



Money Matters
The County Council's Revenue Financial
Position
2020/21 Quarter 2

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1. Summary Revenue Budget Monitoring Position as at 30th September 2020

Service Area	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Variance
	£m	£m	£m	%	£m
ADULTS	364.934	366.448	1.514	0.41%	2.019
POLICY, INFORMATION, COMMISSIONING AND SAFEGUARDING	7.627	7.702	0.075	0.98%	0.091
PUBLIC HEALTH & WELLBEING	-5.212	-4.677	0.535	10.26%	-2.169
EDUCATION AND CHILDREN'S SERVICES	200.933	207.926	6.993	3.48%	7.691
GROWTH, ENVIRONMENT & PLANNING	4.890	4.814	-0.076	-1.55%	-0.404
HIGHWAYS AND TRANSPORT	65.774	73.380	7.606	11.56%	10.900
ORGANISATIONAL DEVELOPMENT AND CHANGE	2.237	2.182	-0.055	-2.46%	0.000
WASTE MGT	65.965	65.257	-0.708	-1.07%	-0.408
FINANCE	43.310	43.102	-0.208	-0.48%	-0.193
CORPORATE	18.857	19.745	0.888	4.71%	0.473
STRATEGY AND PERFORMANCE	32.973	36.886	3.913	11.87%	2.537
CHIEF EXECUTIVE SERVICES	42.563	20.069	-22.494	-52.85%	-16.800
TOTAL	844.851	842.834	-2.017	-0.24%	3.737

2. Executive Summary

This report provides an update to Cabinet on the county council's 2020/21 revenue financial position as at the end of September 2020. The forecast outturn for 2020/21 is outlined in the table above, with a £2.017m underspend forecast, which by way of context is 0.24% of the county council's net budget and reflects a small improvement from the position previously reported as at the end of June.

Forecasting in the current climate is challenging as while the financial impacts of the Covid crisis are the biggest single factor impacting on our financial performance this year, there remain other factors of uncertainty in our forecast which will continue to be kept under review as we progress through the year.

While it is clear that there are financial pressures as a result of the crisis there are also opportunities to offset some of these. At this point in the financial year we have limited activity to forecast from, however demand on adult social care is lower than budgeted, due to a number of factors including lockdown, social distancing measures and the impact of the acute health sector commissioning some residential placements as part of NHS funded scheme to create capacity in hospitals in support of the crisis. Longer term, we do not expect these factors to drive permanent reductions and expect a drift back up in demand as a new normal settles post Covid.

In addition to current lower than budgeted demand levels, we have some benefits from the current remote working arrangements with costs such as building occupancy, printing and mileage being reduced. We also have significant treasury management gains (£22.002m) which are helping to mitigate some of the forecast pressures, without which the forecast position would be an overspend of £19.985m.

These factors have led to the Q2 forecast being a relatively small underspend although the impact of pent up demand cannot be assessed with any certainty at the moment and volatility in actual demand could lead to a significant variance from the currently forecast level as time goes by.

The forecast is based on actual expenditure and income during the first half of the financial year, combined with budget holder knowledge of anticipated activity over the rest of the year and trends from previous years. It has been produced before the winter period which can lead to significant fluctuations in demand for services. The position that is reported 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 adults and children's social care, recycle income, concessionary travel and treasury management are areas that are particularly closely monitored as fluctuations across these areas are most likely to materially impact the forecast position.

At the time of writing this report Government have announced £1bn of additional Covid funding across all councils and Lancashire has entered new "Tier 3" restrictions. Actual allocations to individual councils are to be announced and the impact of this additional funding and associated expenditure has not therefore been factored into this report.

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. The overall staffing forecast is currently broadly in line with budget. 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 2020/21 and therefore their underspends are not expected to be recurrent.

The savings that have been agreed to date are also closely monitored, with a total of £51.196m forecast to be delivered in 2020/21. The financial position at the end of quarter 2 has an assessment of 51.3% of all agreed savings rated as on track. The Council's activity in response to Covid-19 has necessarily moved focus away from savings initiatives thereby delaying the impact of the activity and therefore savings needing to be re-profiled in a number of cases.

3. Adult Services

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Variance
	£m	£m	£m	%	£m
DISABILITY (adults)	0.396	1.759	1.363	344.19%	1.511
Learning Disabilities, Autism & Mental Health	175.866	180.295	4.429	2.52%	3.619
RESIDENTIAL & DAY CARE SERVICES FOR OLDER PEOPLE	-0.301	4.213	4.514	-1499.67%	3.337
SOCIAL CARE SERVICES (adults)	188.973	199.364	10.391	5.50%	7.783
Total	364.934	385.631	20.697	5.67%	16.25
Share of unallocated COVID-19 emergency monies	0.000	-19.183	-19.183		-14.231
TOTAL ADULTS	364.934	366.448	1.514	0.41%	2.019

Adult Services – forecast overspend £1.514m

The largest elements of the overall forecast overspend across the Adult Services Directorate relate to volatility on demand across services, staffing pressures as a result of the impact of Covid-19 across the county. Furthermore there are delays in savings as a result of focussing resource on response to the pandemic.

The most significant variances within the directorate are as follows:

Disability Service (Adults) – forecast overspend £1.363m

This is predominantly due to budgeted savings on remodelling the supported living service, delayed due to the Covid-19 pandemic.

Learning Disability, Autism & Mental Health – forecast overspend £4.429m

This is as a result of variances in learning disability and autism which has a forecast staffing underspend of £856,840 as the service currently has 21.7fte vacancies. Commissioned services are forecasting a net budgetary pressure of £2.925m due to the impact of Covid-19, with the most significant being a forecast overspend of £4.414m in domiciliary care offset by underspends in residential and nursing care. In addition there are pressures due to underachievement of savings of £2.287m, again due to the pandemic. There is a further forecast overspend of £3.400m due to current and historic void claims. These pressures are partially mitigated by net additional income of £1.807m predominantly from joint funded health claims.

Mental health forecast underspend £1.520m, predominantly due to staffing underspends of £1.265m.

Residential and day care services for older people – forecast overspend £4.514m

The service operates with a gross budget of £22.806m and has an income target of £23.107m resulting in a net budget of -£0.301m.

The service has experienced staffing and agency pressures and this situation has been exacerbated as a result of Covid-19. Despite the use of the auxiliary workforce which also included the use of day centre staff and volunteers, the service has had to call on a high level of agency workers to cover for sickness absence. The overspend on staffing is forecasted to be £1.460m by the year end. The service is also experiencing a covid related pressure due to a reduction in income from residents, occupancy has reduced from c.600 to c.500 resulting in an income short fall from residents expected to be £2.202m at year end. The service is also experiencing an overspend brought about by higher cleaning costs. These budget pressures are offset by Infection Control Grant monies received of c£1.000m however the service is still expected to overspend overall by £4.514m.

Social care services (adults) - forecast overspend £10.391m

Residential care is forecast to overspend by £2.400m mainly due to pressures brought forward from 2019/20 relating to delayed savings, which have increased further due to the ongoing pandemic. These pressures are offset by reduced costs as a result of lower than expected levels of service users within residential care (offset by reduced service user income). Nursing care is forecasted to underspend by £3.547m due to a reduction in number of service users.

Non-residential care has an overspend of £11.424m predominantly due to the under-delivery of savings within domiciliary care and reduced health income as the acute sector is currently commissioning and paying for care packages under emergency discharge funding procedures. The budget savings targets were challenging in 2019/20 and the current Covid-19 pandemic has only served to exacerbate the matter. In addition, non-residential care has seen increasing demand across both domiciliary care and direct payments. There are smaller underspends reported across day care and other services.

As part of the winter plan additional expenditure has been agreed of c£4.700m to increase capacity for crisis care, reablement and staffing in order to enable hospital discharge and avoidance. It was agreed that that this will be funded from additional funding received in relation to Covid-19.

Adult services has been apportioned £19.183m of the emergency funding provided by government in respect of the Coronavirus financial pressures. This sum has been apportioned based on the expected pressures across the authority. This apportionment will by its nature fluctuate as further information becomes available on the financial impacts of the pandemic and the final quantum of government funding awarded to address these pressures.

4. Policy, Information and Commissioning, Quality, Contracts and Safeguarding Adults Services

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Variance
	£m	£m	£m	%	£m
POLICY INFO & COMMISSION AGE WELL	0.833	0.860	0.027	3.24%	0.017
POLICY INFO & COMMISSION LIVE WELL	0.894	0.913	0.019	2.13%	0.011
SAFEGUARDING & QUALITY IMPROVEMENT SERVICES	5.900	5.929	0.029	0.49%	0.063
TOTAL POLICY, INFORMATION, COMMISSIONING AND SAFEGUARDING	7.627	7.702	0.075	0.98%	0.091

Policy, Information and Commissioning, Quality, Contracts and Safeguarding Adults Services – forecast overspend £75,000

There are various minor overspends across policy, information, commissioning and safeguarding.

5. Public Health & Wellbeing

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Variance
	£m	£m	£m	%	£m
PUBLIC HEALTH & WELLBEING	-66.883	-66.833	0.050	0.07%	0.009
HEALTH EQUITY WELFARE & PARTNERSHIPS	57.381	57.381	0.000	0.00%	-1.583
Health, Safety & Resilience	0.924	0.856	-0.068	-7.36%	-0.113
TRADING STANDARDS & SCIENTIFIC SERVICES	3.366	3.919	0.553	16.43%	0.430
Total	-5.212	-4.677	0.535	10.26%	-1.257
Share of unallocated COVID-19 emergency monies	0.000	0.000	0.000		-0.912
TOTAL PUBLIC HEALTH & WELLBEING	-5.212	-4.677	0.535	10.26%	-2.169

Public Health and Wellbeing – forecast overspend £535,000

Trading Standards and Scientific Services are forecasting an under-recovery of income mainly due to the Covid-19 pandemic, although there are also some underlying income pressures for the service to address.

The remainder of the Public Health and Wellbeing budget is broadly forecasting a breakeven position, it must however be noted that this includes a contribution to the public health reserve for underspending areas (c£2.330m). Elements of the service that are underspent are those which are on a tariff based arrangements operating on a demand basis such as include sexual health, oral health, health checks and substance misuse budgets. The public health grant is a ring-fenced grant and any underspend will be transferred to the public health reserve and reinvested in public health in future years.

6. Education and Children's Services

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Variance
	£m	£m	£m	%	£m
CHILDREN SOCIAL CARE LOCALITIES	106.466	116.872	10.406	9.77%	9.141
FOSTERING ADOPTION RESIDENTIAL AND YOT	33.032	33.483	0.451	1.37%	0.471
CHILDREN AND FAMILY WELLBEING SERVICE	14.533	13.166	-1.367	-9.41%	-1.668
EDUCATION IMPROVEMENT 0 - 11 YEARS and 11+ to 25 combined	3.878	6.952	3.074	79.27%	2.290
INCLUSION	19.375	19.548	0.173	0.89%	0.162
LIBRARIES MUSEUMS CULTURE & ARCHIVES	10.192	12.798	2.606	25.57%	2.753
QUALITY ASSURANCE, INSPECTION AND SAFEGUARDING	13.351	12.773	-0.578	-4.33%	-0.808
POLICY INFO & COMMISSION START WELL	1.536	1.545	0.009	0.59%	-0.020
EDUCATION & CHILDREN'S SERVICES CENTRAL COSTS	-1.430	-2.028	-0.598	-41.82%	-0.598
Total	200.933	215.109	14.176	7.06%	11.723
Share of unallocated COVID-19 emergency monies	0.000	-7.183	-7.183	0.00%	-4.032
TOTAL EDUCATION AND CHILDRENS SERVICES	200.933	207.926	6.993	3.48%	7.691

Education and Children's Services – forecast overspend £6.993m

Children's Social Care Localities – forecast overspend £10.406m

The forecast variance includes an anticipated overspend of £3.601m 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) including the cost of work undertaken by external providers. The service is currently reviewing the use of agency staff, developing restructure proposals and working towards the implementation of the family safeguarding model.

Agency residential (including leaving care) and fostering placements are forecast to overspend by £6.379m. Agency residential placements increased from 292 in March 2019 to 303 in March 2020 and decreased by 1 to 302 placements in September 2020, in general decreasing over the first half of 2019/20 and increasing over the second half of 2019/20. Agency fostering placements decreased from 524 in March 2019 to 501 in March 2020 and decreased by 26 to 475 placements in September 2020, in general increasing to a peak of 544 in July 2019 and decreasing overall since then with most of that decrease happening during the last quarter of 2019/20 into 2020/21. Based on placement numbers and costs in more recent months the forecast assumes that agency residential placement costs will increase and agency fostering placement costs will decrease during 2020/21, with the

average cost of residential placements being higher than that of fostering placements and continuing to increase. In addition demand is expected to increase as lockdown restrictions are lifted and additional costs of c£4.090m (c6% of spend) have been reflected in the forecast for agency placements, although at this stage it is very difficult to estimate and will be kept under review during the remainder of the financial year.

Family support, which covers Special Guardianship Orders (SGO's), assistance to families and other payments, is forecast to overspend by £829,000 with the majority relating to SGO's and a combination of higher than expected growth and delayed delivery of savings.

There are other minor underspends and overspends across the service.

Fostering, Adoption Residential and Youth Offending Team – forecast overspend £451,000

The service is forecasting an overspend mainly due to residential in-house provision (including overnight short breaks) which is forecast to overspend by £538,000. The overspend relates to staff costs of which £353,000 is due to Covid-19, and use of casual staff to support outreach/edge of care services and welfare checks.

These pressures are offset by smaller underspends and overspends across other elements of the service.

Children Family and Wellbeing Service (CFW) – forecast underspend £1.367m

The forecast position relates to anticipated staffing underspends of £1.194m due to continuing levels of staff vacancies. However, the staffing levels mean the service is having to adapt their level of service delivery accordingly. There are further minor underspends in aggregate £173,000 across the remainder of the service.

Education Improvement – forecast overspend £3.074m

Traded services are forecast to overspend by £951,000 relates to under recovery of income partly offset by a reduction in expenditure due to the impact of Covid-19.

The schools advisory service is forecast to overspend by £1.530m. This is as a result of under recovery of income of £2.382m partly offset by a reduction in expenditure of £506,000 both in relation to the impact of Covid-19 with the closure of schools/settings during lockdown and the continuing pressure of not delivering face to face training/services. There are also underlying pressures within the budget from under recovery from the sale of data products (£181,000) and a reduction in schools buy-back from April 2020. Work is currently being undertaken to review the re-design of this service and subsequent impact on income.

In addition there are further overspends across the service due to under recovery of income (c£700,000). This is as a result of settings such as schools and early years setting closing during lockdown and the continuing pressure of not being able to deliver face to face training.

Inclusion – forecast overspend £173,000

Underspends of £840,000 are forecast across a number of teams which mainly relates to staff costs. However, there are offsetting pressures due to an under recovery of income from special educational needs traded services (£443,000) and an increase in demand for

agency residential and fostering placements and family support for children with disabilities (£569,000).

Libraries, Museums, Culture and Archives (LMCA) – forecast overspend £2.066m

Forecast overspends of £482,000, £1.482m and £641,000 are forecast for libraries, outdoor education and Lancashire music service respectively. These overspends relate to the under recovery of income partly offset by a reduction in expenditure due to the impact of Covid-19 and the consequent lockdown and social distancing measures. A phased reopening of sites is under way but with restrictions in line with government guidance. Outdoor Education centres are currently being used to provide emergency accommodation for some looked after children during the current pandemic. Services have been mitigating losses wherever possible by offering their services online.

Quality Assurance, Inspection and Safeguarding – forecast underspend £578,000

The forecast underspend predominantly relates to staff costs across the service although the majority of this does relate to the newly restructured Business Support function which is still undertaking recruitment to fill vacancies. The underspend is offset by smaller overspends on non-staff costs (supplies, services and travel) across the service.

Education and Children's Services Central Costs – forecast underspend £598,000

Forecast underspends predominantly relate to Premature Retirement Costs (PRC) for schools based staff and are currently in line with 2019/20 outturn.

Education and children's services has been apportioned £7.183m of the emergency funding provided by government in respect of the Coronavirus financial pressures. This sum has been apportioned based on the expected pressures across the authority. This apportionment will by its nature fluctuate as further information becomes available on the financial impacts of the pandemic and the final quantum of government funding awarded to address these pressures.

7. Growth, Environment and Planning Services

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Variance
	£m	£m	£m	%	£m
LEP COORDINATION	0.250	0.250	0.000	0.00%	0.000
BUSINESS GROWTH	1.591	1.625	0.034	2.14%	0.022
PLANNING AND ENVIRONMENT	2.203	2.180	-0.023	-1.04%	-0.057
ESTATES	0.435	0.435	0.000	0.00%	0.000
STRATEGIC DEVELOPMENT	0.411	0.410	-0.001	-0.24%	-0.008
Total	4.890	4.900	0.010	0.20%	-0.043
Share of unallocated COVID-19 emergency monies	0.000	-0.086	-0.086		-0.361
TOTAL GROWTH, ENVIRONMENT & PLANNING	4.890	4.814	-0.076	-1.55%	-0.404

Growth, Environment and Planning Services – underspend £76,000

Growth, environment and planning services has been apportioned £86,000 of the emergency funding provided by government in respect of the Coronavirus financial pressures. This sum has been apportioned based on the expected pressures across the authority. This apportionment will by its nature fluctuate as further information becomes available on the financial impacts of the pandemic and the final quantum of government funding awarded to address these pressures. The apportionment is against a large number of anticipated delayed savings, but we are currently not seeing any significant pressures in the activity to date.

8. Highways and Transport

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Variance
	£m	£m	£m	%	£m
HIGHWAYS	12.775	17.627	4.852	37.98%	4.940
PUBLIC & INTEGRATED TRANSPORT	53.356	56.181	2.825	5.29%	7.191
CUSTOMER ACCESS	2.626	3.242	0.616	23.46%	0.546
DESIGN and CONSTRUCTION	-2.983	-0.751	2.232	74.82%	2.331
Total	65.774	76.299	10.525	16.00%	15.008
Share of unallocated COVID-19 emergency monies	0.000	-2.919	-2.919	0.00%	-4.108
TOTAL HIGHWAYS AND TRANSPORT	65.774	73.380	7.606	11.56%	10.900

Highways and Transport – forecast overspend £7.606m

Highways – forecast overspend £4.852m

The financial impact of Covid-19 on the highways service has been twofold.

Firstly, Covid-19 has impacted the amount of capital works expected to be delivered in 2020/21. This means that some labour and plant that would ordinarily be working on capital work and charged accordingly to capital projects has remained a revenue cost. In addition to these direct costs, lower overheads are expected to be charged to capital as these are based on value of work delivered. These factors are forecast to result in overspends of £2.113m.

Secondly, Covid-19 has impacted the level of income expected to be received across the service. These income streams have been impacted to varying degrees by the pandemic and whilst future income levels are uncertain a pressure of £2.739m is forecast at this stage in the financial year.

Public and Integrated Transport – Forecast overspend £2.825m

Most parts of the public and integrated transport budget are affected by Covid-19 and there are still a number of unknown factors the most significant of which relates to future rules around social distancing and the impact on school transport costs for all pupils.

The most significant forecast variances are detailed below.

School transport costs are forecast to overspend by c£3.500m due to number of reasons although this could reduce as government announcements are made on additional funding being made available to meet some of the additional costs. The forecast includes an estimate of £2.500m for potential additional school transport costs. Payments made to taxi operators are being made based on contract values in line with government guidance, resulting in a forecast overspend of c£500,000. Delivery of budgeted savings of £400,000 relating to providing excluded pupils a bus pass rather than taxi transport is delayed due to the impact of Covid-19. A decision to repay parents for summer term bus passes following

closure of schools and a fall in receipts from walk-up fares has resulted in a loss of income. Whilst additional government funding has largely negated this pressure an overspend of c£100,000 remains.

Forecast overspends of c£800,000 relate to fleet services, adherence to social distancing rules and additional hygiene measures to ensure staff are working safely is impacting on efficiency levels resulting in a reduction in income. Bus stations are forecast to overspend by c£500,000. In part this relates to the closure of bus stations in the early part of lockdown impacting on departure fee income. However there is a recurrent pressure on departure fee income which should reduce over time as fees increase in line with a previous Cabinet decision. Public bus services are forecast to underspend by c£400,000. As part of the budget amendment an additional £1.500m was added into the budget from 2020/21. In addition the county council has received further government funding of £752,000 to support bus services. Whilst additional services are being added during 2020/21 it is not expected that all of the additional funding will be spent in 2020/21.

Concessionary travel is forecast to underspend by c£1.600m. Payments to bus operators continue to be made based of historic passenger data which may continue for a significant period of time as there is no likelihood of concessionary passenger numbers increasing to the level they were before the pandemic. Despite this the concessionary travel budget underspent in 2019/20 so this is expected to recur in 2020/21.

Customer Access – forecast overspend £616,000

The forecast overspend predominantly relates to staffing costs partly due to delays in delivering budgeted savings but also due to additional staffing costs incurred as a result of the county councils Covid-19 response.

Design and Construction – forecast overspend £2.232m

Design and Construction property is forecast to overspend by c£2.222m. Lower than forecast income recovery of c£2.886m is expected partly due to the much reduced number of projects that are being delivered as a result of Covid-19. There is still a degree of uncertainty as to what work will be delivered during the year and this will depend on a number of things including whether all planned work can be carried out in schools during the summer break. The above is partly offset by forecast underspends of c£664,000 on staffing and agency costs.

Highways and transport has been apportioned £2.919m of the emergency funding provided by government in respect of the Coronavirus financial pressures. This sum has been apportioned based on the expected pressures across the authority. This apportionment will by its nature fluctuate as further information becomes available on the financial impacts of the pandemic and the final quantum of government funding awarded to address these pressures.

9. Organisational Development and Change

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Variance
	£m	£m	£m	%	£m
PROGRAMME OFFICE	1.436	1.381	-0.055	-3.83%	0.000
ORGANISATIONAL DEVELOPMENT	0.801	0.801	0.000	0.00%	0.000
TOTAL ORGANSATIONAL DEVELOPMENT AND CHANGE	2.237	2.182	-0.055	-2.46%	0.000

Organisational Development and Change – forecast underspend £55,000

The small underspend across the service is due additional income and underspends on running costs.

10. Waste Management

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Variance
	£m	£m	£m	%	£m
WASTE MGT	65.965	65.257	-0.708	-1.07%	-0.408
TOTAL WASTE MGT	65.965	65.257	-0.708	-1.07%	-0.408

Waste Management – forecast underspend £708,000

There have been both positive and negative financial impacts of Covid-19 on the waste management budget which largely appear to net each other off.

Based on the financial year to date we have seen a different composition of residual waste being collected. Tonnage collected at households is significantly higher than would normally be expected. However, there has been a reduction in trade waste collected due to businesses being closed, and a much reduced tonnage collected at household waste recycling centres which were also closed for most of April and May in line with government guidance and whilst now open are operating with reduced capacity to ensure social distancing is maintained. Overall residual waste is only 2% higher this year compared to the same period of last year.

Forecast underspends of £1.186m are forecast at the HWRCs which were closed for the first part of the year and since reopening tonnages have remained lower than ordinarily expected which has had a significant impact on costs predominantly reduced transport costs.

The reduction in trade waste is expected to result in lower than budgeted income of £450,000.

There are other net underspends of £28,000 across the service.

11. Finance

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Variance
	£m	£m	£m	%	£m
BTLS	27.204	27.203	-0.001	0.00%	-0.002
LANCASHIRE PENSION FUND	0.000	0.000	0.000	0.00%	0.000
EXCHEQUER SERVICES	3.986	3.687	-0.299	-7.50%	-0.307
FINANCIAL MGT (DEVELOPMENT AND SCHOOLS)	0.005	-0.036	-0.041	-820.00%	-0.006
FINANCIAL MGT (OPERATIONAL)	1.698	1.740	0.042	2.47%	0.066
CORPORATE FINANCE	7.704	7.624	-0.080	-1.04%	-0.098
INTERNAL AUDIT	0.753	0.856	0.103	13.68%	0.073
PROCUREMENT	1.960	2.040	0.080	4.08%	0.081
Total	43.310	43.114	-0.196	-0.45%	-0.193
Share of unallocated COVID-19 emergency monies	0.000	-0.012	-0.012		0.000
TOTAL FINANCE	43.310	43.102	-0.208	-0.48%	-0.193

Finance - forecast underspend £208,000

The forecast underspend is predominantly due to underspends reported within exchequer services with a forecast underspend of £483,000 on employees which is mainly due to delays in recruitment because of covid-19. This underspend is offset by a forecast overspend due to reduced income.

There are minor net overspends of £103,000 across the remainder of finance.

Finance has been apportioned £12,000 of the emergency funding provided by government in respect of the Coronavirus financial pressures. This sum has been apportioned based on the expected pressures across the authority. This apportionment will by its nature fluctuate as further information becomes available on the financial impacts of the pandemic and the final quantum of government funding awarded to address these pressures.

12. Corporate Services

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Variance
	£m	£m	£m	%	£m
CORONER'S SERVICE	2.449	2.445	-0.004	-0.16%	-0.052
HUMAN RESOURCES	1.012	1.147	0.135	13.34%	0.127
LEGAL, GOVERNANCE AND REGISTRARS	12.551	14.081	1.530	12.19%	0.464
SKILLS LEARNING & DEVELOPMENT	2.845	2.625	-0.220	-7.73%	-0.066
Total	18.857	20.298	1.441	7.64%	0.473
Share of unallocated COVID-19 emergency monies	0.000	-0.553	-0.553	0.00%	0.000
TOTAL CORPORATE SERVICES	18.857	19.745	0.888	4.71%	0.473

Corporate Services - forecast overspend by £888,000

The main pressure across the service relates to legal fees c£1.4m as demand grows in social care, there are some largely compensating variances across the remainder of corporate services.

Corporate Services have been apportioned £553,000 of the emergency funding provided by government in respect of the Coronavirus financial pressures. This sum has been apportioned based on the expected pressures across the authority. This apportionment will by its nature fluctuate as further information becomes available on the financial impacts of the pandemic and the final quantum of government funding awarded to address these pressures.

13. Strategy and Performance

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Variance
	£m	£m	£m	%	£m
ASSET MGT	7.252	7.539	0.287	3.96%	0.201
FACILITIES MGT	19.829	23.437	3.608	18.20%	3.445
CORE SYSTEMS AND BUSINESS SUPPORT	4.548	4.602	0.054	1.19%	0.077
BUSINESS INTELLIGENCE	1.344	1.393	0.049	3.65%	0.036
Total	32.973	36.971	3.998	12.13%	3.759
Share of unallocated COVID-19 emergency monies	0.000	-0.085	-0.085		-1.223
TOTAL STRATEGY AND PERFORMANCE	32.973	36.886	3.913	11.87%	2.536

Strategy and Performance - forecast overspend £3.913m

Asset Management – forecast overspend £287,000

Street lighting energy is forecast to overspend by £290,000. The programme of work to replace the remaining street lights with LEDs using Salix funding had been delayed partly due to Covid-19. The outturn will be subject to change depending on both progress of work to replace the lights and on energy prices.

Further overspends of £90,000 are forecast in relation to lower energy rebates due to reduce spend on our property portfolio due to a number of sites having being closed and the remainder being significantly less occupied. Overall for the authority this is a saving with the lower utility spend showing in facilities management.

Partly offsetting these pressures are staffing underspends of £147,000, a number of additional posts were added into the budget for 2020/21 but due to delays in recruiting to some of these posts a non-recurrent underspend is expected.

Facilities Management - forecast overspend £3.608m

Most parts of the facilities management budget are affected financially by Covid-19 and there are still a number of unknown factors. School catering is forecast to overspend by £6.480m which relates to lower income charge to schools. Even though this is a significant pressure there remain a number of uncertainties and risks around the new academic year which could further impact on the forecast. There is a further income pressure of £300,000 relating to staff and civic catering as it is currently assumed that these facilities will remain either fully closed or running at very limited capacity for the whole of 2020/21. Partly offsetting these are forecast underspend on premises running costs and repairs and maintenance due to a number of sites having being closed and the remainder being significantly less occupied which is forecast to report in underspends of £3.153m.

There are minor budget variances across the remaining services.

Strategy and performance services has been apportioned £0.085m of the emergency funding provided by government in respect of the Coronavirus financial pressures. This sum has been apportioned based on the expected pressures across the authority. This apportionment will by its nature fluctuate as further information becomes available on the financial impacts of the pandemic and the final quantum of government funding awarded to address these pressures.

14. Chief Executive Services

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Variance
	£m	£m	£m	%	£m
CHIEF EXECUTIVE	2.563	2.539	-0.024	-0.94%	3.424
COMMUNICATIONS	1.045	1.110	0.065	6.22%	0.054
CORPORATE BUDGETS (FUNDING AND GRANTS)	1.546	1.521	-0.025	-1.62%	-0.018
CORPORATE BUDGETS (TREASURY MANAGEMENT)	27.642	5.640	-22.002	-79.60%	-19.937
CORPORATE BUDGETS (PENSIONS & APPRENTICESHIP LEVY)	9.767	10.082	0.315	3.23%	0.640
TOTAL	42.563	20.892	-21.671	-72.70%	-15.837
Share of unallocated COVID-19 emergency monies	0.000	-0.823	-0.823		-0.963
TOTAL CHIEF EXECUTIVE SERVICES	42.563	20.069	-22.494	-52.85%	-16.800

Chief Executive Services - forecast underspend £22.494m

This relates to forecast gains across the treasury management budget £22.002m 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.

There is offset by other forecast overspends on areas such as apprenticeship levy and inherited pensions liabilities.

Chief executive services has been apportioned £823,000 of the emergency funding provided by government in respect of the coronavirus financial pressures. This sum has been apportioned based on the expected pressures across the authority. This apportionment will by its nature fluctuate as further information becomes available on the financial impacts of the pandemic and the final quantum of government funding awarded to address these pressures.