



Money Matters
The County Council's Financial Position
As at 30th June 2017

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Money Matters – Update on the County Council's Financial Position for 2017/18

1. Introduction

This report provides an update for Cabinet on the County Council's 2017/18 revenue financial position.

2. Summary of the Financial Position

In February 2017 the County Council approved a revenue budget of £724.822m which includes a contribution from reserves of £57.106m to fund the shortfall between estimated expenditure levels and available funding.

The forecast final position for the end of the year is net expenditure of £719.800m, reflecting a predicted in year underspend of £5.022m which represents 0.69% of the budget.

Detailed budget monitoring has been undertaken at Head of Service level, but for reporting purposes each Head of Service's financial performance is presented as part of their Director (line manager's) area of responsibility.

The report reflects the organisational structure with detailed budget monitoring undertaken at Head of Service Level and is summarised in the report up to their appropriate management line, e.g. the Director for Development and Corporate Services. All forecast variances +/- £0.1m are explained within the report along with any mitigating actions being put in place.

The 2017/18 budget of £724.822m includes a significant savings requirement of c£54m. However, a significant proportion of savings will not be fully implemented until 2018/19 and as it was agreed that these would be covered by the use of reserves to facilitate the transformation of services.

The narrative provides details as to progress on the achievement and delivery of the savings relating to each Head of Service. The level of reserves that were approved to be applied from the Transitional Reserve 2017/18 in support of the delivery of savings was £24.2m and the amount that is now forecast to be required is £17.2m. This is due to early delivery of some savings, particularly through staff vacancies and turnover, although this is partially offset by some budget savings that are delayed and will require reserve funding to cover the delay in implementation.

The forecast position includes £95.737m from reserves which includes the strategic investment reserve, downsizing reserve, risk management reserve, transitional reserve and specific service reserves. (Details can be found in Appendix C).

Delivery of the significant savings programme is a key risk area and the savings plans will continue to be subject to detailed regular scrutiny throughout 2017/18.

3. Section A

Key Issues emerging are as follows:

Ref	Service Area	Approved Budget	Current Period Forecast Outturn	Current Period Forecast Variance	Current Period Forecast Variance
		£m	£m	£m	%
3.1	ADULT SERVICES	341.066	340.925	-0.141	-0.04%
3.2	CHILDREN'S SERVICES	145.624	143.738	-1.886	-1.30%
3.3	COMMUNITY SERVICES	133.279	135.315	2.036	1.53%
3.4	PUBLIC HEALTH & WELLBEING	20.538	19.318	-1.220	-5.94%
3.5	DEVELOPMENT AND CORPORATE SERVICES	42.920	46.452	3.533	8.23%
3.6	COMMISSIONING	40.293	38.266	-2.027	-5.03%
3.7	CHIEF EXECUTIVE	1.102	-4.214	-5.316	-482.40%
	TOTAL	724.822	719.800	-5.022	-0.69%

3.1 Operations and Delivery – Adult Services

Ref	HEAD OF SERVICE	Approved Budget	Current Period Forecast Outturn	Current Period Forecast Variance	Current Period Forecast Variance
		£m	£m	£m	%
3.1.1	DISABILITY (ADULTS)	-3.795	-3.928	-0.133	-3.50%
3.1.2	OLDER PEOPLE	1.048	1.820	0.772	73.66%
3.1.3	LEARNING DISABILITIES, AUTISM & MENTAL HEALTH	175.892	169.375	-6.517	-3.71%
3.1.4	SOCIAL CARE SERVICES (ADULTS)	167.921	173.658	5.737	3.42%
	TOTAL - ADULT SERVICES	341.066	340.925	-0.141	-0.04%

The total net approved budget for Adult Services in 2017/18 is £341.066m. The service is forecast to underspend by £0.141m.

3.1.1 Disability Service (Adults)

The service is responsible for 9 registered supported living services, 8 registered short break (respite) services and 12 day services. There are currently 297 carers supporting 380 adults with a range of learning disabilities, physical disabilities and older adult in the early stages of dementia.

The Disability (Adults) Service is forecasting a positive variance to budget of £0.133m. A further breakdown by gross, income and net expenditure is shown below:

	Approved Budget	Current Period Forecast Outturn	Current Period Forecast Variance
	£m	£m	£m
Gross Expenditure	27.703	27.458	-0.245
Income	-31.498	-31.386	0.112
Net Expenditure	-3.795	-3.928	-0.133

The 2017/18 variance to budget is as a result of a slight underspend on operational costs and small under recovery of income.

3.1.2 Older People

The Older People Service is forecast to achieve a negative variance to budget of £0.772m. The service contains in-house care services in addition to care navigation and operational administration which are discussed separately below.

In-house Care Services

The service is responsible for 17 residential homes for older people, 16 homes have specialised dementia units and presently 8 homes have dedicated Community bed units providing rehabilitation and recuperation and supporting hospitals to discharge patients in a timely fashion. We provide 13 Day Time Support Centres across Lancashire (a third of which focus on dementia).

In-house Care Services are forecast to achieve a negative variance to budget of £0.825m. A further breakdown by gross, income and net expenditure is shown below:

	Approved Budget	Current Period Forecast Outturn	Current Period Forecast Variance
	£m	£m	£m
Gross Expenditure	20.833	20.931	0.098
Income	-21.930	-21.203	0.727
Net Expenditure	-1.097	-0.272	0.825

This variance is due to a forecast under achievement of income of £0.727m and a forecast overspend of £0.118m on staffing, as the restructured service is not fully occupied and agency staff are being utilised to deliver the service and a slight underspend on general operational costs of £0.020m.

The service has is forecasting an undeliverable saving in 2017/18 of £0.425 that has been included within the Medium Term Financial Strategy at Quarter 1.

Care Navigation & Operational Administration

The service is forecast to underspend by £0.053m.

The forecast includes the planned application of non-recurrent funding contribution from reserves of £0.460m towards staffing costs.

3.1.3 Learning Disability, Autism & Mental Health

The Learning Disability, Autism and Mental Health Service is forecast to underspend by £6.517m in 2017/18.

Learning Disabilities

Learning Disability Services includes the provision of care service including residential and nursing care, but predominantly focusses on supported living and direct payments. Services are commissioned via a pooled fund arrangement with the six Lancashire CCGs. The LCC share of the service is forecast to underspend by £5.114m.

As part of revisions to the Medium Term Financial Strategy (MTFS) during 2016/17 a forecast level of demand of 3.7% was built in to the budget, however this is higher than the increases in demand that are being experienced in the first quarter of 2017/18 that forms the basis of this forecast.

Further details of the forecast position for the service are shown below:

- **Residential Care:**
The number of service users supported as at 30th June 2017 was 256 compared with 259 at the end of March 2017. This is a 1.17% decrease in the demand since March 2017. The average weekly package costs are currently £1,192 compared with £1,155 at the end of March 2017. This is a 3.2% increase in the price since March 2017. This information has formed the basis of the forecast outturn for this service area.
- **Nursing Care:**
The number of service users as at 30th June 2017 was 14 which remains unchanged compared to the end of March 2017. The average weekly package costs are currently £1,124 compared with £1,018 at the end of March 2017. This is a 10.41% increase in the price seen in the previous year due to the impact of one high cost placement and has been used to support the forecast outturn for this service area.
- **Domiciliary Care:**
The number of service users supported as at 30th June 2017 was 787 compared with 791 at the end of March 2017. This is a 0.51% decrease in the demand since March 2017. The average weekly package costs are currently £536 compared with £505 at the end of March 2017. This is a 6.13% increase in the price since March 2017. The forecast outturn has decreased by £3.039m compared with 2016/17 outturn, largely because the 2016/17 outturn included some payments to providers which are now forecast under Direct Payments.
- **Direct Payments:**
The number of service users supported as at 30th June 2017 was 2,012 compared with 1,993 at the end of March 2017. This is a 0.95% increase in the demand compared to the end of March 2017. The average weekly package costs are currently £650 compared with £622 at the end of March 2017. This is a 4.50% increase in the price since March 2017.

It is also important to note that there has been an increase of 82 service users over last 12 months. The forecast outturn for 2017/18 has increased by £9.54m compared with to the outturn for 2016/17. This is due to increases in service user numbers and average weekly costs, and also the full year impact of fee increases, which were partly reserve funded in 2016/17 but have now been built into the budget as part of the MTFS process.

- An underspend is forecast relating to previously agreed TUPE costs of c£0.936m. This part of the budget relates to elements of staffing costs associated with the historic TUPE transfer of Lancashire Care Foundation Trust (LCFT) NHS staff delivering the services to the external provider market; i.e. LCC's ongoing financial commitment to fund staffing enhancements for unsociable working hours and NHS pensions.

- Transitions from Children's Services are estimated to be in the region of £1.5m in 2017-18, which is a similar value to the 2016/17 costs.
- The cost of rent/service void payments in 2016/17 totalled £0.866m, with a similar amount forecast for 2017/18. Work is being undertaken to investigate some properties where there are longstanding voids to see if the property can be sold or if a buy out from the Housing Management Agreement is possible.

The service is currently forecasting a shortfall in the achievement of savings relating to the work of the Review Team of £0.343m.

Mental Health Commissioned Care

The Mental Health Service is forecast to underspend by £0.569m as detailed below:

- **Mental Health – Residential:**
Mental Health residential care forecast an overspend of £0.434m. The number of service users supported as at June 2017 was 296 compared with 288 at the end of March 2017. This is a 2.7% increase in the demand compared to March 2017. The average weekly package costs were £917 as at the end of June 2017 compared with the £887 at the end of March 2017. This is a 3.4% increase in the price seen at the end of the previous year.
- **Mental Health – Nursing Homes:**
Mental Health nursing homes forecast an underspend of £0.403m for the year. The number of service users supported as at June 2017 was 71 compared with 79 at the end of March 2017. This is a 10% decrease in the demand compared to March 2017. The average weekly package costs were currently £740 as at the end of June 2017 compared with £762 at the end of March 2017. This is a 3.0% decrease in the price compared to the end of March 2017.
- **Mental Health - Home Care:**
Mental Health home care services forecast an underspend of £0.286m.
- **Mental Health – Direct Payments:**
There is a forecast underspend of £0.471m on Direct Payments in 2017/18. The number of service users supported as at June 2017 was 234 compared with an average of 249 during 2017. This is a 6% decrease in the demand seen compared to March 2017. Income is forecast to increase compared with 2016/17.

In addition there are other small variances across Mental Health day services and block contracts that have resulted in a forecast overspend of £0.157m.

Learning Disability, Autism & Mental Health Staffing

The forecast underspend on Mental Health and Learning, Disability, Autism staffing is £0.834m largely due to vacancies within Mental Health.

The forecast includes the following agreed application of non-recurrent reserve funding:

- Contribution of £0.865m from Risk Management Reserve to fund the review and remodelling teams.
- Contribution of £0.194m from Risk Management Reserve to mitigate against risks around DoLS- Deprivation of Liberty Safeguards.

3.1.4 Social Care Services (Adults)

The Social Care Services (Adults) service forecast to overspend by £3.774m. The significant areas of variance are detailed below:

Prevention

Prevention includes services for carers, equipment and adaptations and reablement, and covers all of adult social care. Many of these services form part of and are funded via the improved Better Care Fund (iBCF)

The service has a forecast overspend for the year of £0.330m.

- The numbers of carers accessing direct payments in June 2017 has risen to 5,515 compared to 4,883 in March 2017, an increase of 12.94% compared to March 2017. The information has formed the basis of a forecast variance of £0.273m for this service.
- The number of service users with telecare has increased from 4,926 in March 2017 to 5,802 in June 2017, an increase of 17.78%, which would indicate that the target of 7,000 service users of this service by March 2018 will be achieved. The additional costs associated with the increase in numbers to 7,000 have been built into the forecast.

Social Care Staffing

The service forecast staffing costs to be on budget. A forecast contribution from reserves of £0.681m has been included within the forecast, as agreed, to support the interim staffing structure.

Physical Support

Changes in statutory reporting requirements has meant the previous client groups of 'Older People' and Adults with 'Physical Disability' have been combined to form the client group 'Physical Support'. People enter these services via from community settings but a significant proportion come via acute settings as they are discharged from hospital.

The service forecast an overspend for the year of £5.689m. The main reasons are highlighted below:

- The number of long term nursing placements has increased from 1,122 as at March 2017 to 1,195 as at 30th June 2017 which is an increase of 6.5%. The increase in numbers and higher than budgeted increases in placement costs has resulted in a forecast increase in net spend of £5.423m compared with

2016/17 outturn, and a forecast overspend of £4.145m against budget in 2017/18.

- The number of long term residential placements has increased from 3,324 as at March 2017 to 3,381 as at June 2017 which is an increase of 1.7%. There is a forecast overspend of £2.669m against budget in 2017/18.
- The number of weekly direct payments service users fell from 2,021 in March 2017 to 1,992 in June 2017, a decrease in demand of 1.4%. Forecast net expenditure on direct payments has fallen by £0.789m compared with 2016/17, with a forecast underspend of £1.626m in 2017/18.
- Domiciliary service user numbers fell slightly from 5,610 as at March 2017 to 5,581 as at June 2017, a decrease of 0.5%. Increases in package costs were broadly in line with agreed uplifts of 4.37%. The forecast overspend against budget is £0.591m.
- The current cashable budgeted savings for the Passport to Independence Programme over the period 2016/17 – 2019/20 totals £20.640m. By the end of 2017/18 the service has cumulative budgeted savings of £8.437m, however the profiling of the saving has now been revised with an anticipated saving of £5.606m expected to be achieved by the end of 2017/18. This delayed delivery is contributing to the overspends above.

The levels of cashable savings from the programme have recently been revised to £25.115m in total (to be achieved by 2021/22) based on current performance and have also been slightly reprofiled. This updated position has been reflected as part of the Quarter 1 Medium Term Financial Strategy (MTFS).

- Other small variances amount to a forecast underspend of £0.089m

Social Care Service Central Costs

This covers central costs for all of Adult Social Care, and includes professional fees, insurance and Direct Payments support contracts

The service is forecasting an overspend of £0.126m for 2017/18.

The forecast includes the following planned application of non-recurrent reserve funding amounting to £2.105m.

- £1.431m for the agreed consultancy implementation work in relation to the passport to independence savings programme.
- £0.674m for the repayment of CCG balances held by LCC.

Supporting People

The service is forecasting an underspend of £0.408m. Work is ongoing to finalise the 2017/18 commitments for domestic abuse refuges and homeless people with complex needs contracts which now form part of the £3.000m Prevention and Early Fund.

3.2 Operations and Delivery – Children's Services

Ref	HEAD OF SERVICE	Approved Budget	Current Period Forecast Outturn	Current Period Forecast Variance	Current Period Forecast Variance
		£m	£m	£m	%
3.2.1	CHILDREN'S SERVICES	-1.214	-1.640	-0.426	35.09%
3.2.2	SEN & DISABILITY	16.418	15.159	-1.259	-7.67%
3.2.3	SAFEGUARDING INSPEC & AUDIT	10.138	10.622	0.484	4.77%
3.2.4	ADOPTION & FOSTERING RESIDENTIAL AND YOT	27.977	26.050	-1.927	-6.89%
3.2.5	CHILDREN SOCIAL CARE	91.843	92.871	1.028	1.12%
3.2.6	SCHOOL IMPROVEMENT	5.730	4.945	-0.785	-13.70%
3.2.7	LEARNING AND SKILLS SERVICE (TRADED SERVICES – START WELL)	-5.267	-4.269	0.998	-18.95%
	TOTAL - CHILDREN'S SERVICES	145.625	143.738	-1.887	-1.30%

The total net approved budget for Children's Services for 2017/18 is £145.625m. As at the end of Quarter 1, the service is forecast to underspend by £1.887m. The 2017/18 budgets for Children's Social Care related services have increased by £23.181m in 2017/18, of which £22.330m is to reflect growth in demand for placements and allowances.

3.2.1 Children's Services

Children's Services is forecast to underspend by £0.426m in 2017/18.

- Forecast underspends of £0.333m relate to Premature Retirement Costs (PRC) for schools based staff. Expenditure is not anticipated to be as high as in 2016/17 which included the impact of a specific school closure.
- Forecast underspends of £0.093m relate to Children's Services Central Costs which is anticipated to not be required in future years and will be included within the revised MTFS at Quarter 1.

3.2.2 Special Education Needs and Disability (SEND)

Special Education Needs and Disability (SEND) is forecast to underspend by £1.259m in 2017/18.

- Children with Disabilities (CwD) Family Support is forecast to overspend by £0.156m.

- CwD agency placements which includes in house fostering payments and residential and foster care placements with external providers is forecast to underspend by £0.133m.
- CwD Direct Payments is forecast to underspend by £0.374m due to clawback of previous payments and the implementation of tighter controls following a review of payments.
- The SEND Provision and Performance Team is forecast to underspend by £0.581m of which £0.550m relates to staff costs and £0.031m to non-staff costs.
- Forecast underspends of £0.234m relate to staff costs and £0.093m to non-staff costs across a number of other teams.

The forecast includes the application of non-recurrent funding of £0.200m from the SEND Reform/Implementation reserve.

3.2.3 Safeguarding, Inspection and Audit

Safeguarding, Inspection and Audit (SIA) is forecast to overspend by £0.484m in 2017/18.

Forecast overspends of £0.469m relate to staff costs and £0.214m to non-staff costs across the service and in particular to vacant social worker posts covered by agency staff. This is offset by forecast underspends of £0.199m relating to the over achievement of income resulting from the successful introduction during 2016/17 of the schools safeguarding support for which schools subscribe.

The forecast includes the application of non-recurrent funding of £0.083m from the Lancashire Safeguarding Children's Board Reserve to fund work agreed by the Board during 2017/18.

3.2.4 Adoption, Fostering Residential and YOT

Adoption, Fostering, Residential and YOT is forecast to underspend by £1.927m in 2017/18.

- Adoption Service is forecast to underspend by £0.333m. Of this underspends of £0.272m relate to staff vacancies and £0.079m to non-staff costs, offset by overspends of £0.018m on the Adoption Support Fund.
- The Fostering Service is forecast to underspend by £0.873m. Of this underspends of £0.759m relates to foster care allowances. The budget was increased in 2017/18 based on increases in demand seen in previous years, however, at this point in the financial year the anticipated increase in demand has not materialised. Forecast underspends of £0.124m relate to staff costs offset by overspends of £0.010m on non-staff costs.
- Residential In-House Provision is forecast to underspend by £0.571m which predominantly relates to staff costs. The budget includes full year provision for the planned opening of The Bungalow as a high complex unit, however, a date

for opening has not been confirmed pending the completion of refurbishment works.

- Forecast underspends by £0.150m relate to other service areas of which £0.100m relates to staff costs and £0.050 to non-staff costs.

The forecast includes the application of non-recurrent funding of £0.018m from the YOT (Youth Offending Team) – General Youth Offending Reserve to cover the cost of projects approved by the Youth Justice Board.

3.2.5 Children's Social Care

Children's Social Care is forecast to overspend by £1.029m in 2017/18. It is important to note that in 2016/17 significant pressures were experienced relating to agency placements in residential and fostering with additional budget built into the MTFS from 2017/18. The current forecast for these areas is to break even with no variance projected.

- Forecast overspends of £0.781m relate to Social Work Staff and CSC Management.
 - Forecast overspends of £0.583m relate to staff costs (including car allowances) which includes agency staff covering vacant posts, additional temporary staff required in 2017/18 to increase capacity in children's social care and to support the development and implementation of a single operating model across Children's Services.
 - Forecast overspends of £0.199m relate to non-staff costs and expenses arising as a result of work in response to the Ofsted inspection.
- Family support which covers Special Guardianship Orders (SGO's), Child Arrangement Orders (CAO's), assistance to families and other payments are forecast to overspend by £1.324m. Forecast overspends of £1.045m relate to assistance to families and other payments and £0.412m to increases in the number of SGO's, offset by forecast underspends of £0.133m on CAO's.
- Forecast underspends of £0.318m relate to Leaving Care Allowances which is line with 2016/17 outturn.
- Forecast underspends of £0.487m relate to staying put placement costs. Whilst the budget assumes that Staying Put Implementation Grant would not be received in 2017/18, it has been confirmed that the grant will be paid this year.
- Forecast underspends of £0.193m relate to other placement costs, in particular remand placements.
- Forecast underspends of £0.078m on other children's social care costs largely relate to Disclosure Barring Services (DBS) checks and is in line with the outturn in 2016/17.

The forecast includes the following application of non-recurrent funding:

- Contribution of £0.500m from the Transitional Reserve to cover the cost of the Supporting People within Children Services.
- Contribution of £0.090m from the Transitional Reserve to cover the cost of the Council Tax Support Grant for Care Leavers.

3.2.6 School Improvement

School Improvement is forecast to underspend by £0.785m in 2017/18.

- Forecast underspends of £0.951m relate to staff costs across the service (excluding Hospital Provision which is funded from Dedicated Schools Grant) and are largely due to vacancies as the service moves towards implementation of its new structure.
- Forecast overspends of £0.181m relate to non-staff costs which includes £0.282m for charges from schools for Associate Advisers.
- A positive variance of £0.015m relates to the over achievement of income.

3.2.7 Learning and Skills Service (Traded Services - Start Well)

Learning and Skills Service (Traded Services – Start Well) is forecast to overspend by £0.998m in 2017/18. This represents a contribution to overheads and corporate budgets of £4.269m.

- School Catering is forecast to overspend by £0.566m in 2017/18. The budget reflects an additional increase in the income target of £2.000m as a result of the zero based budget review. The forecast reflects that there is a reduction in trade days in 2017/18 compared to 2016/17, an increase in food costs which is linked to the value of sterling and the impact of Brexit, and the harsh winter has affected crops in parts of Europe thus reducing availability of supplies.
- Outdoor Education is forecast to overspend by £0.190m as a result of the closure of Whitehough. Expenditure continues to be incurred pending the completion of the asset transfer. Whilst costs across the service have reduced following the closure of the centre, the transfer of customers from Whitehough to other LCC outdoor education centres, which was assumed in the savings proposal, has not materialised with the service reviewing alternative actions to achieve the savings.
- The remainder of the service is forecast to overspend by £0.242m of which overspends of £0.341m relate to non-staff costs and £0.226m to under recovery of income, offset by forecast underspends on staff costs of £0.325m. Mitigating actions planned in 2017/18 will assist in recouping lost trade by better meeting demand from schools in terms of delivery locations.

The forecast includes a planned application of non-recurrent funding of £0.300m from the Schools Catering Repairs and Maintenance reserve to cover ICT implementation costs in school kitchens. The forecast also includes contributions of £0.090m of

monies received from schools to the Schools Catering Repair and Maintenance reserve for planned and reactive repairs and maintenance.

3.3 Operations and Delivery – Community Services

Ref	HEAD OF SERVICE	Approved Budget	Current Period Forecast Outturn	Current Period Forecast Variance	Current Period Forecast Variance
		£m	£m	£m	%
3.3.1	CUSTOMER ACCESS	3.781	3.553	-0.228	-6.03%
3.3.2	HIGHWAYS	17.975	15.049	-2.926	-16.28%
3.3.3	LIBRARIES MUSEUMS CULTURE & REGISTRARS	5.777	8.384	2.607	45.13%
3.3.4	PUBLIC & INTEGRATED TRANSPORT	40.926	43.682	2.756	6.73%
3.3.5	WASTE MGT	64.820	64.647	-0.173	-0.27%
	TOTAL - COMMUNITY SERVICES	133.279	135.315	2.036	1.53%

The total approved net budget for Community Services in 2017/18 is £133.279m. As at the end of Quarter 1 Community Services is forecast to overspend by £2.036m in 2017/18.

3.3.1 Customer Access

Customer Access is forecast to underspend by £0.228m in 2017/18. The underspend relates to staff vacancies as a result of delays in recruiting to vacant posts. There is an expectation within the service that a new rolling recruitment program will go some way to address the issues and this will be kept under review in 2017/18 as part of the budget monitoring process.

3.3.2 Highways

Highways is forecast to underspend by £2.926m in 2017/18

- Forecast underspends of £0.226m relate to permit scheme income across highways which includes traffic regulation orders and charges to utilities companies for breaching codes of practice, delays in work and road closures. Additional income was seen in the outturn for 2015/16 and 2016/17 and as a result part of the savings strategy was to increase these income targets in the 2016/17 and 2017/18 budget. However, these targets are still expected to be exceeded during the course of the year. This is largely due to fee increases and the fact that these increases have not resulted in a significant reduction in utilities companies' activity.
- An underspend of £2.700m is forecast relating to a budgeted revenue contribution to capital (RCCO's) of £2.700m for repairing structural defects. This amount will now be funded from borrowing.

3.3.3 Libraries, Museums, Culture and Registrars

Libraries, Museums, Cultural Services and Registrars (LMCR) is forecast to overspend by £2.607m in 2017/18.

- Cultural Services Museums is forecast to overspend by £0.548m. Following the closure to the public of 5 museums from October 2016, it is expected that the remaining 6 museums will be self-financing, with the exception of Gawthorpe Hall for which there is a recurring annual budget of circa £0.140m. Of the 5 museums which closed, the forecast reflects the fact that 3 of the museums are planned to transfer to other organisations on 1st October 2017/18 (as at end of June 2017) and until then the County Council will incur care and maintenance costs, and that the 2 museums (mills) whose future is still to be determined remain open for schools visits and guided tours of over 10 people and as such the County Council will incur running costs for the full year net of income generated. Given that negotiations to transfer museums are ongoing and the future of 2 of the museums is still to be determined, the forecast position may change over the remainder of the financial year as further decisions are made and transfer arrangements confirmed.
- County Libraries are forecast to overspend by £1.944m which relates to non-delivery/delayed delivery of savings previously agreed. It is important to note that property running costs have been centralised, and therefore a budget pressure of £0.520m has transferred to Facilities Management relating to Libraries running cost savings that have not been achieved (but this does not form part of the £1.944m overspend reported above).
- The Registration Service is forecast to underspend by £0.100m which relates to income targets being exceeded.
- Forecast overspends of £0.214m on staff costs relate to the remainder of the service in particular under recovery of income by the Conservation and Collections Team.

The budget for LMCR includes approved budget savings of £1.701m in 2017/18 (excluding premises related savings which have transferred to Facilities Management) which are forecast not to be achieved and have been included within the MTFs at Quarter 1. The forecast reflects the approved application of non-recurrent funding of £0.247m from the Transitional Reserve to fund Art Grants to outside bodies to support the achievement of future savings.

The forecast also includes the following planned application of non-recurrent funding from reserves:

- Contribution of £0.108m from the Transitional Reserve to cover pay protection costs following restructures.
- Contribution of £0.207m from the Transitional Reserve to be paid to the Museum of Lancashire Regimental Consortium to cover income shortfalls projected in the first 4 years of operation whilst the consortium moves towards generating an operating surplus.

3.3.4 Public & Integrated Transport

Public and Integrated Transport is forecast to overspend by £2.756m in 2017/18.

- Public Transport Initiatives is forecast to overspend by £0.388m. This relates to lower than budgeted income for the Todmorden Curve New Rail Scheme. Whilst demand levels (passenger numbers) appear to be in line with the ramp up period predictions, revenues are lower than expected due to discounted fares with student rather than commuter full price fares accounting for the bulk of sales. The service is due to transfer to Northern Rail in June 2018 following which the County Council will cease to be financially liable for the service. It is expected to cost £0.055m in 2018/19 for the first two months of the year.
- Integrated Transport Travelcare is forecast to overspend by £3.938m.
 - An overspend is forecast in relation to the travel to day care service as it has not been possible to date to transfer as many passengers from taxis to Travelcare buses as anticipated resulting in a forecast overspend of £0.346m.
 - Savings of £2.173m in 2016/17 relate to transport for children and young people with special educational needs (SEN). Of this saving £0.500m related to staffing and has been achieved. The remaining £1.673m is still to be delivered, as it has not been possible to deliver the saving in the way originally planned. The service have therefore looked at alternative ways to achieve the remaining savings target including Independent Travel Training (to give the children the skills to travel independently), route reviews to reduce costs where possible and one drop off and pick up per day for young people attending college. It is anticipated that savings will start to be made in September 2017 and £0.252m will be achieved in 2017/18 resulting in forecast overspends of £1.421m in 2017/18 which will reduce in future years as savings are realised.
 - Forecast overspends of £1.140m have resulted from a review of regulations and clarification regarding eligible expenditure which can be funded from Dedicated Schools Grant. This will be adjusted for in the MTFs from 2018/19.
 - The service is also facing significant additional demand due to increases in the number of excluded pupils and special educational needs (SEN) college pupils requiring transport since September 2016 resulting in forecast overspends of £0.634m. This will be kept under review particularly as we approach September and the commencement of the new academic year.
 - Non-recurrent overspends of £0.397m relate to taxi costs for the previous financial year which were not accrued for in 2016/17 due to the assumptions made. This has been reviewed to ensure this does not occur again at year end 2017/18.

- No variance from budget if forecast for Public Transport School Transport. The agreed saving of £0.424m for 2016/17 and 2017/18 is not achievable in the way originally planned because denominational transport services cannot cease until September 2018 at the earliest. However, this is offset by efficiencies made by rationalising the number of services and increased income based on income received in 2016/17.
- Community transport and tendered network bus services are forecast to underspend by £1.559m which relates to the receipt of Bus Service Operators Grant (BSOG) in 2017/18 which was not expected.
- Various other overspends of £0.386m relate to the remainder of the service.

The outturn includes the following planned application of non-recurrent funding from reserves.

- Contribution of £0.329m from the Public Transport Consortium Reserve to pay to the Lancashire Community Transport consortium.
- Contribution of £0.500m from the Transitional Reserve to cover the travel costs for young people not in education, employment or training (NEET).
- Contribution of £0.756m of Bus Service Operators Grant (BSOG) from transport reserves to fund shortfalls arising from the phased introduction of departure charges at bus stations.
- Contribution of £0.018m from the Transitional Reserve to fund the costs of pay protection following restructure.

3.3.5 Waste Management

Waste Management is forecast to underspend by £0.173m in 2017/18.

- Forecast underspends of £1.573m relate to waste arisings that are forecast as 3.2% for 2017/18 based on current data available. At the time of setting the budget waste arisings were forecast to be 5.4% per annum, therefore the budget that was provided is not required due to the reduced forecast based on actual waste arisings from the last quarter of 2016/17 and the first quarter of 2017/18.
- Forecast overspends of £0.566m relate to lower than budgeted demand for Refuse Derived Fuel (RDF) supply, reduced waste processing activities and higher than budgeted prices for RDF diverted away from landfill.
- Forecast underspends of £0.404m relate to the operating and lifecycle costs of the waste recovery parks.
- Forecast underspends of £0.191m relate to lower insurance costs at the waste recovery parks as a result of revaluing assets. The saving will be increase in 2018/19 to c£1.000m as the lower premium applies from July 2017. The forecast includes a one-off transfer of £0.438m to reserves to cover the increased excess on the renegotiated insurance policy.

- Forecast non-recurring overspends of £0.280m relate to anticipated costs in preparing for the transfer of the running of household waste recycling centres in-house from April 2018, during 2017/18.
- Forecast underspends of £0.351m relate to a number of items across the remainder of the service including transfer stations, household waste recycling centres and green waste.
- The Waste Management Service was given a savings target of £1.500m in 2017/18 which was however superseded by a further agreed budget saving relating to the Waste PFI (BOP 046) and is therefore an undeliverable saving and has been built back into the MTFS at Quarter 1.

The forecast includes the following planned application of non-recurrent funding from reserves and contributions to reserves.

- Contribution of £10.254m from the Transitional Reserve to cover the cost of payments to District Councils under cost sharing arrangements.
- Contribution of £0.438m to the Risk Management Reserve to cover the cost of the excess for the renegotiated insurance policy for the waste recovery parks.

3.4 Operations and Delivery – Public Health and Wellbeing Services

Ref	HEAD OF SERVICE	Approved Budget	Current Period Forecast Outturn	Current Period Forecast Variance	Current Period Forecast Variance
		£m	£m	£m	%
3.4.1	PUBLIC HEALTH & WELLBEING	-69.709	-69.723	-0.014	-0.02%
3.4.2	PATIENT SAFETY & QUALITY IMPROVEMENT	4.855	4.874	0.019	0.39%
3.4.3	HEALTH EQUITY WELFARE & PARTNERSHIPS	66.629	66.600	-0.029	-0.04%
3.4.4	WELLBEING PREVENTION & EARLY HELP	14.904	13.845	-1.059	-7.11%
3.4.5	HEALTH, SAFETY & RESILIENCE	1.036	0.780	-0.256	-24.71%
3.4.6	TRADING STANDARDS & SCIENTIFIC SERVICES	2.822	2.941	0.119	4.22%
	TOTAL - PUBLIC HEALTH	20.537	19.317	-1.220	-5.94%

The total net revised budget for Public Health & Wellbeing Services in 2017/18 is £20.537m. The service is forecast to underspend by £1.220m.

3.4.2 Patient Safety & Quality Improvement

Patient Safety & Quality Improvement is not forecasting a significant variance for 2017/18.

The budget for Patient Safety & Quality Improvement services includes budget savings of £0.075m in 2017/18 which are forecast to be achieved.

The forecast includes the following planned application of non-recurrent funding:

- Contribution of £0.108m from the Public Health Reserve in relation to the Steady On falls prevention strategy.
- Contribution of £0.014m from the Transitional Reserve in relation to pay protection.

3.4.3 Health Equity, Welfare & Partnerships

Health Equity, Welfare & Partnerships is not forecasting a significant variance at Quarter 1.

The budget for Health Equity, Welfare & Partnerships includes approved budget savings of £3.910m of this £1.300m is forecast not to be achieved in 2017/18 and is an in-year pressure off-set by other service area underspends which the service are forecasting to be achieved in 2018/19.

The forecast includes the following planned application of non-recurrent reserve funding:

- Contribution of £0.026m from the Transitional Reserve in relation to pay protection.
- Contribution of £0.500m from the Transitional Reserve in relation to utilisation of the planned underspend from the 2016/17 Prevention and Early Help Fund budget on the development of commissioning intentions and re-procurement of services for homeless households with complex needs.
- Contribution of £0.020m from the Waste General Reserve in relation to funding equipment for a local organisation.
- Contribution of £1.092m from the Public Health Reserve in relation to unspent specific grant funding rolled forward to be utilised in 2017/18.

3.4.4 Wellbeing, Prevention & Early Help

Wellbeing, Prevention and Early Help is forecast to underspend by £1.059m.

The forecast includes an under recovery of income targets for Troubled Families of £0.308m based on current performance against the payment by results (PBR) element of the National Troubled Families Programme.

In addition staffing is forecast to underspend £1.367m, due to staff vacancies. Included in the forecast are 57 fte vacancies, which the Service have indicated are planned to be filled by September 2017 with 26 fte posts remaining vacant for the remaining part of the year.

The forecast includes the following planned application of non-recurrent reserve funding:

- Contribution of £0.111m from the Public Health Reserve in respect to the YPS Small Grants Service.
- Contribution of £0.131m to the CYP DFM Reserve in respect of the troubled families unit to fund the unit's staff costs going forward.
- Contribution of £0.162m from the Transitional Reserve in respect to pay protection.

3.4.5 Health, Safety & Resilience

Health, Safety & Resilience is forecast to underspend by £0.256m.

The service is forecasting additional income from schools purchasing the Health and Safety services of £0.035m. Emergency Planning is also generating further fee income of £0.035m. In addition underspends on operational costs of £0.186m, through no none essential spending, are forecast.

The forecast includes £0.029m planned application of non-recurrent reserve funding:

- Contribution of £0.025m from the Emergency Planning Reserve in relation to DEFRA funding for communications work such as the flood campaigns.
- Contribution of £0.004m from the Transitional Reserve in relation to pay protection.

3.4.6 Trading Standards & Scientific Services

Trading Standards & Scientific Services is forecast to overspend by £0.119m.

The variance is predominantly as a result of a shortfall in grant levels for Scientific Services that has been included within the MTFS.

The forecast includes the following planned application of non-recurrent reserve funding:

- Contribution of £0.045m to the Financial Investigations Reserve to reinvest proceeds from financial investigations into asset recovery work to drive up performance and to fund local crime fighting priorities for the benefit of the community delivered via the service.
- Contribution of £0.039m from the Transitional Reserve in relation to pay protection.
- Contribution of £0.006m from the Improved Outcomes Partnership Monies Reserve in relation alcohol, tobacco, and drugs misuse work.

3.5 Development and Corporate Services

Ref	HEAD OF SERVICE	Approved Budget	Current Period Forecast Outturn	Current Period Forecast Variance	Current Period Forecast Variance
		£m	£m	£m	%
3.5.1	CORE BUSINESS SYSTEMS TRANSFORMATION	22.736	23.952	1.216	5.35%
3.5.2	FACILITIES MGT	15.831	17.809	1.978	12.49%
3.5.3	HUMAN RESOURCES	0.972	0.656	-0.316	-32.51%
3.5.4	ECONOMIC DEVELOPMENT	0.425	0.380	-0.045	-10.59%
3.5.5	BUSINESS GROWTH	0.081	0.086	0.005	6.17%
3.5.6	LEP COORDINATION	0.000	0.000	0.000	N/A
3.5.7	STRATEGIC ECONOMIC DEVELOPMENT	0.000	0.003	0.003	N/A
3.5.8	DESIGN and CONSTRUCTION	-2.361	-1.423	0.938	39.73%
3.5.9	ESTATES	0.517	0.517	0.000	0.00%
3.5.10	PLANNING AND ENVIRONMENT	1.506	1.120	-0.386	-25.63%
3.5.11	PROGRAMME OFFICE	-0.022	0.401	0.423	1922.73%
3.5.12	SKILLS LEARNING & DEVELOPMENT	3.234	2.951	-0.283	-8.75%
	TOTAL - DEVELOPMENT AND CORPORATE	42.919	46.452	3.533	8.23%

The total net approved budget for Development and Corporate Services in 2017/18 is £42.919m. As at the end of Quarter 1 Development and Corporate Services is forecast to overspend by £3.533m.

3.5.1 Core Business Systems/Transformation

Core Business Systems/Transformation is forecast to overspend by £1.216m in 2017/18.

- Forecast overspends relate to under achievement of £0.545m of savings against the £2.000m savings target in 2017/18. Other areas of savings have been identified to bridge this gap and will be reflected in the monitoring once implementation and delivery timescales are identified these start to be

delivered thereby it is anticipated the forecast overspend will decrease over the financial year.

- Forecast overspends of £0.436m relate to the under recovery of income for payroll services and income relating to printing and mail charges as a result of a drive to reduce printing activity and costs. This under recovery is however offset by savings within individual service budgets for printing. In addition to this, there is a one off overspend of £0.273m that relates to costs for the previous financial year that were not accrued for.
- Forecast underspends of £0.038m relate to a number of other smaller areas.

The budget for Core Business Systems/Transformation includes approved budget savings of £2.101m. The forecast reflects the achievement of some of these savings as discussed above.

3.5.2 Facilities Management

Facilities Management is forecast to overspend by £1.978m in 2017/18.

The forecast is based upon having centralised property running costs budgets under Facilities Management. It also includes the transfer of repair and maintenance and land not in operational use budgets into Facilities Management.

The property running costs budgets have been recalculated by individual building, using 2016/17 outturn as the basis to realign budgets to more accurately reflect running costs.

The budget for Facilities Management includes approved budget savings of £4.708m and £2.000m of approved application of non-recurrent reserve funding from the Transitional Reserve.

There is a specific budget saving of £5.000m (included in the paragraph above) to be saved on the property portfolio which is partly offset in 2017/18 by the approved application of non-recurrent funding of £2.000m from the Transitional Reserve in 2017/18. It has been identified that £1.542m of the 2017/18 saving is undeliverable and has therefore has been built in to the MTFs at Quarter 1.

3.5.3 Human Resources

Human Resources is forecast to underspend by £0.316m in 2017/18.

The underspend position is predominantly the result of additional income generation against budget with less significant underspends achieved across staffing and other expenditure budgets.

The budget for Human Resources includes savings of £0.319m with approved support from the Transitional Reserve of £0.289m. Due to early delivery of some savings a reduced amount of £0.225m is forecast to be drawn down from the Transitional Reserve.

It is important to note that the Lancashire Teaching Agency budget, which operates on a cost recovery basis, was moved from Traded Services (Start Well) to within the Human Resources budget at the beginning of 2017/18.

3.5.4 Economic Development

3.5.5 Business Growth

3.5.6 LEP Coordination

3.5.7 Strategic Economic Development

There is no significant variation from budget forecast for Economic Development (covering of the above services) in 2017/18.

The outturn includes the following application of non-recurrent funding from reserves.

- Estimated contribution of £0.730m from the Strategic Investment Reserve relating to the BOOST project for Strategic Economic Development and Infrastructure. This is match funding a DCLG contribution to a three year project.
- Contribution of £0.050m from the Transitional Reserve for to the Schools Advisory Network. This is match funding a contribution from the Careers and Enterprise Company.
- Contribution of £0.650m from the Transitional Reserve to fund transitional arrangements to achieve budget savings from 2016/17.

3.5.9 Design and Construction

Design and Construction is forecast to overspend by £0.938m in 2017/18.

- Under recovery of income for property work of £1.238m which relates to a number of different factors including a reduction in the amount of work done for schools under the Prop scheme. There has been a reduction in the number of schools buying into the scheme and those that are still in the scheme are contributing less towards planned work. Schools have also reduced the amount of their Devolved Formula Capital (DFC) funding that they are using for property related work.
- The under recovery of income relating to property work is partly offset by projected under spends of £0.300m relating to the combination of staff and agency costs. The service flexes staff resources, particularly the use of agency staff depending on the projects that are being delivered. In 2017/18 there are a higher number of smaller projects being delivered which tend to require a greater degree of staff involvement so whilst there is a reduction in staff costs it is not a similar level to the reduction in income.

The forecast includes the following transfers from reserves

- Contribution of £6.401m from the Schools Prop Reserve to cover the cost of schools repairs.
- Contribution of £0.020m from the Transitional Reserve to cover the cost of pay protection following service restructure.

3.5.11 Planning and Environment

The Planning and Environment Service is forecast to underspend by £0.386m in 2017/18.

- Forecast underspends of £0.176m are non-recurring and relate to the impact in 2017/18 of an over accrual in 2016/17.
- Forecast underspends of £0.210m relates to over achievement of income by the Master Planning Team.

The budget for Planning and Environment includes approved budget savings of £0.013m and the forecast reflects the approved application of non-recurrent funding of £0.304m from the Transitional Reserve to cover the cost of the phased reduction in countryside services over 2016/17 and 2017/18.

3.5.12 Programme Office

The Programme Office is forecasting to overspend by £0.423m in 2017/18. The service aims to operate with a model of staff recovering income for the project work they complete, however the staff are still engaged in work that does not generate income therefore resulting in an overspend.

The budget contains savings of £0.861m which it was agreed would be funded from the Transitional Reserve in 2017/18. As part of this forecast the full amount has been forecast to be drawn down.

3.5.13 Skills, Learning and Development

Skills, Learning and Development is forecast to underspend by £0.283m in 2017/18 of which £0.185m relates to staffing, £0.193m to training costs offset by forecast under recovery of income of £0.094m.

The forecast includes the following planned application of non-recurrent funding from reserves.

- Contribution of £0.243m from the Strategic Investment Reserve to cover the costs of the Ex Service Personnel Mentoring in Schools.
- Contribution of £1.346m from the Transitional Reserve to cover the cost of approved apprentices and graduates programme.

3.6 Commissioning Services

Ref	HEAD OF SERVICE	Approved Budget	Current Period Forecast Outturn	Current Period Forecast Variance	Current Period Forecast Variance
		£m	£m	£m	%
3.6.1	ASSET MGT	10.158	8.362	-1.796	-17.68%
3.6.2	POLICY INFO & COMMISSIONING AGE WELL	0.521	0.521	0.000	0.00%
3.6.3	POLICY INFO & COMMISSIONING LIVE WELL	0.543	0.543	0.000	0.00%
3.6.4	POLICY INFO & COMMISSIONING START WELL	0.456	0.456	0.000	0.00%
3.6.5	PROCUREMENT	1.297	1.292	-0.005	-0.38%
3.6.6	BUSINESS INTELLIGENCE	0.787	0.724	-0.063	-8.01%
3.6.7	EXCHEQUER SERVICES	2.778	2.566	-0.212	-7.63%
3.6.8	FINANCIAL MGT (DEVELOPMENT AND SCHOOLS)	0.261	0.261	0.000	0.00%
3.6.9	FINANCIAL MGT (OPERATIONAL)	1.820	1.720	-0.100	-5.49%
3.6.10	OFFICE OF THE POLICE AND CRIME COMMISSIONER TRES	-0.010	-0.010	0.000	0.00%
3.6.11	CORPORATE FINANCE	4.933	4.933	0.000	0.00%
3.6.12	CORONER'S SERVICE	2.878	3.033	0.155	5.39%
3.6.13	INTERNAL AUDIT	0.694	0.676	-0.018	-2.59%
3.6.14	LEGAL AND DEMOCRATIC SERVICES	13.177	13.189	0.012	0.09%
	TOTAL - COMMISSIONING	40.293	38.266	-2.027	5.03%

The total net approved budget for Commissioning Services in 2017/18 is £40.293m with the service forecasting a £2.027m underspend.

3.6.1 Asset Management

Asset Management is forecast to underspend by £1.796m in 2017/18:

- Forecast underspends of £0.232m are non-recurring and relate to utility recharges to schools. Invoices were paid by asset management in 2016/17 but it was not possible due to the timing of those invoices to recharge these costs to schools.

- Forecast underspends of £0.500m relate to the Asset Management of Properties including Building Schools for the Future (BSF). This is partly due to some capital funding being available to cover some expenditure and to a review of the demands which has confirmed a recurring underspend.
- Forecast underspends of £0.783m relate to street lighting energy. The County Council contributed a £5.000m of capital investment along with the DfT Challenge Fund grant to undertake a large scale replacement of existing less efficient sodium vapour lanterns with LED energy efficient lanterns which has resulted in reductions in energy consumption.
- Forecast underspends of £0.308m relates to highways asset management expenditure where a review of demands has confirmed a recurring underspend.
- Forecast overspends of £0.027m relate to the remainder of the service.

The forecast includes the following transfers to and from reserves

- Contribution from the Schools PFI Reserves of £0.079m and a contribution to the PFI Building Schools for the Future (BSF) Reserve of £0.850m to fund BSF PFI costs over the life of the BSF contracts.
- Contribution from the Transitional Reserve of £0.612m to fund the one-off payments to Schools Based Children's Centres.

3.6.2 Policy, Information and Commissioning Age Well

3.6.3 Policy, Information and Commissioning Live Well

3.6.4 Policy, Information and Commissioning Start Well

There is not a significant variance forecast from budget for the Policy, Information and Commissioning Teams for Start Well, Live Well and Age Well in 2017/18.

The budget for Policy, Information and Commissioning includes approved budget savings of £1.373m which is offset by the application of non-recurrent reserve funding of £0.298m from the Transitional Reserve. This reflects early delivery of savings.

3.6.5 Procurement

The Procurement Service is not reporting a significant variance at Quarter 1.

The budget for Procurement includes approved budget savings of £0.476m which is offset by the application of non-recurrent reserve funding of £0.420m from the Transitional Reserve. This reflects early delivery of savings.

3.6.6 Business Intelligence

No significant variance from budget is forecast for Business Intelligence in 2017/18.

The budget for Business Intelligence includes approved budget savings of £0.548m which is offset by the application of non-recurrent reserve funding of £0.378m from the Transitional Reserve. This reflects early delivery of savings.

- 3.6.7 Exchequer Services**
- 3.6.8 Financial Management (Development and Schools)**
- 3.6.9 Financial Management (Operational)**
- 3.6.10 Office of the Police and Crime Commissioner Treasurer**
- 3.6.11 Corporate Finance**

Financial Resources (covering all of the above services) is forecast to underspend by £0.312m in 2017/18, which relates to mainly to staff vacancies.

3.6.12 Coroners

The Coroner's Service is currently forecasting to overspend by £0.155m in 2017/18.

The current anticipated overspend is indicative of the uncertainty within the service at this time of the full extent of the savings when set against the historic level of costs from the SLA with Blackburn with Darwen. The SLA with Blackpool remains in place and is expected to overspend. Work will continue over the year to monitor this situation and refine and improve the forecast position.

3.7 Chief Executive Services

Ref	HEAD OF SERVICE	Approved Budget £m	Current Period Forecast Outturn £m	Current Period Forecast Variance £m	Current Period Forecast Variance %
3.7.1	CHIEF EXECUTIVE SERVICES	1.247	0.164	-1.083	-86.85%
3.7.2	SERVICE COMMUNICATIONS	0.830	0.687	-0.143	-17.23%
3.7.3	LARGE SPECIFIC GRANTS TO SUPPORT THE AUTHORITY	-7.784	-7.784	0.000	0.00%
3.7.4	NON SERVICE ISSUES CORPORATE BUDGETS	6.809	2.719	-4.090	-60.07%
3.7.5	BUSINESS SUPPORT	0.000	0.000	0.000	0.00%
	TOTAL - CHIEF EXECUTIVE	1.102	-4.213	-5.316	-482.40%

The total net approved budget for Chief Executive Services in 2017/18 is £1.102m with the service forecasting a £5.316m underspend.

3.7.1 Chief Executive Services

Chief Executive Services is forecast to underspend by £1.083m in 2017/18.

The underspend relates to a surplus on staff budgets across the authority that were identified when an exercise was done to move to budgeting for actual staff in post and only including vacancies that there was approval to recruit. It is however anticipated that this budget will be utilised over Quarter 2 to support staffing budgets that have recently had business cases approved and are currently recruiting to additional posts.

The budget for Chief Executive Services includes approved budget savings of £0.930m which is offset by the application of non-recurrent reserve funding of £0.930m from the Transitional Reserve.

3.7.2 Service Communications

The Service Communications budget is forecast to underspend by £0.143m in 2017/18 with the variance as a result of underspends on staffing and other expenditure budgets.

The budget for Service Communications includes approved budget savings of £0.839m, which is offset by the approved application of non-recurrent reserves funding of £0.462m from the Transitional Reserve. Whilst use £0.770m was originally approved, early delivery of savings has meant that only £0.462m is forecast to be required in 2017/18.

3.7.4 Non Service Issues Corporate Budgets

The Non Service Issues Corporate Budget is forecast to underspend by £4.090m in 2017/18.

The significant areas variance are as follows:

- The apprenticeship levy budget is forecast to underspend by £0.261m in 2017/18 as a result of a lower than anticipated pay bill for the County Council. The apprentice levy is 0.5% of the County Council's pay bill and paid on a monthly basis.
- An underspend of £1.310m is forecast within the strategic budget which is based on current expenditure commitments against this budget.
- The inherited pension liability is forecast to underspend by £0.272m in 2017/18.
- As a result of a recent prepayment of the County Council's pensions contributions a saving is forecast of £2.247m in 2017/18. The saving has been generated by a reduction in the cost of employer's contributions.

The forecast includes the planned application of non-recurrent reserve funding of £57.106m from the Transitional Reserve which is to support the identified financial gap in 2017/18.