



# Appendix A

## 2023/24 Quarter 3 Revenue Monitoring



## 1. Executive Summary

Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance	Q2 Forecast Variance	Movement from Q2
	£m	£m	£m	%	£m	£m
Adult Services	449.477	450.223	0.746	0.17%	2.055	-1.310
Education & Children's Services	250.414	255.348	4.934	1.97%	5.807	-0.873
Growth, Environment, Transport & Health	167.947	174.068	6.121	3.64%	2.763	3.358
Resources & Chief Executive Services	171.208	165.236	-5.972	-3.49%	-4.722	-1.250
<b>Grand Total</b>	<b>1,039.046</b>	<b>1,044.874</b>	<b>5.828</b>	<b>0.56%</b>	<b>5.903</b>	<b>-0.075</b>

- 1.01 The forecast revenue overspend of £5.828m represents a variance of 0.56% against the overall revenue budget of £1,039.046m. The forecast outturn position is based on activity and expenditure and income levels up to the end of November 2023, with assumptions made as to the levels expected in the final quarter of the financial year. This is particularly difficult across adult social care as demand can fluctuate significantly over the winter period.
- 1.02 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.
- 1.03 The 2023/24 budget contains c£80m of savings, with most on track to be delivered. In those areas where there are delays in delivering savings or they will not be able to be delivered as originally planned, mitigations have been found by services to ensure there is no impact on the budget position.
- 1.04 The pay award for staff on the National Joint Council scale points was agreed in November 2023. As agreed at Quarter 1 the impact of the higher than budgeted pay award has been offset from a contribution from the Transitional Reserve.
- 1.05 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 partially offset non-recurrently by additional income from both grants and other income streams. These forecast overspends are a continuation of spending pressures evident as part of the 2022/23 outturn position and, following review, adjustments made in the medium-term financial strategy for future years.
- 1.06 The Quarter 3 position overall has not changed greatly when compared to Quarter 2, however there have been some significant movements within services which are summarised below:



- Waste Management – The position has worsened by c£2m due to a reduction in forecast income from recycled materials and additional security costs at household waste recycling centres.
- Home to School Transport – This position has worsened by c£2m. This is due to additional forecast costs on school transport as a result of further passenger and cost increases in the new academic year (as more data is available compared to the Quarter 2 forecast position).
- Adult Services – The forecast has improved by £1.3m when compared to Quarter 2. Whilst pressures continue in relation to commissioned services, particularly domiciliary care, levels of income and grants have increased and have resulted in an improved position.
- Children's Social Care – Improvement of c£0.9m due to reduced placement costs, supported by additional income for joint funded arrangements.
- Environment and Planning – Improvement of £1.1m on the public rights of way services reflecting the earlier delivery of a planned change in the funding of this service via the Public Health Grant for eligible services, resulting in a non-recurrent underspend.
- A number of smaller improvements across a variety of services mainly related to staff vacancies and challenges with recruitment in some areas have resulted in lower costs being forecast across a number of services.



## 2. Adult Services and Health and Wellbeing Directorate

Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance	Q2 Forecast Variance	Movement from Q2
	£m	£m	£m	%	£m	£m
Urgent Care, Acute and Prisons (Countywide)	9.285	7.828	-1.457	-15.70%	-1.491	0.034
Residential & Day Care Services for Older People	-1.333	1.407	2.741	205.56%	2.786	-0.045
<b>Total Adult Care and Provider Services</b>	<b>13.390</b>	<b>14.706</b>	<b>1.316</b>	<b>9.82%</b>	<b>1.362</b>	<b>-0.046</b>
Mental Health	34.996	35.559	0.562	1.61%	0.632	-0.069
Learning Disabilities, Autism	171.324	170.682	-0.642	-0.37%	0.320	-0.962
Social Care Services (Adults)	215.734	215.146	-0.588	-0.27%	-0.543	-0.046
<b>Total Adult Community Social Care</b>	<b>422.055</b>	<b>421.387</b>	<b>-0.668</b>	<b>-0.16%</b>	<b>0.409</b>	<b>-1.077</b>
Strategic and Integrated Commissioning & Contracts	4.907	4.646	-0.261	-5.33%	-0.103	-0.159
<b>Total Strategic and Integrated Commissioning</b>	<b>4.907</b>	<b>4.646</b>	<b>-0.261</b>	<b>-5.33%</b>	<b>-0.103</b>	<b>-0.159</b>
Quality, Contracts and Safeguarding Adults	7.129	7.504	0.375	5.26%	0.395	-0.020
<b>Total Quality, Contracts and Safeguarding Adults</b>	<b>7.129</b>	<b>7.504</b>	<b>0.375</b>	<b>5.26%</b>	<b>0.395</b>	<b>-0.020</b>
Quality and Improvement	1.497	1.516	0.019	1.26%	-0.007	0.026
Business Development	0.499	0.465	-0.034	-6.87%	0.000	-0.034
<b>Total Quality Improvement and Principal Social Worker</b>	<b>1.996</b>	<b>1.980</b>	<b>-0.015</b>	<b>-0.77%</b>	<b>-0.007</b>	<b>-0.008</b>
<b>Total Adult Services</b>	<b>449.477</b>	<b>450.223</b>	<b>0.746</b>	<b>0.17%</b>	<b>2.055</b>	<b>-1.310</b>

2.01 The total net approved budget for Adult Services 2023/24 is £449.477m. The forecast outturn position at Quarter 3 is a net cost of £450.223m, resulting in an overspend of £0.746m, which is equivalent to 0.17% of the budget. At Quarter 3 the budget for Public Health has been transferred to the Growth, Environment, Transport and Health Directorate following changes to reporting lines.

2.02 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.

- 2.03 The service continues to experience recruitment and retention difficulties and sickness absences across services increasing 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.
- 2.04 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 homecare, 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**

- 2.05 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.
- 2.06 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.
- 2.07 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 in working with the NHS make greater use of community provision funded within the voluntary community and faith sector as an alternative to formal packages of care.
- 2.08 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**

- 2.09 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.
- 2.10 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.
- 2.11 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**

- 2.12 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, 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. Negotiation is ongoing with the NHS about resolving a more proportionate and shared approach to funding. 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.



2.13 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.



### 3. Education and Children's Services Directorate

Service Area	Net Budget £m	Net Forecast Outturn £m	Net Forecast Variance £m	Net Forecast Variance %	Q2 Forecast Variance £m	Movement from Q2 £m
Front Door, Assessment & Adolescent Services	11.441	11.826	0.386	3.37%	0.077	0.309
Family Safeguarding	14.062	15.286	1.224	8.70%	2.050	-0.826
CSC: Looked After Children/Leaving Care	127.048	130.757	3.709	2.92%	2.593	1.116
Fostering, Adoption Lancashire Blackpool & Residential	39.067	40.100	1.033	2.64%	1.332	-0.299
Family Safeguarding Project	0.021	0.011	-0.010	-47.54%	-0.002	-0.007
<b>Total Children's Social Care</b>	<b>191.638</b>	<b>197.980</b>	<b>6.341</b>	<b>3.31%</b>	<b>6.048</b>	<b>0.293</b>
Inclusion	8.398	8.515	0.117	1.39%	0.166	-0.049
Children and Family Wellbeing Service	20.769	18.148	-2.621	-12.62%	-2.197	-0.424
Cultural Services	11.850	12.685	0.835	7.05%	0.700	0.136
Education Improvement 0-11 to 11+-25 (Combined)	4.779	5.584	0.804	16.83%	1.528	-0.724
<b>Total Education &amp; Skills</b>	<b>45.796</b>	<b>44.932</b>	<b>-0.864</b>	<b>-1.89%</b>	<b>0.197</b>	<b>-1.061</b>
Safeguarding, Inspection & Audit	15.968	15.816	-0.152	-0.95%	-0.083	-0.070
Education & Children's Services Central Costs	-5.039	-5.042	-0.003	-0.07%	-0.003	0.000
<b>Total Education and Children's Services</b>	<b>10.930</b>	<b>10.774</b>	<b>-0.156</b>	<b>-1.42%</b>	<b>-0.086</b>	<b>-0.070</b>
Policy Info & Commission Start Well	2.050	1.662	-0.388	-18.92%	-0.352	-0.035
<b>Total Policy Commissioning and Children's Health</b>	<b>2.050</b>	<b>1.662</b>	<b>-0.388</b>	<b>-18.92%</b>	<b>-0.352</b>	<b>-0.035</b>
<b>Total Education and Children's Services</b>	<b>250.414</b>	<b>255.348</b>	<b>4.934</b>	<b>1.97%</b>	<b>5.807</b>	<b>-0.873</b>

3.01 The total net approved budget for Education and Children's Services (ECS) in 2023/24 is £250.414m. As at the end of November 2023, the service is forecast to overspend by £4.934m, an decrease in overspend of £0.873m compared to Quarter 2.

#### **Children's Social Care – Forecast overspend £6.341m**

3.02 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.





- 3.03 Residential and fostering placements (including in-house residential provision) is forecast to underspend by c£1.200m.
- 3.04 Overall, there has been a decrease in the number of children looked after over the last 3 years and on average the number of children entering care has fallen since September 2020 from 2,133 to 1,777 in November 2023, a reduction of 356 (c17%).
- 3.05 The fall in numbers of children looked after over this period is largely due to the impact of the implementation of Lancashire Family Safeguarding (LFS) 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 LFS 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£1.400m is anticipated in 2023/24. This is an improved position compared to Quarter 2 and is mitigated in the overall position for placements outlined above.
- 3.06 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.
- 3.07 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 100%, and the programme to increase the number of in-house homes continues, with the first home staffed and awaiting final inspection by Ofsted, and works now completed and an application for registration with Ofsted underway on the second.
- 3.08 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.

- 3.09 Forecast overspends on social work and other teams including staff related costs of c£2.900m 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.
- 3.10 The budget for the Children's Social Care Service also covers other allowances, payments and assistance to families.
- 3.11 Payments relating to assistance to families (Section 17) and other support for children looked after, are forecast to overspend by c£4.300m, with spend increasing by c£2.600m (67%) compared to 2022/23. This is an area of spend which also saw significant increases during 2022/23, particularly in the latter half of the year. 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.
- 3.12 Family support (home care) for children with disabilities (CwD) is forecast to overspend by c£1.500m which includes c£0.800m of under delivery of joint health funding savings. This is an area of spend that saw significant increases during 2022/23, particularly in the latter half of the year, continuing into 2023/24. However, under delivery of joint health funding savings is mitigated in year by backdated (non-recurring) health contributions of £1.600m recovered in 2023/24 which relate to previous financial years, nearly all of which are for placements, and which is reflected in the forecast for placements.
- 3.13 Care packages within the home will now be subject to the same scrutiny as high cost placements.
- 3.14 Variances from budget for other allowances and payments are detailed below and represent a combined underspend of c£0.100m.
- A forecast overspend of c£0.800m on Special Guardianship Orders (SGO's) is largely due to higher uplifts than budgeted for.
  - Direct Payments for children with disabilities is forecast to overspend by c£0.400m although this is also a reduction in spend compared to 2022/23.
  - Overspends of c£0.300m are forecast for Staying Put, with net expenditure increasing by c£0.350m (86%) compared to 2022/23.
  - Regular payments are forecast to overspend by c£0.100m although this is a reduction in spend compared to 2022/23.
  - Child Arrangement Orders (CAO's) are forecast to underspend by c£0.900m is a reduction in spend compared to 2022/23.



- Leaving Care allowances are forecast to underspend by c£0.600m which is a reduction in spend compared to 2022/23.
- Adoption Allowances are forecast to underspend by c£0.200m which is a reduction in spend compared to 2022/23.

## **Education and Skills – Forecast underspend £0.864m**

### **Inclusion – Forecast overspend £0.117m**

- 3.15 Forecast overspends mainly relate to the Specialist Teaching Service which is forecast to under recover income by c£0.195m offset by staffing underspends of c£0.145m. There have been some difficulties in recruiting teaching staff to the service in previous years as the posts require specialist qualifications, however some appointments have been made this year, 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.

### **Children Family and Wellbeing Service (CFW) – Forecast underspend £2.621m**

- 3.16 Forecast underspends of c£0.970m relate to staffing due to vacancies across the service, c£0.800m to additional Supporting Families Programme funding and c£0.300m to operational costs.
- 3.17 Lancashire Break Time is forecast to underspend by c£0.570m with spend broadly in line with 2022/23. Whilst registrations for Break Time are high, take-up has been lower than expected, with work ongoing to understand barriers to access.

### **Cultural Services – Forecast overspend £0.835m**

- 3.18 Forecast overspends of c£0.285m relate to staffing, c£0.160m to non-staff costs and c£390,000 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 – Forecast overspend £0.804m**

- 3.19 Forecast overspends of c£2.300m 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.
- 3.20 The above overspends are partly offset by forecast underspends on non-staff costs of c£0.625m and c£0.875m on staffing, which are linked to the under delivery of income reported above.
- 3.21 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.

**Education and Children's Services – Forecast underspend £0.156m**

**Safeguarding, Inspection & Audit – Forecast underspend £0.152m**

3.22 Forecast overspends on staffing are offset by underspends on non-staff costs and over recovery of income are across the service.

**Policy Commissioning and Children's Health – Forecast Underspend £0.388m**

3.23 Forecast underspends relate to staffing and a decision by EMT to bring forward delivery of savings relating to the use of c£300,000 of resettlement grants to support existing structures within services which align to activity set out within grant funding criteria.



#### 4. Growth, Environment, Transport and Health

Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance	Q2 Forecast Variance	Movement from Q2
	£m	£m	£m	%	£m	£m
Waste Management	77.652	78.681	1.029	1.33%	-1.148	2.177
Highways	17.326	14.942	-2.384	-13.76%	-2.773	0.389
Public & Integrated Transport	64.555	73.554	8.999	13.94%	6.816	2.183
Customer Access	3.692	3.247	-0.445	-12.05%	-0.203	-0.242
<b>Total Highways and Transport</b>	<b>163.224</b>	<b>170.424</b>	<b>7.200</b>	<b>4.41%</b>	<b>2.692</b>	<b>4.507</b>
Business Growth	0.473	1.047	0.574	121.50%	0.694	-0.120
Strategic Development	3.390	2.561	-0.829	-24.45%	-0.806	-0.023
LEP Coordination	0.070	0.213	0.143	204.04%	0.142	0.001
Estates	0.663	0.707	0.044	6.60%	0.050	-0.006
ED Skills	0.002	0.015	0.013	522.22%	0.011	0.002
<b>Total Growth and Regeneration</b>	<b>4.598</b>	<b>4.543</b>	<b>-0.055</b>	<b>-1.20%</b>	<b>0.091</b>	<b>-0.146</b>
Environment & Climate	2.208	1.468	-0.740	-33.50%	0.186	-0.926
Planning & Transport	1.003	0.727	-0.277	-27.57%	-0.312	0.036
<b>Total Environment and Planning</b>	<b>3.211</b>	<b>2.195</b>	<b>-1.016</b>	<b>-31.65%</b>	<b>-0.126</b>	<b>-0.890</b>
Public Health & Wellbeing	-72.109	-72.109	0.000	0.00%	0.000	0.000
Health Improvement	57.909	57.909	0.000	0.00%	-0.003	0.003
Health Equity Welfare & Partnerships	5.063	5.063	0.000	0.00%	0.003	-0.003
Health, Safety & Resilience	2.072	1.704	-0.368	-17.75%	-0.368	0.000
Trading Standards & Scientific Services	3.977	4.338	0.361	9.07%	0.473	-0.113
<b>Total Public Health</b>	<b>-3.087</b>	<b>-3.094</b>	<b>-0.007</b>	<b>-0.23%</b>	<b>0.106</b>	<b>-0.113</b>
<b>Total Growth, Environment, Transport &amp; Health</b>	<b>167.947</b>	<b>174.068</b>	<b>6.121</b>	<b>3.64%</b>	<b>2.763</b>	<b>3.358</b>

4.01 The position for the Directorate at Quarter 3 includes the Public Health Service following it's transfer from the Adult Services Directorate.



## **Highways & Transport – Forecast Overspend £7.200m**

### **Waste Management – Forecast overspend £1.029m**

- 4.02 Waste disposal costs are forecast to overspend by c£0.500m. 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.
- 4.03 Operational costs at household waste recycling centres are forecast to overspend by c£500,000 and predominantly relate to additional security costs. Different options to achieve the right balance between sites being secure and cost are currently being explored to prevent the overspend continuing in 2024/25.
- 4.04 Earlier in the year a significant underspend of c£1.600m was reported relating to additional income for recycled materials. However, these prices are volatile and driven by market conditions which have seen a downturn. At this stage in the financial year this budget is facing challenges to achieve its income target and we are not receiving indications that the position will improve in the final quarter of the year.
- 4.05 The forecast position has worsened by £2.177m compared to Quarter 2 due to the reduction in income from recycled materials and additional security costs at household waste recycling centres.

### **Highways – Forecast Underspend £2.384m**

- 4.06 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£1.300m. 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.
- 4.07 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.



## **Public and Integrated Transport (PIT) – Forecast Overspend £8.999m**

- 4.08 The most significant budget pressure within this service, of c£8.400m, relates to the costs of home to school transport, mainly for children with special educational needs. In the 2022/23 financial 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 be transported (45 minutes for primary and 75 minutes for secondary school children. The timing of these increases means that the impact was not fully reflected in the budget for 2023/24. Since the new academic year passenger numbers have continued to increase at a higher rate than budgeted and as a result the forecast overspend has increased by a further c£2.000m. Work is being undertaken to identify how cost pressures can be mitigated going forward.
- 4.09 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 budget, 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.
- 4.10 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.
- 4.11 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 £0.445m**

- 4.12 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 customer experience. 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 posts have been backfilled, resulting in a non-recurrent underspend.

### **Growth and Regeneration – Forecast Underspend £0.055m**

#### **Business Growth – Forecast Overspend £0.574m**

4.13 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 £0.829m**

4.14 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 £0.143m**

4.15 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 £1.016m**

#### **Environment and Climate – Forecast Underspend £0.740m**

4.16 There are operational overspends compared to budget on public rights of way of £0.262m however, a planned change to the funding of this service via the Public Health Grant from 2024/25 for eligible services has been brought forward to this year leading to a non-recurrent underspend of c£0.850m now being forecast overall. The remainder of the forecast relates to income pressure for capital works.

#### **Planning and Transport – Forecast Underspend £0.277m**

4.17 Vacant posts have resulted in forecast staffing underspends of c£0.600m, however, some of these vacancies are on areas that deliver capital projects and as such capital income is lower than budget by c£0.400m. Several vacant posts will be recruited to in the near future to help with project delivery following the County Council's recent success in securing large capital grants for active travel and public transport schemes. As such this underspend is not expected to reoccur in 2024/25.





### **Public Health – Forecast Underspend £0.007m**

4.18 The total Public Health Grant received in 2023/24 is £74.839m and funds services within the Public Health Services and other areas across the county council where there is eligible expenditure. The forecast underspend of £4.1m across all Public Health Grant funded service areas and will be transferred to reserves for future investment in Public Health.

### **Public Health and Wellbeing – Forecast to break-even**

4.19 The service has a net income budget of £72.109m as it receives the ring-fenced Public Health Grant (PHG). This service area is forecast to underspend by £0.606m which will be transferred into the Public Health Grant Reserve resulting in no budget variation at year end. The underspend (transfer to reserves) is mainly due to staff vacancies and the use of the Contain Outbreak Management Fund (COMF) grant.

### **Health Improvement – Forecast to break-even**

4.20 The service is forecast to underspend by £2.536m which will be transferred into the Public Health Grant Reserve resulting in no budget variation at year end. The underspend is mainly due to the following:

- Commissioned Services - inflationary increases have been less than budgeted for. The service is currently re-tendering high value contracts and therefore it is expected that contract prices will increase across the board as NHS pay awards have exceeded the increase in PHG – (£1.055m).
- Commissioned Services – reduced demand within the Sexual Health service area post pandemic – (£0.822m).
- Staffing costs - savings brought about by vacant posts prior to recruitment – (£0.273m) and the use of Contain Outbreak Management Fund (COMF) grant – (£0.365m).

### **Health Equity Welfare and Partnerships – Forecast to break-even**

4.21 The service is forecast to underspend by £0.969m which will be transferred into the Public Health Grant Reserve resulting in no budget variation at year end. The underspend is mainly due to underspends on commissioned services, most notably the crime and disorder budget (£0.220m) and staffing underspends due to vacancies and the use of the Contain Outbreak Management Fund (£0.411m).

### **Health, Safety and Resilience – Forecast Underspend £0.368m**

4.22 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 and Scientific Services – Forecast overspend £0.361m**

- 4.23 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.



## 5. Resources Directorate and Chief Executive Services

Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance	Q2 Forecast Variance	Movement from Q2
	£m	£m	£m	%	£m	£m
Corporate Budgets (Pensions & Apprenticeship Levy)	6.541	6.541	0.000	0.00%	0.000	0.000
Corporate Budgets (Treasury Management)	40.674	40.674	0.000	0.00%	0.000	0.000
Resources	3.611	0.661	-2.950	-81.69%	-2.950	0.000
<b>Total Resources</b>	<b>50.825</b>	<b>47.876</b>	<b>-2.950</b>	<b>-5.80%</b>	<b>-2.950</b>	<b>0.000</b>
Lancashire Pension Fund	-0.003	-0.003	0.000	0.51%	-0.001	0.001
Exchequer Services	5.052	4.734	-0.317	-6.28%	-0.138	-0.180
Financial Management (Dev and Schools)	0.023	0.171	0.149	656.28%	0.148	0.000
Financial Management (Operational)	1.821	1.712	-0.109	-5.98%	0.002	-0.111
Corporate Finance	8.510	7.489	-1.021	-12.00%	-1.030	0.008
Payroll Services	1.127	1.119	-0.008	-0.70%	-0.008	0.000
Procurement	2.773	2.730	-0.043	-1.53%	-0.048	0.006
Internal Audit	1.094	1.005	-0.089	-8.10%	-0.093	0.004
<b>Total Finance Services</b>	<b>20.396</b>	<b>18.959</b>	<b>-1.438</b>	<b>-7.05%</b>	<b>-1.167</b>	<b>-0.271</b>
Service Assurance	22.944	23.282	0.338	1.47%	0.959	-0.621
Digital Business Engagement	2.661	2.595	-0.067	-2.51%	-0.305	0.238
Design & Implement	5.104	5.156	0.052	1.03%	0.254	-0.202
Operate	3.836	4.122	0.286	7.46%	0.187	0.099
Architecture	1.533	1.484	-0.048	-3.14%	-0.146	0.097
<b>Total Digital Service</b>	<b>36.077</b>	<b>36.639</b>	<b>0.562</b>	<b>1.56%</b>	<b>0.950</b>	<b>-0.388</b>
Corporate Strategy and Policy	0.220	0.058	-0.162	-73.68%	-0.162	0.000
Facilities Management	30.369	30.234	-0.135	-0.45%	-0.115	-0.020
Asset Management	9.013	8.364	-0.649	-7.20%	-0.527	-0.122
Business Intelligence	1.566	1.603	0.037	2.39%	0.036	0.001
<b>Total Strategy and Performance</b>	<b>41.168</b>	<b>40.259</b>	<b>-0.908</b>	<b>-2.21%</b>	<b>-0.768</b>	<b>-0.141</b>
Coroner's Service	2.508	2.977	0.469	18.68%	0.414	0.054
Legal and Governance Services	16.983	17.224	0.240	1.42%	0.251	-0.011
Registration Service	0.008	-0.206	-0.214	2730.94%	-0.026	-0.188
<b>Total Law &amp; Governance</b>	<b>19.500</b>	<b>19.995</b>	<b>0.495</b>	<b>2.54%</b>	<b>0.639</b>	<b>-0.144</b>
Programme Office	1.378	1.597	0.219	15.90%	0.186	0.033
Organisational Development	0.710	0.605	-0.105	-14.81%	-0.065	-0.040
<b>Total Organisational Development &amp; Change</b>	<b>2.088</b>	<b>2.202</b>	<b>0.114</b>	<b>5.46%</b>	<b>0.121</b>	<b>-0.007</b>
Human Resources	2.788	2.538	-0.250	-8.96%	-0.112	-0.138
Skills Learning & Development	3.304	3.079	-0.225	-6.82%	-0.142	-0.083
<b>Total People Services</b>	<b>6.092</b>	<b>5.617</b>	<b>-0.475</b>	<b>-7.80%</b>	<b>-0.254</b>	<b>-0.221</b>
Communications	1.495	1.399	-0.096	-6.41%	-0.104	0.008
<b>Total Communications</b>	<b>1.495</b>	<b>1.399</b>	<b>-0.096</b>	<b>-6.41%</b>	<b>-0.104</b>	<b>0.008</b>
<b>Total Resources</b>	<b>177.643</b>	<b>172.947</b>	<b>-4.695</b>	<b>-2.64%</b>	<b>-3.532</b>	<b>-1.164</b>



Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance	Q2 Forecast Variance	Movement from Q2
	£m	£m	£m	%	£m	£m
Chief Executive	2.103	0.998	-1.106	-52.58%	-1.019	-0.087
Corporate Budgets (Funding and Grants)	-8.538	-8.709	-0.171	-2.00%	-0.171	0.000
<b>Total Chief Executive Services</b>	<b>-6.435</b>	<b>-7.711</b>	<b>-1.277</b>	<b>-19.84%</b>	<b>-1.190</b>	<b>-0.087</b>
<b>Total Resources and Chief Executive Services</b>	<b>171.208</b>	<b>165.236</b>	<b>-5.972</b>	<b>-3.49%</b>	<b>-4.722</b>	<b>-1.250</b>

### **Resources – Forecast underspend £2.950m**

5.01 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**

5.02 Whilst a break-even position is forecast, this contains the assumption that any under-delivery on the agreed £9m budget saving for treasury management will be offset by reserves as per the agreed budget decision.

### **Financial Services – Forecast underspend £1.438m**

#### **Exchequer Services – Forecast underspend of £0.317m**

5.03 The forecast underspend predominantly relates to staffing as a result of vacancies that the service is experiencing and an overachievement of income.

### **Financial Management (Development and Schools) – Forecast Overspend £0.149m**

5.04 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 £1.021m**

5.05 The underspend largely relates to early delivery of a saving relating to reducing 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 £0.562m**

5.06 The total net approved budget for Digital Services in 2023/24 is £36.077m. As at the end of November 2023, the service is forecast to overspend by £0.562m.

5.07 The most significant forecast variances are explained below.

- Forecast underspends of c£0.800m relate to staff costs and vacant posts offset by c£0.800m 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£0.700m due to fewer requests for chargeable one-off change projects as opposed to business-as-usual work.
- Forecast overspends of c£0.200m 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£0.500m and underspends of c£0.580m across various other renewals. Additional funding of £0.756m was included in the budget from 2023/24 for managed security operations, however, the contract is expected to commence later in the year. An adjustment has been made in the medium-term financial strategy from 2024/25 for the increased cost of Oracle licencing.
- Forecast underspends of c£0.600m relate to infrastructure and desktop refresh.
- Education Services is forecast to overspend by c£0.200m 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£200,000 relate to various other expenditure and income across Digital Services.

## **Strategy and Performance – Forecast underspend £0.908m**

### **Corporate Strategy & Policy – Forecast underspend £0.162m**

5.08 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 £0.135m**

5.09 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.

- 5.10 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 £0.649m**

- 5.11 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.
- 5.12 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 final quarter of 2023/24 and this will be kept under review.

### **Law and Governance – Forecast overspend £0.495m**

- 5.13 The total net approved budget for Law and Governance is £19.500m. As at the end of November 2023, the service is forecast to overspend by £0.495m.
- 5.14 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 £0.469m**

- 5.15 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.



- 5.16 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 £0.240m**

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

### **Registrars – Forecast underspend £0.214m**

- 5.18 The forecast underspend is due to an improved position on income and underspend forecast on supplies and services, offset by an overspend on staffing budgets.

### **Organisational Development and Change – Forecast overspend £0.114m**

- 5.19 As at the end of November 2023, the service is forecast to overspend by £0.114m due to staffing budget pressures in the Programme Office.

### **People Services – Forecast underspend £0.475m**

- 5.20 The service is forecast to underspend by £0.475m largely due to overachievement of income and staffing underspends.

### **Communications Service – Forecast underspend £0.096m**

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

### **Chief Executive Services – Forecast underspend £1.277m**

- 5.22 The total net approved budget for Chief Executive Services in 2023/24 is - £6.435m and the forecast outturn position is an underspend of £1.277m. 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.

- 5.23 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.

