734	9.627	-0.107	-8.856	-8.977	-0.121	0.878	0.650	-0.228	-25.97%
BUSINESS INTELLIGENCE	1.285	1.288	0.003	-0.405	-0.405	0.000	0.880	0.883	0.003	0.34%
SKILLS LEARNING & DEVELOPMENT	4.815	4.450	-0.365	-2.160	-1.837	0.323	2.655	2.613	-0.042	-1.58%
FACILITIES MGT	29.123	29.111	-0.012	-9.546	-9.103	0.443	19.577	20.008	0.431	2.20%
ASSET MGT	34.877	33.042	-1.835	-27.645	-27.586	0.059	7.232	5.456	-1.776	-24.56%
ESTATES	1.693	1.656	-0.037	-1.107	-1.107	0.000	0.586	0.549	-0.037	-6.31%
<b>TOTAL FINANCE, CORPORATE AND PROPERTY SERVICES</b>	<b>154.084</b>	<b>152.778</b>	<b>-1.306</b>	<b>-77.474</b>	<b>-75.304</b>	<b>2.170</b>	<b>76.610</b>	<b>77.474</b>	<b>0.864</b>	<b>1.13%</b>

The total net approved budget for Finance, Corporate and Property Services in 2018/19 is £76.610m. As at the end of June 2018, the service is forecast to overspend by £0.864m.

#### **Client Services – forecast overspend £0.890m**

The forecast overspend is due to delayed delivery of savings, income and inflationary pressures.

#### **Legal and Democratic Services – forecast overspend £1.684m**

The forecast overspend is predominantly due to legal fee budget pressures. The increase in legal fees spend can be attributed to a 10% increase in referrals to the child protection team over the last quarter and costs associated with procurement court cases and large capital schemes.

#### **Human Resources – forecast underspend £0.228m**

The forecast underspend is due to over recovery of income and some underspends on operational costs.

#### **Facilities Management – forecast overspend £0.431m**

The forecast overspend is due to delayed charges being incurred by the service in relation to joint user agreements. These relate to 2017/18 and are non-recurring.

In 2017/18 property running costs were centralised, and following 2017/18 outturn a full review of the centralised property portfolio has been completed. The service has approval to utilise £2.000m from reserves in 2018/19 to support the delayed delivery of budget savings relating to reductions to property running costs. It is forecast that the service will draw down £1.557m in 2018/19, therefore meaning that £0.443m of savings have been delivered to date.

#### **Asset Management – forecast underspend £1.776m**

The forecast underspend is mainly due to a non-recurrent underspend of £0.651m relating to the timing of recharges to schools for utility costs relating to 2017/18. In addition an underspend is forecast on street lighting energy of £0.222m.

## 10. Chief Executive Services

CHIEF EXECUTIVE SERVICES	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
<b>CHIEF EXECUTIVE</b>	2.142	2.487	0.345	-0.116	-0.492	-0.376	2.026	1.995	-0.031	-1.53%
<b>SERVICE COMMUNICATIONS</b>	1.271	1.223	-0.048	-0.473	-0.410	0.063	0.798	0.813	0.015	1.88%
<b>CORPORATE BUDGETS (FUNDING AND GRANTS)</b>	0.000	0.000	0.000	-44.637	-33.612	11.025	-44.637	-33.612	11.025	24.70%
<b>CORPORATE BUDGETS (PENSIONS &amp; APPRENTICESHIP LEVY)</b>	21.874	22.124	0.250	0.000	0.000	0.000	21.874	22.124	0.250	1.14%
<b>CORPORATE BUDGETS (TREASURY MANAGEMENT)</b>	46.979	37.005	-9.974	-7.940	-9.334	-1.394	39.039	27.671	-11.368	29.12%
<b>TOTAL CHIEF EXECUTIVE SERVICES</b>	<b>72.266</b>	<b>62.839</b>	<b>-9.427</b>	<b>-53.166</b>	<b>-43.848</b>	<b>9.318</b>	<b>19.100</b>	<b>18.991</b>	<b>-0.109</b>	<b>0.57%</b>

A significant underspend is forecast following approval of a change to the Minimum Revenue Provision policy. This has enabled a reduction in costs of £9.3m in 2018/19. This is offset by a pressure of £11.0m relating to a forecast shortfall in capital receipts relating to the Cuerden site.

In addition there is a forecast underspend of £2.000m within the Treasury Management budget as a result of income received forecast to be higher than initially anticipated. With the markets responding to economic and political events there has been volatility in the price

of Gilts and other bonds. The subsequent increase in the price has enabled sales to be made which has generated a surplus. It is difficult to predict the movement in the markets over the rest of the year and to assess the potential for further gains and therefore no further provision for surplus on sale of assets has been included in the budget at this point.

An overspend of £0.200m is forecast due to a saving relating to the Apprenticeship Levy not yet being delivered. This is offset by a small underspend on the subscriptions budget.