

Appendix A

2023/24 Quarter 2 Revenue Monitoring



1. Overall Revenue Budget Forecast – Quarter 2

Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance	Q1 Forecast Variance
	£m	£m	£m	%	£m
Adult Services and Health & Wellbeing	446.426	448.587	2.161	0.48%	3.636
Education & Children's Services	250.539	256.346	5.807	2.32%	5.027
Growth, Environment & Transport	171.297	173.955	2.657	1.55%	2.182
Resources & Chief Executive Services	170.783	166.061	-4.722	-2.76%	-3.216
Grand Total	1,039.046	1,044.949	5.903	0.57%	7.629

The forecast revenue overspend of £5.903m represents a variance of 0.57% against the overall revenue budget of £1,039.046m. The forecast outturn position is subject to a number of assumptions around the anticipated profile of expenditure for the rest of the year which, as always, is difficult to predict in some demand led budget areas. This report provides details of those areas where forecast pressures exist and which are subject to detailed reviews designed to reduce costs. The focus will remain on continuing to tightly control and drive down costs wherever possible including the identification of offsetting cost reductions.

The pay offer from The National Employers for local government services (an increase of £1,925 on all National Joint Council from scale points 1 – 43 and 3.88% on scale point 44 and above) has now been agreed and has not affected the forecast pay assumptions in the Quarter 1 position. As agreed at Quarter 1 the impact of the higher than budgeted pay award has been offset from a contribution from the Transitional Reserve.

The key overspending areas remain in relation to demand led areas such as home to school transport, and children's social care. These overspends are offset partially by additional income from both grants and other income streams. Some aspects of particularly overspending areas were evident as part of the 2022/23 outturn position and will be reviewed to determine whether an adjustment needs to be made to the medium-term financial strategy.



2. Adult Services and Health and Wellbeing Directorate

Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance	Q1 Forecast Variance
	£m	£m	£m	%	£m
Disability (Adults)	5.441	5.508	0.067	1.23%	0.602
Residential & Day Care Services for Older People	-1.326	1.460	2.786	-210.08%	1.619
Total Adult Care And Provider Services	4.115	6.968	2.853	69.33%	2.221
Mental Health	37.687	38.643	0.956	2.54%	0.734
Learning Disabilities, Autism	171.409	171.729	0.320	0.19%	0.674
Social Care Services (Adults)	224.553	222.520	-2.034	-0.91%	-0.214
Total Adult Community Social Care	433.649	432.892	-0.758	-0.17%	1.193
Strategic and Integrated Commissioning & Contracts	5.320	5.217	-0.103	-1.93%	-0.047
Total Strategic and Integrated Commissioning	5.320	5.217	-0.103	-1.93%	-0.047
Quality, Contracts and Safeguarding Adults	4.845	4.908	0.063	1.31%	-0.145
Total Quality, Contracts and Safeguarding Adults	4.845	4.908	0.063	1.31%	-0.145
Quality and Improvement	1.097	1.097	0.000	0.00%	-0.004
Business Development	0.477	0.477	0.000	0.00%	0.245
Total Quality Improvement and Principal Social Worker	1.574	1.574	0.000	0.00%	0.241
Total Adults	449.503	451.558	2.055	0.46%	3.463
Public Health & Wellbeing	-71.340	-71.340	0.000	0.00%	0.000
Health Improvement	57.413	57.413	0.000	0.00%	0.000
Health Equity Welfare & Partnerships	4.801	4.801	0.000	0.00%	0.000
Health, Safety & Resilience	2.072	1.704	-0.368	-17.75%	-0.343
Trading Standards & Scientific Services	3.978	4.451	0.473	11.90%	0.517
Total Public Health	-3.077	-2.971	0.106	3.43%	0.173
Total Adult Services and Health and Wellbeing	446.426	448.587	2.161	0.48%	3.636

The total net approved budget for Adult Services and Health and Wellbeing in 2023/24 is £446.426m. The forecast outturn position at Quarter 2 is a net cost of £448.587m, resulting in an overspend of £2.161m, which is equivalent to 0.48% of



the budget. At Quarter 2 the position for the Directorate includes Public Health budgets, however from Quarter 3 this will be reported within the Growth, Environment and Transport Directorate following changes to reporting lines.

The figures presented in the table above present the net budget position, however for those services within Care and Provider Services this does not fully represent the size of the budget, as both services contain a large commissioning expenditure budget and also have significant income levels which result in the very high percentage variance. The variance is much smaller when you look at the gross spend of the service.

Adult Services – Forecast overspend £2.055m

The service continues to experience recruitment and retention difficulties and sickness absences across services increases the reliance on agency workers. Staffing shortages within in-house residential services for example require "day 1" cover, in the main is provided through agencies, where costs are higher. However, as a service the aim is to contain any required agency spend within the staffing budget envelope.

Overall, demand levels remain relatively consistent, with the notable exception of home care where demand levels continue to rise. The focus of the service over the course of 2023/24 is to implement a strength-based practice model, bring in a new procurement system to reduce the cost for home care, introducing a new financial scheme of delegation to ensure tighter financial controls and identifying where support offered by the voluntary, community and faith sector can replace more costly, specialist social care support.

Savings progress

In 2023/24 Adult Services have savings of c£37m to deliver, which are a combination of delayed savings and proposals that were agreed by Full Council in February 2023. The savings have been identified and will be delivered against a challenging background of growing needs of an ageing and increasingly disabled (physical and emotional) adult population as identified by the Director of Public Health in his annual report, as well as the precarious nature of the care market.

In order to deliver the savings programme, the Directorate has a governance structure which includes the Adult Finance Board, to ensure the service monitors progress and mitigates, where possible, any risk linked to the delivery of savings.

One of the identified savings proposals is about how the service reduces demand. Benchmarking data shows that when compared to other similar authorities, Lancashire is not approached by proportionately more people. Of those who do come forward, the county council continues to over-prescribe long-term social care packages of support. Local Authorities that perform better typically have a stronger preventative offer and make greater use of community provision funded within the voluntary community and faith sector as an alternative to formal packages of care.

From an adult social care perspective, they generally also deliver a strength-based social care practice model which is something that has been piloted in Lancashire and due to be implemented county wide in 2023/24.



Pressures linked to the care market

Issues impacting on the budget which are increasingly difficult to control/manage include the Fair Cost of Care, an exercise all authorities were required to complete in readiness for social care reform in 2023 to support market stability and resilience. Many of the reforms are now delayed until 2025/26 however the Fair Cost of Care exercise has been used to inform the provider fee increases for 2023/24. Authorities will be required to publish the results of their Fair Cost of Care exercises, and this is highly likely to illustrate that most councils are not always able to fund to a level acceptable to the care market, thereby impeding market sustainability. We have assumed that the funding provided from government will cover the extra cost pressures associated with increasing the prices paid to our providers associated with the social care reforms.

The council continues to experience challenge in securing care in some parts of the county due to rurality for example, and some types of care i.e. nursing home provision for older people requiring support for their mental health. We are trialling, with the NHS, the use of some of our in-house provider care home beds for this purpose and whilst numbers are still quite modest the outcomes for the individuals are better and cost savings have been identified. This is enabling people to return from high cost out of area placements and long stay institutional settings which is beneficial to the person and reduces cost. Our Director of Health and Care for Lancashire intends to progress this through the Integrated Care Board.

Budget pressures continue to be experienced primarily in the cost of home care for all adults including older people and those with mental health or learning disability. The county council is also being approached to meet the increasing costs from providers arising through increases in fuel and energy costs and are under considerable pressure from the market to provide additional financial support. In some instances, due to staffing problems and cost pressures, homecare providers are declining business resulting in a reliance on non-framework higher cost provision.

Income generation

The overall position for the Directorate includes an over-recovery of income in some areas, particularly performing well in relation to direct payment clawback. Work continues with the NHS to achieve better value for money by working together and, where appropriate, to pool budgets. As part of service delivery, joint funding from the NHS, service user income and direct payment clawback are part of day-to-day operational activity, with levels of income increasing, partially due to additional demand levels and also due to improved business processes and collaborative working. This will continue to be monitored and reported in future reports and forms part of next year's savings proposals as there is more work to do.

The forecast position includes the application of various elements of grant income, some of which was not budgeted for, and therefore provides additional support to the Adult Services budget where eligible expenditure has been incurred.



Public Health & Wellbeing – overspend £0.106m

The total budget for Public Health & Wellbeing Services in 2023/24 is a net income budget of (£3.077m) as it includes the ring-fenced Public Health Grant of £74.572m. The service is reporting a forecast overspend of £0.106m at the end of Quarter 2.

Public Health functions have been re-aligned to service delivery priorities establishing the Health Improvement service allowing the Health, Equity, Welfare and Partnership service to focus on improving health and wellbeing by addressing the wider determinants of health, together with welfare benefits advice and also the county council staff employee support for health and wellbeing. In addition, the Health, Equity, Welfare and Partnership service will retain working to support stronger and safer communities through partnership working, addressing community safety and domestic abuse by working directly with communities and through volunteering, to improve health and wellbeing outcomes.

As the Public Health Grant is ring-fenced any underspend occurring in year is transferred to the Public Health Grant Reserve re-invested into the service. The total contribution into the reserve from underspending budgets is £4.575m offset by contributions from the reserve of £6.091m resulting in a net reduction in the reserve of £1.516m.

Public Health and Wellbeing – Forecast to breakeven

The Public Health and Wellbeing budget is underspent as the Contained Outbreak Management Fund (COMF) monies have been used to meet employee costs as appropriate. This service block shows a breakeven position as all unspent Public Health Grant will be transferred into the reserve (£1.899m).

Health Improvement – Forecast to breakeven

The new Health Improvement service is working to improve health and wellbeing by focusing on healthy lifestyle risk factors: healthy weight, tobacco, physical activity, sexual health and substance use. It also supports people by commissioning a range of support services e.g. complex needs housing support, detox and rehabilitation and public health mental health and wellbeing. The Team also delivers the contract management function on behalf of public health. The service is forecast to breakeven following a net contribution to the public health reserve of £1.816m.

Health Equity, Welfare & Partnership – Forecast to breakeven

Although a breakeven position is reported for the service, it is important to note that this includes a contribution to the Public Health Grant Reserve for service budgets that have underspent. After a contribution from the Contain Outbreak Management Fund of £0.411m for staffing costs and underspending on commissioned services, the year-end net contribution into the reserve is £0.860m.

Health, Safety & Resilience – underspend £0.368m

The net underspend position is as a result of some income targets overachieving, particularly across health safety and quality and the health protection team.



Trading Standards & Scientific Services –overspend £0.473m

Trading Standards & Scientific Services forecast to overspend due to budget pressures on closed landfill sites, environmental testing, one-off and recurring costs of ICT system replacement and upgrade.



2. Education and Children's Services Directorate

Service Area	Net Budget £m	Net Forecast Outturn £m	Net Forecast Variance £m	Net Forecast Variance %	Q1 Forecast Variance £m
Front Door, Assessment & Adolescent Services	11.455	11.532	0.077	0.67%	-0.062
Family Safeguarding	14.073	16.122	2.050	14.56%	2.066
CSC: Looked After Children/Leaving Care	127.050	129.643	2.593	2.04%	1.782
Fostering, Adoption Lancashire Blackpool & Residential	39.079	40.411	1.332	3.41%	1.309
Family Safeguarding Project	0.023	0.021	-0.002	-10.83%	-0.003
Total Children's Social Care	191.680	197.729	6.048	3.16%	5.092
Inclusion	8.411	8.576	0.166	1.97%	0.471
Children and Family Wellbeing Service	20.796	18.599	-2.197	-10.56%	-1.825
Cultural Services	11.869	12.568	0.700	5.90%	0.363
Education Improvement 0-11 to 11+-25 (Combined)	4.793	6.321	1.528	31.89%	1.417
Total Education & Skills	45.868	46.065	0.197	0.43%	0.426
Safeguarding, Inspection & Audit	15.976	15.893	-0.083	-0.52%	-0.061
Education & Children's Services Central Costs	-5.039	-5.042	-0.003	-0.07%	0.000
Total Education and Children's Services	10.937	10.851	-0.086	-0.79%	-0.061
Policy Info & Commission Start Well	2.054	1.701	-0.352	-17.16%	-0.430
Total Policy Commissioning and Children's Health	2.054	1.701	-0.352	-17.16%	-0.430
Total Education and Children's Services	250.539	256.346	5.807	2.32%	5.027

The total net approved budget for Education and Children's Services (ECS) in 2023/24 is £250.539m. As at the end of September 2023, the service is forecast to overspend by £5.807m, an increase in overspend of £780,000 compared to Quarter 1.

Children's Social Care – Forecast overspend £6.048m

The largest areas of spend within the Children's Social Care Service are for residential and fostering placements for children in our care and social work teams, with activity cutting across a number of service areas.

Residential and fostering placements (including in-house residential provision) are forecast to overspend by c£400,000.



Overall, there has been a decrease in the number of children looked after over the last 2 to 3 years and on average the number of children entering care has fallen since September 2020 from 2,133 to 1,792 in September 2023, a reduction of 341 (c16%).

The fall in numbers of children looked after over this period is largely due to the impact of the implementation of Lancashire Family Safeguarding in February 2021, focus on ending Care Orders for children placed with parents and more recently the work being undertaken to improve the county council's response to teenagers at risk of being received into care. Whilst there was some early delivery of Lancashire Family Safeguarding savings in 2021/22 the number of new entrants aged 0-12 was above the level required to deliver budgeted recurring savings during the early part of 2022/23, and although new entrants reduced during the latter half of that year and have been better than target to date in 2023/24, under delivery of savings of c£1.500m is anticipated in 2023/24. This is an improved position compared to Quarter 1.

Whilst the total number of children looked after has fallen the cost of agency residential placements has increased significantly since September 2021. This is in largely due to the extremely complex needs that children being received into care are presenting with, alongside a national care crisis resulting in an increase in the average costs of these placements.

The service is undertaking a range of activity to address placement sufficiency and to ensure more children can be cared for within families wherever possible. Where this is not possible, more children will be placed in local authority owned children's homes. For example, innovative approaches are being explored that would enable the county council to recruit and support more foster carers who could provide homes for children aged 13 and over, who can present some challenges to traditional foster carers. This, along with other mechanisms, could increase in-house fostering sufficiency and reduce dependency on the agency fostering market and residential settings. In house residential services have significantly increased occupancy rates, to 96%, and the programme to increase the number of in-house homes continues, with the first home awaiting inspection by Ofsted and works on the second due for completion in November 2023.

All high cost and same day placements are subject to an approval process that brings Heads of Service together with the Director of Children's Social Care to discuss alternative options for these children. At times this results in children remaining at home or children being matched to in-house foster carers or children's homes who may have otherwise been discounted. Where a high-cost placement is required, supplier costs are scrutinised and challenged using a nationally recognised care costing tool. Alongside this it is anticipated that two of the new council run children's homes will meet some of this demand for children with disabilities. These actions have slowed down growth in agency residential placements during 2023/24.

Forecast overspends on social work and other teams including staff related costs of c£2.100m are in large part due to the use of agency and managed service staff to fill vacant posts. However, all managed teams have now ceased, and the number of agency staff reduced by 26.00 FTE since the end of Quarter 1.

The budget for the Children's Social Care Service also covers other allowances, payments and assistance to families. Payments relating to assistance to families (Section 17), family support and other support for children looked after and children with disabilities, are forecast to overspend by c£4.500m which is an increase of £1.600m compared to 2022/23. This is an area of spend which saw also significant increases during 2022/23 particularly in the latter half of the year. The forecast assumes early delivery of c£250,000 of savings relating to reductions in Section 17 spend proposed to be delivered from 2024/25 to support bringing down the overspend position.

A new Section 17 procedure has been launched which highlights a range of universal services that should be utilised instead of Section 17 funds. A large proportion of the spend relates to providing housing for families where housing have discharged their duties and for independent assessments within proceedings. Task and finish groups have been set up to report on how these costs could be reduced.

Largely offsetting variances from budget for other allowances and payments are detailed below.

- A forecast overspend of c£700,000 on Special Guardianship Orders (SGO's) is largely due to higher uplifts than budgeted for.
- Regular payments are forecast to overspend by c£250,000 although this is a reduction in spend compared to 2022/23.
- Direct Payments for children with disabilities is forecast to overspend by c£200,000 although this is also a reduction in spend compared to 2022/23.
- Overspends of c£150,000 are forecast for Staying Put.
- Child Arrangement Orders (CAO's) are forecast to underspend by c£750,000 which is a reduction in spend compared to 2022/23.
- Leaving Care allowances are forecast to underspend by c£500,000 which is broadly in line with the position in 2022/23.

Education and Skills – Forecast overspend £0.197m

Inclusion - Overspend £0.166m

Forecast overspends are largely relates to the Specialist Teaching Service which is forecast to under recover income by c£450,000 offset by staffing underspends c£150,000. There have been difficulties in recruiting teaching staff to the service in previous years as the posts require specialist qualifications, however some appointments have recently been made, with all specialist teacher roles now filled. The staff are making a difference in the role they play in supporting schools and providing the right interventions and information for children. Staffing levels have a direct impact on income.

The remainder of the service is forecast to underspends by c£300,000 on staffing offset by overspends of c£150,000 on non staff costs.

Children Family and Wellbeing Service (CFW) – Underspend £2.197m

Forecast underspends of c£1.100m relate to staffing due to vacancies across the service, c£0.800m to additional Supporting Families Programme funding and



c£300,000 to operational costs. Underspends on CFW are being used to offset pressures across the Education and Children's Services budget.

Cultural Services – Overspend £0.700m

Forecast overspends of c£270,000 relate to staffing, c£150,000 to non-staff costs and c£280,000 to under recovery of income across the service. Work is ongoing regarding income targets in particular for both Lancashire Outdoor Education and Lancashire Music Service.

Education Improvement - Overspend £1.528m

Forecast overspends of c£2.350m relate to under recovery of income across the service. This is due to some schools opting out of the advisory service offer and ongoing pressures on some income generating services including Governor Services and the Professional Development Service, with pressures on school budgets affecting buy-back of services.

The above overspends are partly offset by forecast underspends on non-staff costs of c£650,000 and c£150,000 on staffing.

The review of the service continues to be undertaken in light of the reduction of the number of schools currently buying into the service and competition from other organisations. The service is looking at what savings can be made through a restructure. This will align the service to the current market and school needs rather than previous needs. The service is also looking at expanding into other markets such as traded Attendance Support and marketing advisor support to schools beyond Lancashire.

Policy Commissioning and Children's Health – Forecast underspend £0.352m

Policy, Information and Commissioning Start Well – Forecast underspend £0.352m

Forecast underspends relate to staffing the delivery of additional savings relating to the use of c£300,000 of resettlement grants within services which align to activity set out within grant funding criteria.



3. Growth, Environment and Transport Directorate

Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance	Q1 Forecast Variance
	£m	£m	£m	%	£m
Waste Management	77.654	76.506	-1.148	-1.48%	-1.148
Highways	17.678	14.906	-2.773	-15.68%	-2.753
Public & Integrated Transport	64.559	71.375	6.816	10.56%	6.254
Customer Access	3.692	3.489	-0.203	-5.50%	-0.079
Total Highways and Transport	163.583	166.275	2.693	1.65%	2.273
Business Growth	0.476	1.171	0.694	145.74%	0.481
Strategic Development	3.391	2.585	-0.806	-23.78%	-0.657
LEP Coordination	0.071	0.213	0.142	200.15%	0.124
Estates	0.664	0.714	0.050	7.53%	-0.007
ED Skills	0.003	0.014	0.011	386.25%	-0.001
Total Growth & Regeneration	4.605	4.696	0.091	1.98%	-0.060
Planning and Environment	3.110	2.983	-0.126	-4.06%	-0.032
Total Environment & Planning	3.110	2.983	-0.126	-4.06%	-0.032
Total Growth Environment Transport	171.297	173.955	2.657	1.55%	2.182

Highways & Transport – Forecast Overspend £2.693m

The total net approved budget for Highways and Transport in 2023/24 is £163.583m and the forecast outturn position is an overspend of £2.693m.

Waste Management – Forecast Underspend £1.148m

Forecast underspends of c£1.600m relate to expected additional income for recycled materials however prices are volatile and driven by market conditions and will be kept under review throughout the year.

Partly offsetting this are forecast overspends of c£700,000 on the cost of waste disposal. As highlighted in the 2022/23 outturn report, processes at Thornton Waste Recovery Park that reduce the amount of waste that needs to be sent for disposal suffered unplanned down time during 2022/23. As a result, more waste needed disposal than had been budgeted for. The issues which caused the unplanned downtime are expected to be resolved in Summer 2023, consequently there has also been more waste requiring disposal than budgeted for in 2023/24.

Highways – Forecast Underspend £2.773m

A detailed review of the large demand led income budgets including parking and bus lane enforcement, developer support and work undertaken by utility companies



shows an overall forecast underspend of c£1.500m. Using a combination of early data for 2023/24 and the outturn from 2022/23, the review shows a large forecast under recovery of income on parking and bus lane enforcement. However, this is more than offset by forecast over recovery of income from both utility companies and housing developers. Options to increase pay and display charging in high volume areas continue to be explored as a previously agreed saving is still to be delivered. An income shortfall on bus lane enforcement is due to less people being fined for using bus lanes illegally. Bus lane restrictions have now been in place for some time and consequently public awareness has increased. As stated above these income streams are demand led and will be kept under review throughout the year.

Further underspends of c£400,000 relate to public realm agreement payments to District and Parish Councils for work they undertake on the county council's behalf. This budget was increased in 2022/23 with some of that increase allocated whilst some remains unallocated.

The remainder of the forecast relates to staffing with underspends within school crossing patrols and the use of transitional reserves to cover additional pay costs resulting from the pay award offer.

Public and Integrated Transport (PIT) – Forecast Overspend £6.816m

The most significant budget pressure within this service, of c£6.400m, relates to the costs of home to school transport, mainly for children with special educational needs. In the 2022/23 academic year an overspend of c£5.000m was reported largely due to significant increases in passenger numbers and journey distances in line with best practice as outlined in statutory guidance in relation to maximum periods that a child should spend being transported (45 minutes for primary and 75 minutes for secondary school children). The timing of these increases means that the impact has not been reflected in the budget for 2023/24. Despite being a significant overspend compared to budget there is still a degree of uncertainty around the forecast depending on the changes in passenger numbers in the 2023/24 academic year from September 2023. Work is being undertaken to identify how cost pressures can be mitigated going forward.

Bus stations are expected to overspend by c£500,000 due to a combination of inflationary cost pressures mainly relating to utility price increases which will be addressed in the 2024/25 medium term financial strategy, increased security costs, particularly at Preston bus station, and an income pressure due to departure charges not increasing in 2023/24 (and in previous years). Focus remains on increasing bus patronage following the pandemic which is supported by additional grant from the Department for Transport, and as such it is not appropriate to increase charges to bus operators at this time. The forecast position includes the transfer of Chorley Bus Station.

Fleet services are forecast to overspend by c£400,000. There are several factors contributing to the overspend including a reduction in the amount of external work being undertaken despite the service attracting some new customers recently, as well as increasing the number of MOT tests undertaken.



Concessionary travel is forecast to underspend by c£500,000. In the past 2 to 3 years the county council has reimbursed operators based on pre-pandemic passenger numbers. Government advice has been subject to change in this area, but the latest guidance suggests either continuing to pay at pre-pandemic levels or tapering down support, but that if support is reduced the resulting saving is used to fund additional bus services. Payments are expected to continue throughout 2023/24 at 90% of pre-pandemic levels (or actuals if they are greater than 90%) and c£1.500m is forecast to be transferred to reserves to fund spend on bus services. Historically, prior to the pandemic, the service underspent by approximately £1.500m and whilst a saving of £1.000m has been taken in 2023/24 an underspend is still expected.

Customer Access – Forecast underspend £0.203m

The forecast reflects that some staff within the service have been working on the implementation of a new system which will provide greater automation and an improved experience for the customer. As this is a new system this time is chargeable to the capital budget and whilst it has been necessary to backfill some posts, not all have been backfilled, resulting in a non-recurrent underspend.

Growth and Regeneration – Forecast overspend of £0.091m

The total net approved budget for Growth and Regeneration in 2023/24 is £4.605m and the forecast outturn position is an underspend of £0.060m.

Business Growth – Forecast overspend £0.694m

The forecast overspend largely relates to non-delivery of savings targeting additional income from the Lancashire County Developments Limited Business Parks and securing increased contributions from unitary and district council partners. Savings of £700,000 are included in the budget for 2023/24 and the position shows that efforts are being made to mitigate the non-delivery of savings, with action taken across Growth and Regeneration to reduce expenditure which is expected the result in no significant overspend from budget.

Strategic Development – Forecast Underspend £0.806m

The forecast underspend mainly relates to a combination of staffing and operational spend on the major project team which will offset the budget pressure forecast for Business Growth and LEP Coordination.

LEP Coordination – Forecast Overspend £0.142m

The forecast overspend is due to an income shortfall and will ultimately be addressed as part of the integration of the LEP into the upper tier authorities.

Environment and Planning – Forecast Underspend £0.126m

The total net approved budget for Environment and Planning in 2023/24 is £3.110m and the forecast outturn position is an underspend of £0.126m.

Planning and Environment – Forecast Underspend £0.126m

Overall, no significant variance from budget is forecast at Quarter 2, however, there are offsetting under and overspends across the service with underspends forecast



on staffing due to several vacant posts offset by reduced capital recharger income as a number of these vacancies would deliver capital projects.

Several vacant posts will be recruited to soon to help with project delivery following the County Council's recent success in securing large capital grants for active travel and public transport schemes.

Other variances to budget include an operational overspend on public rights of way of c£100,000. New ways of managing the operational overspends on countryside and public rights of way are therefore under consideration. The pressures are offset by c£50,000 of additional income.



4. Resources Directorate and Chief Executive Services

Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance	Q1 Forecast Variance
	£m	£m	£m	%	£m
Corporate Budgets (Pensions & Apprenticeship Levy)	6.541	6.541	0.000	0.00%	0.010
Corporate Budgets (Treasury Management)	40.674	40.674	0.000	0.00%	0.000
Resources	3.611	0.661	-2.950	-81.69%	-3.008
Total Resources	50.825	47.876	-2.950	-5.80%	-2.998
Lancashire Pension Fund	-0.002	-0.003	-0.001	-37.01%	-0.001
Exchequer Services	4.872	4.734	-0.138	-2.83%	-0.162
Financial Management (Development and Schools)	0.023	0.171	0.148	644.32%	0.193
Financial Management (Operational)	1.822	1.824	0.002	0.10%	0.120
Corporate Finance	8.519	7.489	-1.030	-12.09%	-1.064
Payroll Services	1.127	1.119	-0.008	-0.70%	-0.023
Procurement	2.779	2.730	-0.048	-1.74%	-0.014
Internal Audit	1.098	1.005	-0.093	-8.43%	-0.066
Total Finance Services	20.237	19.070	-1.167	-5.77%	-1.017
Service Assurance	22.652	23.611	0.959	4.23%	0.702
Digital Business Engagement	2.663	2.359	-0.305	-11.44%	-0.099
Design & Implement	5.477	5.732	0.254	4.64%	0.254
Operate	3.897	4.084	0.187	4.80%	0.322
Architecture	1.104	0.958	-0.146	-13.19%	-0.146
Total Digital Service	35.794	36.744	0.950	2.65%	1.033
Corporate Strategy And Policy	0.220	0.058	-0.162	-73.68%	-0.162
Facilities Management	30.377	30.261	-0.115	-0.38%	1.279
Asset Management	9.016	8.489	-0.527	-5.84%	-0.323
Business Intelligence	1.567	1.603	0.036	2.29%	0.035
Total Strategy and Performance	41.180	40.412	-0.768	-1.87%	0.830
Coroner's Service	2.509	2.923	0.414	16.51%	0.389
Legal and Governance Services	17.000	17.251	0.251	1.48%	0.145
Registration Service	0.013	-0.013	-0.026	-203.53%	-0.061
Total Law & Governance	19.522	20.161	0.639	3.28%	0.473
Programme Office	1.380	1.566	0.186	13.51%	0.003
Organisational Development	0.711	0.646	-0.065	-9.18%	-0.065
Total Organisational Development and Change	2.091	2.212	0.121	5.80%	-0.062
Human Resources	2.760	2.648	-0.112	-4.06%	-0.095
Skills Learning & Development	3.305	3.163	-0.142	-4.31%	-0.079
Total People Services	6.065	5.811	-0.254	-4.19%	-0.174
Communications	1.503	1.399	-0.104	-6.90%	-0.126
Total Communications	1.503	1.399	-0.104	-6.90%	-0.126
Total Resources	177.217	173.685	-3.532	-1.99%	-2.042



Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance	Q1 Forecast Variance
	£m	£m	£m	%	£m
Chief Executive	2.104	1.085	-1.019	-48.44%	-1.003
Corporate Budgets (Funding and Grants)	-8.538	-8.709	-0.171	-2.00%	-0.171
Total Chief Executive Services	-6.434	-7.624	-1.190	-18.50%	-1.174
Total Resources and Chief Executive Services	170.783	166.061	-4.722	-2.76%	-3.216

Resources – Forecast underspend £2.950m

The underspend relates to contingency and other central budgets which are normally utilised in year that have been held back in view of the in-year challenges facing the Council.

Corporate Budgets (Treasury Management) – Forecast to break-even

Whilst a break-even position is forecast, this contains the assumption that if there is under-delivery on the £9m budget saving for treasury management will be offset by reserves as per the agreed budget decision, however it is not known at this stage in the financial year whether this will be required.

Financial Services – Forecast underspend £1.167m

Exchequer Services – Forecast underspend of £0.138m

The forecast underspend predominantly relates to staffing as a result of vacancies that the service is experiencing and an overachievement of income. This is offset in part by overspends on ICT expenditure.

Financial Management (Development and Schools) – Forecast Overspend £0.148m

The forecast overspend relates to staff cost pressures and the under – recovery of income. This pressure is partially offset by underspends across operational budgets.

Corporate Finance – Forecast underspend £1.030m

The underspend largely relates to early delivery of a saving relating to contributions to the insurance provision. This saving was taken following a review of the provision level, meaning it was possible to deliver this saving early to support the overall pressure on the county council revenue budget position forecast for 2023/24.

Digital Services – Forecast overspend £0.950m

The total net approved budget for Digital Services in 2023/24 is £35.794m. As at the end of September 2023, the service is forecast to overspend by £0.950m. The most significant forecast variances are explained below.

- Forecast underspends of c£1.000m relate to staff costs and vacant posts offset by c£800,000 to cover the cost of contractors and commissioning work from external providers/consultants. The service continues to experience difficulties in recruiting staff. Underspends are further offset by forecast under



recovery of income of c£800,000 due to fewer requests for chargeable one-off change projects as opposed to business-as-usual work.

- Forecast overspends of c£100,000 relate to renewals (payments to third party suppliers for maintenance, support and licences). Of this overspends of £1.300m for Oracle licences are partly offset by non-recurring underspends on managed security operations of c£550,000 and underspends of c£650,000 across various other renewals. Additional funding of £756,000 was included in the budget from 2023/24 for managed security operations, however, the contract is expected to commence later in the year.
- Education Services is forecast to overspend by c£200,000 following a fall in the number of schools buying back services, in particular broadband, and the cessation of provision of some other products/services in 2022/23.
- Forecast overspends of c£100,000 relate to various other expenditure and income across Digital Services.

Strategy and Performance – Forecast underspend £0.768m

The total net approved budget for Strategy and Performance in 2023/24 is £41.180m. As at the end of September 2023, the service is forecast to underspend by £0.768m.

Corporate Strategy & Policy – Forecast underspend £0.162m

The forecast is non-recurring and relates to staff vacancies, with the vacant posts expected to be filled towards the end of the financial year.

Facilities Management – Forecast underspend £0.115m

Forecast overspends predominantly relate to school catering (c£1.3m), as highlighted in the 2022/23 outturn report the service has faced unprecedented inflationary increases in their two main cost areas namely salary and food costs. To try to mitigate the financial position the service has taken a number of actions including increasing the selling price of meals in conjunction with school meal funding since April as part of their annual price review and are continuing to look at menu options and product changes to make cost savings without affecting the quality of the meals provided and will continue to do so throughout the year. Despite this the size of the inflationary increases means there is still a significant budget pressure remaining in-year, but it is anticipated that the actions being identified will significantly reduce the scale of the financial challenge from 2024/25.

Offsetting this are lower than budgeted costs across the centralised property portfolio. Whilst we have seen a significant increase in property running costs particularly around gas and electricity, provision was made in the budget for these and other costs have not risen as much as was assumed, and so the overall forecast is likely to underspend. As we are only halfway through the year this position is still subject to change and will be monitored closely through the rest of the year, in particular spend on repairs and maintenance which can be particularly volatile.



Asset Management – Forecast Underspend £0.527m

Underspends relate to staffing as there are still many vacant posts across the service. Work is ongoing to recruit to these posts and the variance will depend on how quickly they are filled.

Further underspends relate to street lighting energy. We have seen large increases as expected across energy budgets; however, they have not been as high as originally forecast. There has also been some reduction in consumption as some lights have been replaced with more energy efficient alternatives.

Partly offsetting these is an overspend on the property design and construction service. This team are income generating, predominantly delivering capital projects and work for schools and their income is generated based on fees earned from the projects delivered each year and as such can vary significantly. There is still some uncertainty as to exactly what projects will be delivered in the second half of 2023/24 and this will be kept under review throughout the year.

Law and Governance – Forecast overspend £0.639m

The total net approved budget for Law and Governance is £19.522m. As at the end of September 2023, the service is forecast to overspend by £0.639m.

The figures presented in the table above present the net budget position, however for the Registrars Service this does not fully represent the size of the budget, as the service contain a large expenditure budget and also has significant income levels which result in the very high percentage variance, however the variance is much smaller when you look at the gross spend of the service.

Coroners – Forecast overspend £0.414m

The rise in number of referrals continues and is compounded by the rise in costs in toxicology, funeral directors, and charges from the trust for storage. In addition, to these rises the service has had to enter into a new contract agreement to deliver CT scanning post-mortems which has increased the pressure on the budget.

The forecast overspend includes the anticipated pay award for National Joint Council (NJC) staff and the Joint Negotiating Committee for Coroners, of 3.5%.

Legal and Governance Services – Forecast overspend £0.251m

The forecast overspend at Quarter 2 is mainly due to income pressures across various areas within the service, slightly offset by some staffing underspends.

Organisational Development and Change – Forecast overspend £0.121m

The total net approved budget for Organisational Development and Change in 2023/24 is £2.091m. As at the end of September 2023, the service is forecast to overspend by £121,000 due to staffing budget pressures in the Programme Office.



People Services – Forecast underspend £0.254m

The total approved net budget for People Services in 2023/24 is £6.065m. As at the end of September 2023, the service is forecast to underspend by £254,000 largely due to overachievement of income and small staffing underspends.

Communications Service – Forecast underspend £0.104m

The forecast underspend for the Communications Service relates to staffing costs, partially offset by overspends on ICT related costs.

Chief Executive Services – Forecast underspend £1.190m

The total net approved budget for Chief Executive Services in 2023/24 is -£6.434m and the forecast outturn position is an underspend of £1.190m. The reason this service has a negative budget is due to a budgeted contribution from the Transitional Reserve relating to the overall financial gap for the county council revenue budget.

The underspend relates to contingency and other central budgets normally utilised in year which have been held back in view of the in-year challenges facing the Council.

