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**Money Matters**

**The County Council's Revenue Financial Position**

**2019/20 Quarter 1**

1. **Summary Revenue Budget Monitoring Position as at 30th June 2019**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **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** | **%** |
| **ADULTS** | 556.062 | 561.842 | 5.780 | -214.778 | -213.428 | 1.350 | 341.284 | 348.414 | 7.130 | 2.09% |
| **ADULT SERVICES AND PUBLIC HEALTH & WELLBEING** | 7.734 | 7.819 | 0.085 | -0.757 | -0.744 | 0.013 | 6.977 | 7.075 | 0.098 | 1.40% |
| **PUBLIC HEALTH & WELLBEING** | 73.862 | 73.868 | 0.006 | -71.972 | -72.079 | -0.107 | 1.890 | 1.789 | -0.101 | -5.34% |
| **EDUCATION AND CHILDREN'S SERVICES** | 256.405 | 261.139 | 4.734 | -78.280 | -80.712 | -2.432 | 178.125 | 180.427 | 2.302 | 1.29% |
| **GROWTH, ENVIRONMENT & PLANNING** | 14.106 | 13.956 | -0.150 | -9.824 | -9.324 | 0.500 | 4.282 | 4.632 | 0.350 | 8.17% |
| **HIGHWAYS AND TRANSPORT** | 243.674 | 238.892 | -4.782 | -110.041 | -103.232 | 6.809 | 133.633 | 135.660 | 2.027 | 1.52% |
| **FINANCE** | 61.695 | 61.598 | -0.097 | -23.318 | -23.436 | -0.118 | 38.377 | 38.162 | -0.215 | -0.56% |
| **CORPORATE** | 33.646 | 33.527 | -0.119 | -14.615 | -14.407 | 0.208 | 19.031 | 19.120 | 0.089 | 0.47% |
| **STRATEGY AND PERFORMANCE** | 73.448 | 74.316 | 0.868 | -39.519 | -39.696 | -0.177 | 33.929 | 34.620 | 0.691 | 2.04% |
| **CHIEF EXECUTIVE SERVICES** | 65.854 | 64.352 | -1.502 | -21.105 | -32.480 | -11.375 | 44.749 | 31.872 | -12.877 | -28.78% |
| **TOTAL** | **1,386.486** | **1,391.309** | **4.823** | **-584.209** | **-589.538** | **-5.329** | **802.277** | **801.771** | **-0.506** | **-0.06%** |

1. **Executive Summary**

This report provides an update to cabinet on the county council's 2019/20 revenue financial position as at the end of June 2019. The forecast outturn for 2019/20 is outlined in the table above, with a £0.506m underspend forecast, which by way of context is 0.06% of the county council's net budget.

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 2019/20 reserve funding totals £10.245m, primarily covering the structural funding gap, and if this support had not been available then forecast expenditure would have exceeded forecast income by £9.739m.

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 generally prudent in their forecasts at this point in the year.

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. 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 recyclate income, concessionary travel, treasury management, adult social care and children's social care are areas that are particularly closely monitored as fluctuations across these areas are most likely to materially impact the forecast position.

As part of the forecast above, analysis is also completed of some key cross cutting areas within service budgets, particular analysis is undertaken on staffing budgets as they represent approximately half of the council's net budget. Staffing budgets are currently forecast to underspend by c£1.2m. Services such as Mental Health and the Children, Family and Wellbeing Service currently have relatively high levels of vacancies but continue to undertake recruitment campaigns during 2019/20 and therefore their underspends are not expected to be recurrent. The staffing budgets this year contain savings relating to a vacancy factor and also terms and conditions. The information available at Quarter 1 continues to indicate that the vacancy factor is higher than expected reducing forecast staff costs and offsetting the terms and conditions saving in relation to unpaid annual leave, sickness levels and agency spend, which is not delivering at the anticipated rate. This position will continue to be kept under close review during the year.

The savings that have been agreed to date are also closely monitored, with a total of c£68m to be delivered in 2019/20. The financial position at the end of quarter 1 has maintained the position of 95% of savings rated as on track, but some potentially with issues to work through such as delays. The remaining 5% are the most challenging to deliver currently, but services are working hard to deliver those savings and are regularly reporting progress. In some cases due to changing circumstances some savings have been declared undeliverable and are built back into the budget within the medium term financial strategy from 2020/21 (Appendix B).

1. **Adult Services**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **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)** | 30.558 | 30.058 | -0.500 | -31.787 | -31.787 | 0.000 | -1.229 | -1.729 | -0.500 | -40.68% |
| **Learning Disabilities, Autism & Mental Health** | 198.227 | 200.373 | 2.146 | -24.876 | -25.038 | -0.162 | 173.351 | 175.335 | 1.984 | 1.14% |
| **OLDER PEOPLE** | 24.795 | 25.765 | 0.970 | -22.947 | -23.174 | -0.227 | 1.848 | 2.591 | 0.743 | 40.21% |
| **SOCIAL CARE SERVICES (adults)** | 302.482 | 305.645 | 3.163 | -135.168 | -133.430 | 1.738 | 167.314 | 172.215 | 4.901 | 2.93% |
| **TOTAL ADULTS** | **556.062** | **561.841** | **5.779** | **-214.778** | **-213.429** | **1.349** | **341.284** | **348.412** | **7.130** | **2.09%** |

**Adult Services – forecast overspend £7.130m**

The largest element of the overall forecast overspend across Adult Services relates to the underachievement of the sleep-ins service challenge saving following the recent decision by cabinet in relation to new rates being applied, with the main impact (£4m) being on the Learning Disabilities service. In addition overspends are forecast across physical support commissioned services (£2.5m) based on expenditure and income to date combined with work to monitor the significant service challenge savings for 2019/20. There are also forecast overspends across prevention services, primarily telecare, (£1.4m) and staffing budgets (£600,000). At this stage in the financial year assumptions have been made that generally reflect that savings will be delivered. This is a significant risk across this budget and as the financial year progresses we will be able to monitor more accurately the delivery of savings.

There is an overall overspend across our Learning Disability, Autism and Mental Health services including social work and in-house care support teams. As outlined above the main reason for the overspend in this area related to the changes to the delivery of the significant saving relating to sleep-in rates. Offsetting this pressure are a number of forecast underspends such as staff turnover and delays in recruitment particularly in mental health (but also within the learning disability service to a smaller extent), however this has not impacted on quality ratings with all provision rated good or outstanding. In addition across mental health there are lower than forecast placement numbers which are suppressing costs overall in social work teams. It should be noted that the service is forecast to overachieve on income targets based on the levels generated to date.

In contrast the older people and physical disability services, including social work teams and in house care provision, has an overall overspend although it is supporting significantly higher numbers of people. The financial challenge in the in house service concerns occupancy levels which are below target and the necessity of covering staff absences and work is underway to improve attendance levels and establish a casual pool of employees. In addition, residential placements are forecasting a pressure at this stage in the financial year, this is as a result of the current number of placements being greater than assumed within the budget as this is an area where significant levels of savings are expected to be achieved. However, demand for nursing placements is lower than 2018/19 levels, although a continuing increase in placement costs are putting some pressure on the budget. It must be noted that the level of residential and nursing placements are often more costly when compared to other care packages such as domiciliary care, in addition alternative placements to residential care often provide better outcomes for the service user.

Domiciliary care and direct payments continue to be an area of demand pressure, which could be seen during 2018/19. However we would expect to see increased demand in this area and reduced residential admissions as a result of the passport to independence strategy and subsequent savings that were agreed.

1. **Adult Services and Public Health & Wellbeing**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **ADULT SERVICES AND PUBLIC HEALTH & WELLBEING** | **Approved Expenditure Budget** | **Expenditure Forecast Outturn** | **Expenditure Forecast Outturn Variance** | **Approved Income Budget** | **Income Forecast Outturn** | **Income Forecast Outturn Variance** | **Approved Net Budget** | **Net Forecast Outturn** | **Net Forecast Outturn Variance** | **Net Forecast Outturn Variance** |
| **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **%** |
| **POLICY INFO & COMMISSION AGE WELL** | 0.462 | 0.462 | 0.000 | 0.000 | 0.000 | 0.000 | 0.462 | 0.462 | 0.000 | 0.00% |
| **POLICY INFO & COMMISSION LIVE WELL** | 0.730 | 0.730 | 0.000 | -0.209 | -0.209 | 0.000 | 0.521 | 0.521 | 0.000 | 0.00% |
| **PATIENT SAFETY & QUALITY IMPROVEMENT** | 6.542 | 6.627 | 0.085 | -0.548 | -0.535 | 0.013 | 5.994 | 6.092 | 0.098 | 1.63% |
| **TOTAL ADULT SERVICES AND PUBLIC HEALTH & WELLBEING** | **7.734** | **7.819** | **0.085** | **-0.757** | **-0.744** | **0.013** | **6.977** | **7.075** | **0.098** | **1.40%** |

**Adult Services and Public Health & Wellbeing – forecast overspend £98,000**

The overspend position is due to an increased volume of referrals into the safeguarding enquiry service via Multi Agency Safeguarding Hub (MASH) which resulted in some additional temporary resource costs to clear the backlog whilst more fundamental changes are made to service processes.

1. **Public Health & 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** | 0.746 | 0.811 | 0.065 | -66.870 | -66.872 | -0.002 | -66.124 | -66.061 | 0.063 | 0.10% |
| **HEALTH EQUITY WELFARE & PARTNERSHIPS** | 66.401 | 66.257 | -0.144 | -2.275 | -2.275 | 0.000 | 64.126 | 63.982 | -0.144 | -0.22% |
| **Health, Safety & Resilience** | 1.827 | 1.946 | 0.119 | -1.202 | -1.422 | -0.220 | 0.625 | 0.524 | -0.101 | -16.16% |
| **TRADING STANDARDS & SCIENTIFIC SERVICES** | 4.888 | 4.854 | -0.034 | -1.625 | -1.510 | 0.115 | 3.263 | 3.344 | 0.081 | 2.48% |
| **TOTAL PUBLIC HEALTH & WELLBEING** | **73.862** | **73.868** | **0.006** | **-71.972** | **-72.079** | **-0.107** | **1.890** | **1.789** | **-0.101** | **-5.34%** |

**Public Health and Wellbeing – forecast underspend £101,000**

An underspend position is forecast across the Health, Equity and Welfare & Partnerships Team, however this forecast position represents a number of variances projected across different elements of the service. A particular area of pressure relates to sexual health contracts, as demand continues to increase on tariff based arrangements (£316,000). There are also additional demand pressures on out of area recharges for sexual health (c£300,000). The in-year pressures have been off-set by other service area underspends on contracts and service areas of £419,000. In addition the service is forecast to underspend on staffing by £341,000 due to vacancy levels.

Health Safety & Resilience is forecast to underspend by £101,000 due to overachievement of health and safety income and underspends on operational costs.

1. **Education and Children's Services**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **EDUCATION AND CHILDREN'S 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 SOCIAL CARE LOCALITIES** | 108.417 | 111.482 | 3.065 | -6.671 | -6.939 | -0.268 | 101.746 | 104.543 | 2.797 | 2.75% |
| **FOSTERING ADOPTION RESIDENTIAL AND YOT** | 33.510 | 35.211 | 1.701 | -2.623 | -3.361 | -0.738 | 30.887 | 31.850 | 0.963 | 3.12% |
| **SAFEGUARDING INSPEC & AUDIT** | 12.922 | 12.616 | -0.306 | -0.997 | -1.028 | -0.031 | 11.925 | 11.588 | -0.337 | -2.83% |
| **CHILDREN AND FAMILY WELLBEING SERVICE** | 19.004 | 17.689 | -1.315 | -3.376 | -4.859 | -1.483 | 15.628 | 12.830 | -2.798 | -17.90% |
| **EDUCATION QUALITY & PERFORMANCE** | 15.437 | 14.930 | -0.507 | -8.668 | -8.546 | 0.122 | 6.769 | 6.384 | -0.385 | -5.69% |
| **LEARNING SERVICES & SKILLS** | 40.236 | 38.864 | -1.372 | -45.470 | -42.945 | 2.525 | -5.234 | -4.081 | 1.153 | 22.03% |
| **INCLUSION** | 22.187 | 22.834 | 0.647 | -5.477 | -5.076 | 0.401 | 16.710 | 17.758 | 1.048 | 6.27% |
| **POLICY INFO & COMMISSION START WELL** | 1.747 | 5.266 | 3.519 | -0.622 | -4.122 | -3.500 | 1.125 | 1.144 | 0.019 | 1.69% |
| **EDUCATION & CHILDREN'S SERVICES CENTRAL COSTS** | 2.945 | 2.247 | -0.698 | -4.376 | -3.836 | 0.540 | -1.431 | -1.589 | -0.158 | -11.04% |
| **TOTAL EDUCATION & CHILDREN'S SERVICES** | **256.405** | **261.139** | **4.734** | **-78.280** | **-80.712** | **-2.432** | **178.125** | **180.427** | **2.302** | **1.29%** |

**Children's Social Care Localities – forecast overspend £2.797m**

The forecast variance includes an anticipated overspend of £1.821m related to staffing. The service continues to experience issues with recruitment and retention which results in posts being temporarily filled with agency staff (at extra cost). This position includes the cost of work undertaken by external providers. The service are working hard towards filling these vacancies to reduce this pressure within the financial year.

The most significant overspend relates to agency fostering placements which are forecast to overspend by £2.500m. Placements increased from 488 in March 2018 to 524 in March 2019 and increased again to 538 placements in June 2019. Work is continuing as part of the Children's Services Finance Monitoring Board to review numbers of placements, to estimate likely future demand, including the achievement of agreed savings, in order to identify the impact of this on the County Council's budget.

An underspend of £1.273m is forecast within family support payments (which mainly relates to Child Arrangement Order's and regular payments). Special Guardianship Orders (SGOs) continue to increase however, it is forecast that this will be contained within the budget for 2019/20.

**Fostering, Adoption Residential and Youth Offending Team – forecast overspend £963,000**

The service is forecasting an overspend mainly due to pressures within the residential in-house provision due to staff costs overspends resulting from an increase in complex placements, the use of casual staff to support outreach/edge of care services and welfare checks. In addition the fostering service is forecasting an overspend relating to fostering allowances as a result of increases in placement numbers. These pressures are offset by smaller underspends across other elements of the service.

**Safeguarding, Inspection and Audit (SIA) – forecast underspend £337,000**

The service is forecasting underspends relating to staff costs across the service as a result of vacancies which are slightly offset by smaller overspends on operational costs within the service.

**Children Family and Wellbeing Service (CFW) – forecast underspend £2.798m**

The forecast position relates to anticipated staffing underspends due to continuing levels of staff vacancies over and above the vacancy factor level. However, the staffing levels mean the service is having to adapt their level of service delivery accordingly. In addition, in the final year of the troubled families programme the service expect to significantly over achieve the budgeted level of income they receive due to payment by results.

**Education Quality and Performance – forecast underspend £385,000**

Forecast underspends of £382,000 relate to CLA work placements based on levels of expenditure in 2018/19. This represents early delivery of savings which are due to be made from 2020/21. There are also forecast underspends across other elements of the service which are offset by an under achievement of income across teams.

**Learning and Skills Service – forecast negative variance (overspend) £1.153m**

The forecast position represents a forecast contribution to corporate overheads of £4.080m in 2019/20. The negative variance is due to the following:

* School Catering is forecast to overspend by £438,000 in 2019/20 due to increases in food costs.
* Outdoor Education is forecast to overspend by £149,000.  This relates to undeliverable savings from 2017/18 and an increase in supplies and services expenditure.
* Learning Excellence is forecast to overspend by £521,000 largely due to a decrease in income through the decline of course bookings from schools as a result of the closure changes to the location of courses provided. The service is working towards mitigating against this through use of other venues.

**Inclusion – forecast overspend £1.048m**

An overspend of £875,000 is forecast predominantly due to Children with Disabilities (CwD) placements (which includes residential and fostering placements) and CWD family support due to increases in demand. There are smaller overspends also forecast across aids and adaptations, and within the traded services element of the service. Offsetting these pressures are underspends across staffing costs and operational costs.

**Education and Children's Services Central Costs – forecast underspend £158,000**

The forecast underspend mainly relates to Premature Retirement Costs (PRC) for schools based staff.

1. **Growth, Environment and Planning Services**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **GROWTH, ENVIRONMENT & 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** | **%** |
| **LEP COORDINATION** | 0.434 | 0.434 | 0.000 | -0.184 | -0.184 | 0.000 | 0.250 | 0.250 | 0.000 | 0.00% |
| **BUSINESS GROWTH** | 5.848 | 5.798 | -0.050 | -4.271 | -4.271 | 0.000 | 1.577 | 1.527 | -0.050 | -3.17% |
| **PLANNING AND ENVIRONMENT** | 5.169 | 5.069 | -0.100 | -3.651 | -3.151 | 0.500 | 1.518 | 1.918 | 0.400 | 26.35% |
| **ESTATES** | 1.700 | 1.700 | 0.000 | -1.164 | -1.164 | 0.000 | 0.536 | 0.536 | 0.000 | 0.00% |
| **STRATEGIC DEVELOPMENT** | 0.956 | 0.956 | 0.000 | -0.554 | -0.554 | 0.000 | 0.402 | 0.402 | 0.000 | 0.00% |
| **TOTAL GROWTH, ENVIRONMENT & PLANNING** | **14.107** | **13.957** | **-0.150** | **-9.824** | **-9.324** | **0.500** | **4.283** | **4.633** | **0.350** | **8.17%** |

The overspend above relates to a pressure within planning and environment due an income shortfall from capital on a highways scheme. This is however offset by some smaller staff underspends across the service.

1. **Highways and Transport**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **HIGHWAYS AND TRANSPORT** | **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** | **%** |
| **WASTE MGT** | 79.147 | 76.149 | -2.998 | -13.152 | -11.541 | 1.611 | 65.995 | 64.608 | -1.387 | -2.10% |
| **LIBRARIES, MUSEUMS,**  **CULTURE & ARCHIVES** | 13.254 | 12.841 | -0.413 | -3.396 | -3.162 | 0.234 | 9.858 | 9.679 | -0.179 | -1.82% |
| **HIGHWAYS** | 49.272 | 47.425 | -1.847 | -39.236 | -36.876 | 2.360 | 10.036 | 10.549 | 0.513 | 5.11% |
| **PUBLIC & INTEGRATED TRANSPORT** | 78.477 | 79.965 | 1.488 | -30.799 | -30.385 | 0.414 | 47.678 | 49.580 | 1.902 | 3.99% |
| **CUSTOMER ACCESS** | 5.274 | 5.408 | 0.134 | -2.200 | -2.571 | -0.371 | 3.074 | 2.837 | -0.237 | -7.71% |
| **DESIGN and CONSTRUCTION** | 18.250 | 17.104 | -1.146 | -21.258 | -18.697 | 2.561 | -3.008 | -1.593 | 1.415 | 47.04% |
| **TOTAL HIGHWAYS AND TRANSPORT** | **243.674** | **238.892** | **-4.782** | **-110.041** | **-103.232** | **6.809** | **133.633** | **135.660** | **2.027** | **1.52%** |

**Waste Management – Forecast underspend £1.387m**

The service is forecast to underspend by £1.387m due to a combination of factors, the costs of waste disposal with lower than budgeted waste arisings and waste being diverted from landfill at lower than budgeted prices, partly due to the use of our own fleet of vehicles to transport waste. Waste arisings are currently forecast to be low but this may change and will continue to be monitored throughout the financial year. Further forecast underspends of £173,000 relate to green waste and lower tonnages.

Partly offsetting the underspends are budget pressures relating to income received for recycled waste, particularly paper and card, resulting in forecast overspends of £906,000. These markets are volatile so the position is likely to be subject to change throughout the financial year. In addition, a pressure of £702,000 is forecast due to increased insurance costs for the waste sites.

**Libraries, Museums, Culture and Archives (LMCA) – Forecast underspend £179,000**

The forecast underspend predominantly relates to the library service and a combination of lower staffing and supplies and services expenditure.

**Highways – Forecast overspend £513,000**

The forecast overspend predominantly relates to plant utilisation. This was a significant pressure in 2018/19 and steps have been taken to reduce this including the sale of some plant that was not sufficiently utilised**.**

There are also a number of demand led income budgets within highways that relate to developer and utility companies activities. Forecast income for these activities tend to be subject to change during the financial year, however, the current expectation is that they will outturn close to budget.

**Public and Integrated Transport – Forecast overspend £1.902m**

The main overspending area within the service relates to transport costs particularly for children with special educational needs. This is a combination of delayed delivery of savings relating to independent travel training (c£1.000m) and increased inflation and demand over and above what was included in the budget for taxi costs and increases in passenger numbers (c£600,000).

In addition there are forecast income pressures of c£500,000 for the tendered public bus network. The budget for this service was increased to £3m in 2018/19 with additional routes being introduced, however, fare income is lower than originally anticipated. Work is ongoing to review services to bring spend within budget. A further income pressure of c£200,000 is forecast for bus stations. Departure charges are, however, due to rise incrementally over the next 3 years which will reduce this pressure over time.

The above is partly offset by forecast underspends of c£400,000 on concessionary travel due to lower demand. This will continue to be monitored throughout 2019/20.

**Customer Access – Forecast underspend £237,000**

The forecast position predominantly relates to additional income.

**Design and Construction – Forecast Overspend £1.415m**

Design and Construction property is forecast to overspend by £1.030m. Lower than forecast income recovery of £1.445m is expected largely due to a larger number of smaller projects which tends to require a proportionately greater staffing resource. The above is partly offset by forecast underspends of £415,000 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 being delivered in 2019/20 means the staffing underspend is significantly lower than reduced income levels.

Design and Construction highways is forecast to overspend by £385,000. There are currently several vacancies so whilst there is a significant staffing underspend there is a greater under recovery of income since this is an income generating service.

1. **Finance**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **FINANCE** | **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** | **%** |
| **BTLS** | 25.609 | 25.212 | -0.397 | -2.177 | -2.005 | 0.172 | 23.432 | 23.207 | -0.225 | -0.96% |
| **LANCASHIRE PENSION FUND** | 0.187 | 0.252 | 0.065 | -0.184 | -0.252 | -0.068 | 0.003 | 0.000 | -0.003 | -100.00% |
| **EXCHEQUER SERVICES** | 5.182 | 5.020 | -0.162 | -1.944 | -2.088 | -0.144 | 3.238 | 2.932 | -0.306 | -9.45% |
| **FINANCIAL MGT (DEVELOPMENT AND SCHOOLS)** | 2.280 | 2.438 | 0.158 | -2.293 | -2.346 | -0.053 | -0.013 | 0.092 | 0.105 | -807.69% |
| **FINANCIAL MGT (OPERATIONAL)** | 1.862 | 1.853 | -0.009 | -0.192 | -0.204 | -0.012 | 1.670 | 1.649 | -0.021 | -1.26% |
| **CORPORATE FINANCE** | 22.640 | 22.753 | 0.113 | -15.064 | -15.095 | -0.031 | 7.576 | 7.658 | 0.082 | 1.08% |
| **INTERNAL AUDIT** | 0.912 | 0.916 | 0.004 | -0.193 | -0.175 | 0.018 | 0.719 | 0.741 | 0.022 | 3.06% |
| **PROCUREMENT** | 3.023 | 3.154 | 0.131 | -1.271 | -1.271 | 0.000 | 1.752 | 1.883 | 0.131 | 7.48% |
| **TOTAL FINANCE** | **61.695** | **61.598** | **-0.097** | **-23.318** | **-23.436** | **-0.118** | **38.377** | **38.162** | **-0.215** | **-0.56%** |

Finance services are forecast to underspend by £215,000.

The forecast underspend is predominantly due to underspends reported within the BTLS budget due to reduced operational costs. In addition there are forecast underspends across several services, particularly exchequer services, in relation to employee costs. A further underspend is forecast within exchequer services as a result of the expected over achievement of savings. The underspends are offset by staffing pressures across financial management (development and schools) and procurement.

1. **Corporate Services**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **CORPORATE 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** | **%** |
| **CORONER'S SERVICE** | 2.717 | 2.568 | -0.149 | -0.284 | -0.279 | 0.005 | 2.433 | 2.289 | -0.144 | -5.92% |
| **HUMAN RESOURCES** | 9.861 | 9.488 | -0.373 | -8.949 | -8.679 | 0.270 | 0.912 | 0.809 | -0.103 | -11.29% |
| **LEGAL, GOVERNANCE AND REGISTRARS** | 17.454 | 17.863 | 0.409 | -4.538 | -4.605 | -0.067 | 12.916 | 13.258 | 0.342 | 2.65% |
| **SKILLS LEARNING & DEVELOPMENT** | 3.614 | 3.608 | -0.006 | -0.844 | -0.844 | 0.000 | 2.770 | 2.764 | -0.006 | -0.22% |
| **TOTAL CORPORATE SERVICES** | **33.646** | **33.527** | **-0.119** | **-14.615** | **-14.407** | **0.208** | **19.031** | **19.120** | **0.089** | **0.47%** |

Corporate services are forecast to overspend by £89,000. The main pressure across the service relates to legal fees, which is offset by underspends anticipated within the coroners service and human resources service mainly as a result of additional income.

1. **Strategy and Performance**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **STRATEGY AND PERFORMANCE** | **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** | **%** |
| **ASSET MGT** | 38.516 | 38.638 | 0.122 | -31.633 | -31.820 | -0.187 | 6.883 | 6.818 | -0.065 | -0.94% |
| **FACILITIES MGT** | 28.043 | 28.722 | 0.679 | -7.484 | -7.504 | -0.020 | 20.559 | 21.218 | 0.659 | 3.21% |
| **CORE SYSTEMS AND BUSINESS SUPPORT** | 3.970 | 4.027 | 0.057 | -0.327 | -0.297 | 0.030 | 3.643 | 3.730 | 0.087 | 2.39% |
| **PROGRAMME OFFICE** | 1.565 | 1.575 | 0.010 | 0.000 | 0.000 | 0.000 | 1.565 | 1.575 | 0.010 | 0.64% |
| **BUSINESS INTELLIGENCE** | 1.354 | 1.354 | 0.000 | -0.075 | -0.075 | 0.000 | 1.279 | 1.279 | 0.000 | 0.00% |
| **TOTAL STRATEGY AND PERFORMANCE** | **73.448** | **74.316** | **0.868** | **-39.519** | **-39.696** | **-0.177** | **33.929** | **34.620** | **0.691** | **2.04%** |

The strategy and performance service is forecast to overspend by £691,000 in 2019/20. This mainly relates to the operational property budget for repairs and maintenance which was reduced in 2018/19 by £750,000 and a further £750,000 in 2019/20. Whilst work is underway to carry out condition surveys on properties in order to develop a programme of planned works which will reduce future reactive R&M costs, an overspend of £983,000 is anticipated in 2019/20. This is offset by a non-recurring underspend of fees not being incurred that were anticipated at the end of 2018/19.

1. **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** | **%** |
| **CHIEF EXECUTIVE** | 3.748 | 4.058 | 0.310 | -0.213 | -0.444 | -0.231 | 3.535 | 3.614 | 0.079 | 2.23% |
| **COMMUNICATIONS** | 1.135 | 1.135 | 0.000 | -0.187 | -0.187 | 0.000 | 0.948 | 0.948 | 0.000 | 0.00% |
| **CORPORATE BUDGETS (FUNDING AND GRANTS)** | 2.884 | 1.803 | -1.081 | -10.245 | -11.377 | -1.132 | -7.361 | -9.574 | -2.213 | -30.06% |
| **CORPORATE BUDGETS (TREASURY MANAGEMENT)** | 36.703 | 39.714 | 3.011 | -10.460 | -20.472 | -10.012 | 26.243 | 19.242 | -7.001 | -26.68% |
| **CORPORATE BUDGETS (PENSIONS & APPRENTICESHIP LEVY)** | 21.384 | 17.642 | -3.742 | 0.000 | 0.000 | 0.000 | 21.384 | 17.642 | -3.742 | -17.50% |
| **TOTAL CHIEF EXECUTIVE SERVICES** | **65.854** | **64.352** | **-1.502** | **-21.105** | **-32.480** | **-11.375** | **44.749** | **31.872** | **-12.877** | **-28.78%** |

Chief Executive Services are forecast to underspend by £12.877m in 2019/20. This relates to forecast gains across the treasury management budget (£7.000m) primarily as a result of extra income received through the continuing volatility in the price of Gilts and other bonds enabling sales to be made which have generated a significant surplus. Further savings are due to the final year of the pension prepayment and additional income from a surplus on the collection fund. In addition the budget for investment to support the service challenge savings delivery is forecasting an underspend of £1m, however this will not impact on savings delivery.