



Money Matters
The County Council's Revenue Financial
Position
2018/19 Quarter 2

1. Summary Revenue Budget Monitoring Position as at 30th September 2018

Service Area	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
Adult Services	556.267	561.255	4.988	-209.274	-213.545	-4.271	346.993	347.710	0.717	0.21%	2.873
Public Health & Wellbeing	97.158	95.147	-2.011	-77.379	-77.801	-0.422	19.779	17.346	-2.433	-12.30%	-2.222
Education & Childrens Services	232.474	231.731	-0.743	-71.752	-68.996	2.756	160.722	162.735	2.013	1.25%	0.039
Community Services	218.149	226.289	8.140	-84.904	-93.963	-9.059	133.245	132.326	-0.919	-0.69%	0.237
Economic Development & Planning	10.822	11.192	0.370	-7.182	-7.776	-0.594	3.640	3.416	-0.224	-6.15%	0.026
Programmes & Project Management and Customer Access	34.821	33.905	-0.916	-30.223	-28.374	1.849	4.598	5.531	0.933	20.29%	0.972
Finance, Corporate & Property Services	158.072	158.122	0.050	-81.513	-80.900	0.613	76.559	77.222	0.663	0.87%	0.864
Chief Executive Services	65.040	67.394	2.354	-45.937	-50.420	-4.483	19.103	16.974	-2.129	-11.14%	-0.109
TOTAL	1,372.803	1,385.035	12.232	-608.164	-621.775	-13.611	764.639	763.260	-1.379	-0.18%	2.680

2. Executive Summary

This report provides an update to cabinet on the county council's 2018/19 revenue financial position as at the end of September 2018. The forecast outturn for 2018/19 is outlined in the table above, with a £1.379m underspend, which by way of context is 0.18% of the county council's net budget.

The narrative within this report provides details of key variances and the progress towards the achievement of savings. The revenue position includes significant levels of support from reserves that have previously been agreed. In 2018/19 the structural reserve funding totals £45.168m, primarily covering the funding gap, and if this support had not been available then forecast expenditure would exceed forecast income by £43.789m.

In order to complete the forecast position at the end of Quarter 2 a detailed analysis of year to date income and expenditure has taken place for each service area in conjunction with a review of activity data and comparing this to trends in previous years and the position that is reported currently reflects our most robust forecast at this stage. However, there are some volatile, primarily demand led, service areas that could see their forecast fluctuate both positively and negatively during the rest of the financial year. Areas such as recycle income, concessionary travel, treasury management, adult social care and children's social care are areas that are particularly closely monitored as fluctuation across these areas are most likely to materially impact the forecast position. For example a 1% change in children's social care placements demand over that currently forecast would have a £2.7m impact on the current forecast position.

As part of the forecast above, analysis is also completed of some key cross cutting areas within service budgets, particular analysis undertaken on staffing budgets (as they are approximately half of the net budget of the county council). These budgets are forecast to underspend by c£2.7m. Services such as Mental Health and the Children, Family and Wellbeing Service currently have relatively high levels of vacancies but have undertaken successful recruitment campaigns over the last 6 months and therefore their underspends will not be recurrent. The staffing budgets this year contain savings relating to a vacancy factor and also terms and conditions. The information available at Quarter 2 indicates that the vacancy factor saving is being achieved, however the terms and conditions saving which relates to unpaid annual leave, sickness levels and agency spend is not. However, due to the vacancy levels being higher than 2% that is built into the budget this is currently manageable, this will be kept under close review.

The savings that have been agreed to date are also closely monitored. The position at the end of Quarter 2 has maintained the position of 93% of savings we rated as on track, but some potentially with issues to work through such as delays. The remaining 7% are the most challenging to deliver currently, but services are working hard to deliver those savings are regularly reporting progress.

3. Adults Services

ADULTS	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
DISABILITY (adults)	29.996	29.242	-0.754	-31.955	-31.676	0.279	-1.959	-2.434	-0.475	-24.25%	-1.129
OLDER PEOPLE	26.426	26.858	0.432	-23.149	-22.945	0.204	3.277	3.913	0.636	19.41%	0.615
Learning Disabilities, Autism & Mental Health	198.109	196.691	-1.418	-23.410	-24.074	-0.664	174.699	172.617	-2.082	-1.19%	-1.347
SOCIAL CARE SERVICES (ADULTS)	300.544	307.294	6.750	-130.621	-134.733	-4.112	169.923	172.561	2.638	1.55%	4.729
POLICY INFO & COMMISSION AGE WELL	0.451	0.451	0.000	0.000	0.000	0.000	0.451	0.451	0.000	0.00%	-0.002
POLICY INFO & COMMISSION LIVE WELL	0.741	0.719	-0.022	-0.139	-0.117	0.022	0.602	0.602	0.000	0.00%	0.007
TOTAL ADULTS	556.267	561.255	4.988	-209.274	-213.545	-4.271	346.993	347.710	0.717	0.21%	2.873

Disability Service (Adults) – forecast underspend £0.475m

The Disability (Adults) Service is forecast to underspend predominantly due to staffing underspends. However there has been an increase in staff costs since quarter 1 which has resulted in a reduced underspend.

Older People – forecast overspend £0.636m

Care Navigation and Operational Support is forecast to underspend by £0.190m due to a number of vacancies following the service restructure in 2017/18. The service are currently in the process of recruiting to vacant posts, but they do traditionally encounter high turnover.

Care Services is forecast to overspend by £0.826m in 2018/19. This is as a result of underachievement of income savings targets and staffing pressures relating to regrading and enhancement costs.

Learning Disability, Autism & Mental Health – forecast underspend £2.082m

The Learning Disability and Autism Services is forecast to underspend by £0.661m due to the following reasons:

- Staffing is forecast to underspend by £0.032m as a result of vacancies the service are currently experiencing. The service are working through the recruitment process to populate these posts.
- Demand overall is not currently being experienced at the levels originally forecast and built into the budget on residential and nursing placements and daycare resulting in a forecast underspend of £0.922m.
- The service are experiencing pressures in relation to Ordinary Residence cases, with current estimated costs of £0.980m.
- Underachievement of savings on the Health block contract of £0.370m, additional income of £0.952m from backdated Health claims and service user income, and an additional £0.105m forecast on Review Team Savings.

The forecast has changed from quarter one due to delays in achieving savings. These are however offset by the increased health and service user income and the reduction in demand.

Mental Health is forecast to underspend by £1.420m as a result of staffing underspends and additional income, with the income being the main reason for the improved forecast when compared to quarter 1. It is however important to note that significant recruitment has been undertaken by the service over the last 6 months and therefore this underspend is not expected to be recurrent.

Social Care Services – forecast overspend £2.638m

Preventative services, including reablement and the equipment and carers services, are forecast to overspend by £0.161m. The net budget for these services is £16.429m and they are funded by Better Care Fund and improved Better Care Fund.

Staffing is forecast to overspend by £0.143m. The forecast overspend relates to non staff costs such as car allowances, with staff costs forecast to be on budget.

Domiciliary care and direct payments combined are forecast to overspend by £4.294m in 2018/19. This is predominantly due to demand pressures, which had started to emerge during the final quarter of the 2017/18 financial year and have continued over the first 2 quarters of 2018/19. Service User numbers are forecast to be 8.3% higher than in 2017-18, compared with budgeted demand increases of around 3.4% on average across domiciliary care and direct payments. Income is forecast to be higher than budget which has helped to offset some of the forecast overspend.

The overspends on non-residential care are offset by underspends of £1.615m across residential and nursing care. Demand for residential and nursing placements is lower than 2017/18 levels, however a continuing increase in placement costs is putting some pressure on the budget.

The remaining forecast underspends of £0.345m relate to day care and other services.

The improved position at quarter 2 is as a result of reduced demand and price trends for residential and nursing care in addition to increased income.

4. Public Health and Wellbeing

PUBLIC HEALTH & WELLBEING	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
PUBLIC HEALTH & WELLBEING	0.431	0.774	0.343	-68.367	-68.675	-0.308	-67.936	-67.901	0.035	0.05%	-0.080
PATIENT SAFETY & QUALITY IMPROVEMENT	5.338	5.726	0.388	-0.587	-0.622	-0.035	4.751	5.104	0.353	7.43%	0.462
HEALTH EQUITY WELFARE & PARTNERSHIPS	66.325	65.528	-0.797	-1.259	-1.293	-0.034	65.066	64.235	-0.831	-1.28%	-0.692
CHILDREN AND FAMILY WELLBEING SERVICE	18.696	16.555	-2.141	-4.500	-4.444	0.056	14.196	12.111	-2.085	-14.69%	-2.022
HEALTH, SAFETY & RESILIENCE	1.793	1.852	0.059	-1.203	-1.389	-0.186	0.590	0.463	-0.127	-21.53%	-0.112
TRADING STANDARDS & SCIENTIFIC SERVICES	4.575	4.712	0.137	-1.463	-1.378	0.085	3.112	3.334	0.222	7.13%	0.222
TOTAL PUBLIC HEALTH & WELLBEING	97.158	95.147	-2.011	-77.379	-77.801	-0.422	19.779	17.346	-2.433	-12.30%	-2.222

Patient Safety & Quality Improvement – forecast overspend £0.353m

The overspend is due to the use of agency staff to cover vacancies and undertake additional support for the service.

Health Equity, Welfare & Partnerships – forecast underspend £0.831m

The forecast underspend is due to underspends on staffing due to staff vacancies and also underspends on contract costs.

The service forecast includes a projected overspend on sexual health contracts of c£1.100m due to the tariff based contract and higher demand than budgeted. This contract has an agreed saving of £0.500m for 2018/19 but this is not currently being delivered.

In addition the crime and disorder budget is forecast to overspend by £0.135m due to the delayed delivery of the 2018/19 saving (only achieving £0.088m of the £0.220m savings target in 2018/19).

Children and Family Wellbeing Service – forecast underspend £2.085m

The majority of the underspend relates to staffing (£1.762m) due to vacancies and delays in recruitment. There are also additional underspends across operational costs.

Health, Safety & Resilience – forecast underspend £0.127m

The service is forecast to underspend by £0.127m in 2018/19 mainly due to the one-off over achievement of income.

Trading Standards & Scientific Services – forecast overspend £0.222m

The service is forecast to overspend by £0.222m in 2018/19 predominantly due to costs within scientific services, in particular equipment renewal and repairs which were also seen in 2017/18.

5. Education and Children's Services

EDUCATION AND CHILDRENS SERVICES	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
CHILDREN'S SERVICES	3.161	3.023	-0.138	-4.376	-4.376	0.000	-1.215	-1.353	-0.138	-11.36%	-0.142
SAFEGUARDING INSPEC & AUDIT	12.629	12.632	0.003	-0.568	-0.846	-0.278	12.061	11.786	-0.275	-2.28%	-0.165
POLICY INFO & COMMISSION START WELL	1.421	1.441	0.020	-0.545	-0.545	0.000	0.876	0.896	0.020	2.28%	0.018
SEN & DISABILITY	23.159	22.706	-0.453	-6.603	-6.005	0.598	16.556	16.701	0.145	0.88%	0.472
ADOPTION & FOSTERING RESIDENTIAL AND YOT	32.419	32.748	0.329	-2.848	-3.253	-0.405	29.571	29.495	-0.076	-0.26%	0.014
CHILDREN SOCIAL CARE	103.316	105.404	2.088	-2.010	-2.026	-0.016	101.306	103.378	2.073	2.05%	-0.386
SCHOOL IMPROVEMENT	15.313	15.259	-0.054	-8.434	-8.988	-0.554	6.879	6.271	-0.608	-8.84%	-0.659
LEARNING & SKILLS	41.056	38.518	-2.538	-46.368	-42.957	3.411	-5.312	-4.439	0.873	16.43%	0.887
TOTAL EDUCATION AND CHILDRENS SERVICES	232.474	231.731	-0.743	-71.752	-68.996	2.756	160.722	162.735	2.014	1.25%	0.039

Children's Services – forecast underspend £0.138m

This is due to small underspends forecast across Premature Retirement Costs (PRC) budgets and central costs.

Safeguarding, Inspection and Audit - forecast underspend £0.275m

The service is forecasting an underspend on staffing as a result of vacant posts. In addition, an over recovery of income is forecast for safeguarding services which is anticipated will be similar to 2017/18. These underspends are offset by small overspends forecasted in operational costs. The forecast position has improved compared to quarter 1 mainly due to staffing.

Special Education Needs and Disability (SEND) - forecast to overspend by £0.145m

The most significant overspends relates to family support costs, which are forecast to overspend by £0.684m, and direct payments, which are forecast to overspend by £0.180m. In addition, an under recovery of income is forecast in SEN Traded Services due to resource pressures and the prioritisation of statutory work and a further pressure of £0.107m due to a delay in the achievement of savings. Offsetting these overspends are forecast underspends within Lancashire Break Time and underspends across a number of teams due to staff vacancies.

The forecast position has improved compared to quarter 1 mainly due to the forecast underspend within Lancashire Break Time.

Adoption, Fostering Residential and YOT - forecast underspend £0.076m

The most significant underspends are within the Adoption Service which is forecasting to underspend by £0.333m, this is due to staff vacancies and reduced spend on adoption allowances. Foster care allowances are forecasting underspends of £0.200m. Offsetting these underspends are forecasted overspends within Residential In House of £0.463m due to an increase in staffing costs and operational costs across the service. There is no significant change to quarter 1.

Children's Social Care - forecast overspend £2.072m

The forecast variance includes an anticipated overspend of £2.007m related to staffing due to a number of vacant posts being covered by agency staff.

The most significant overspends relate to both Agency Residential and Fostering placements which are forecast to overspend by £2.185m. Placements increased from 206 in March 2017 to 265 in March 2018 and increased again to 303 in September 2018.

An underspend of £1.130m is forecast within family support payments (which covers Special Guardianship Orders (SGO's), Child Arrangement Orders (CAO's), assistance to families and other payments) as a result of the forecasted growth not materialising.

In addition, further underspends are forecast within leaving care allowances and agency remand placements. There is also a forecast underspend on staying put placements due to the receipt of a grant that was not expected in 2018/19.

The forecast position has deteriorated by £2.458m compared to quarter 1. This is mainly due to agency residential and fostering placements and staffing, which are offset by an improved position within assistance to families' payments.

School Improvement - forecast underspend £0.608m

A small underspend is forecast on staffing, however the majority of underspends relate to children looked after (CLA) work placements (£0.384m). In addition, there is an over achievement of income forecast of £0.158m.

Learning & Skills - forecast overspend £0.873m

This service makes c£5m contribution to corporate overheads, however the service is not currently achieving the targeted contribution. The forecast position is predominantly due to an undeliverable saving of c£0.500m within the Schools Catering Service. The main areas of pressure are Schools Catering Service, Outdoor Education and Learning Excellence. These services have additional pressures than those already highlighted, but are being reviewed by service managers with finance and as part of the strategy for the service going forward

6. Community Services

COMMUNITY SERVICES	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
HIGHWAYS	48.809	50.884	2.075	-36.549	-39.272	-2.723	12.260	11.612	-0.648	-5.29%	-0.554
LIBRARIES MUSEUMS CULTURE & REGISTRARS	15.728	15.019	-0.709	-6.413	-5.717	0.696	9.315	9.302	-0.013	-0.14%	0.039
PUBLIC & INTEGRATED TRANSPORT	72.502	74.337	1.835	-28.233	-28.699	-0.466	44.269	45.638	1.369	3.09%	0.229
WASTE MGT	81.110	86.049	4.939	-13.709	-20.275	-6.566	67.401	65.774	-1.627	-2.41%	0.523
TOTAL COMMUNITY SERVICES	218.149	226.289	8.140	-84.904	-93.963	-9.059	133.245	132.326	-0.919	-0.69%	0.237

Highways – forecast underspend £0.648m

The forecast underspend is mainly due to additional income that the service is forecasting relating to charges for utility companies working in the network. It is a combination of permit scheme income, inspection fees, defect inspections and also penalty charges when work overruns. However, this is offset by an income pressure on pay and display at Preston Bus Station.

Libraries Museums Culture & Registrars – forecast underspend £0.013m

No significant variance is forecast overall within the service, however it is projected that within individual services there will be some variances, but the budget will be managed overall. The most significant being pressures relating to museums and the conservation and collections team but the expectation is that these will be covered by additional income from the registration service.

Public & Integrated Transport – forecast overspend £1.368m

There are a number of variances across the service with the significant areas detailed below:

- The most significant overspend relates to transport costs for pupils with special educational needs and disabilities (SEND) and excluded pupils. This is due to a combination of factors, there are additional school days falling within the 2018/19 financial year as opposed to 2017/18 largely relating to when schools have taken Easter holidays. In addition a combination of higher than assumed passenger numbers and greater taxi price increases is resulting in further pressures on the budget. These factors combined are resulting in a pressure of c£1.100m.
- Savings on special educational needs and disabilities (SEND) transport largely relating to a scheme enabling children to have the skills to travel independently. Due to delays in the scheme being implemented it is envisaged there will be a delayed delivery of achieving these savings of c£0.400m. Work is ongoing to review the delivery of these savings.
- An overspend of £0.232m relates to bus station running costs. The budget saving relating to this area was re-profiled for 2018/19 onwards, however it is forecast that the actual net running costs will exceed this budget provision.

- A 2018/19 budget saving relating to the closure of 4 transport information centres was agreed. Expressions of interest to run these sites have been received and have been agreed to be explored which will result in delayed delivery of savings whilst the sites remain operational.
- Forecast overspends of £0.313m relate to tendered public bus services. The budget for this service was increased to £3.000m in 2018/19 with additional routes are being delivered, however, fare income to date is lower than originally anticipated.
- Offsetting some of the budget pressures outlined above is a forecast underspend of £0.673m on concessionary travel. The costs in 2017/18 were particularly low due to the poor winter weather and a reduction was made in the MTFS for 2018/19, however the reduced trend in demand has continued in 2018/19 at a higher level than the adjustment that was made.

The forecast overspend has increased by £1.139m compared to that reported to Cabinet at quarter 1 largely due to the increased transport costs for SEND and excluded pupils.

Waste Management – forecast underspend £1.627m

The most significant underspend of £1.776m relates to the costs of waste disposal. The reasons for this are that there are lower than budgeted waste arisings, more waste is being diverted away from landfill which is the most expensive method of disposal and a higher than assumed level of evaporation of waste is being achieved at Thornton waste recovery park.

Partly offsetting this underspend is a pressure relating to income received for recycled waste, particularly paper and card which is resulting in forecast overspends of £0.680m. These markets are volatile so the position is subject to change throughout the year.

Other underspends are forecast relating to the operating costs of the waste company of £0.200m and the costs of green waste due to lower tonnages of £0.245m.

The forecast position has improved by £2.149m compared to what was reported to cabinet at quarter 1 due to reduced costs of waste disposal, increased prices for recycled waste and the forecast relating to Household Waste Recycling Centres having come back in line with budget as at quarter 1 an overspend of £0.523m was reported.+

7. Economic Development and Planning

ECONOMIC DEVELOPMENT & PLANNING	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
ECONOMIC DEVELOPMENT	0.129	0.137	0.008	0.000	0.000	0.000	0.129	0.137	0.008	6.20%	0.007
BUSINESS GROWTH	4.401	4.403	0.002	-2.770	-2.712	0.058	1.631	1.691	0.060	3.68%	-0.014
LEP COORDINATION	1.269	1.768	0.499	-1.023	-1.518	-0.495	0.246	0.250	0.004	1.63%	0.004
STRATEGIC ECONOMIC DEVELOPMENT	0.503	0.370	-0.133	-0.509	-0.505	0.004	-0.006	-0.135	-0.129	-2150.00%	0.005
PLANNING AND ENVIRONMENT	4.520	4.514	-0.006	-2.880	-3.041	-0.161	1.640	1.473	-0.167	-10.18%	0.024
TOTAL ECONOMIC DEVELOPMENT & PLANNING	10.822	11.192	0.370	-7.182	-7.776	-0.594	3.640	3.416	-0.224	-6.15%	0.026

Strategic Economic Development – forecast underspend £0.129m

The forecast underspend is as a result of additional income received by the service.

Planning and Environment – forecast underspend £0.167m

The forecast underspend relates to additional income and a small underspend on staffing.

8. Programmes and Project Management

PROGRAMMES & PROJECT MANAGEMENT AND CUSTOMER ACCESS	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
CORE BUSINESS SYSTEMS TRANSFORMATION	4.097	4.072	-0.025	-0.302	-0.302	0.000	3.795	3.770	-0.025	-0.66%	0.047
DESIGN and CONSTRUCTION	23.084	22.285	-0.799	-25.875	-24.661	1.214	-2.791	-2.376	0.415	14.87%	0.624
PROGRAMME OFFICE	2.301	2.011	-0.290	-1.841	-1.010	0.831	0.460	1.001	0.541	117.61%	0.585
CUSTOMER ACCESS	5.339	5.537	0.198	-2.205	-2.401	-0.196	3.134	3.136	0.002	0.06%	-0.284
TOTAL PROGRAMMES & PROJECT MANAGEMENT AND CUSTOMER ACCESS	34.821	33.905	-0.916	-30.223	-28.374	1.849	4.598	5.530	0.933	20.29%	0.972

Design and Construction – forecast overspend £0.415m

- A lower than forecast income recovery of £0.591m is expected largely due to the service working on a larger number of smaller projects which tend to require a proportionately greater amount of staffing resource. Partly offsetting this are forecast underspends of £0.469m on staffing and agency costs. Depending on levels of work the service flexes staffing resource, particularly their reliance on agency staff, however the mix of projects that are being delivered in 18/19 means the staffing underspend is significantly lower than the reduced income levels.
- Design and Construction highways is forecast to overspend by £0.292m. There are currently several vacancies so whilst there is a significant staffing underspend there is a greater under recovery on income as the service is income generating.

The forecast position has improved by £0.210m compared to that reported to cabinet at quarter 1 largely due to an improved position on income for property related work.

Programme Office – forecast overspend £0.541m

This forecast overspend is due to project work being undertaken not generating the level of income required within the budget. This recurring pressure is offset by underspends on staffing and non-staffing costs. The forecast position includes the support of £0.861m reserves funding in 2018/19. The forecast position has not changed significantly compared to quarter 1.

9. Finance, Corporate and Property Services

FINANCE, CORPORATE AND PROPERTY SERVICES	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
BTLS	24.526	24.540	0.014	-4.696	-3.837	0.859	19.830	20.703	0.873	4.40%	0.890
DEVELOPMENT AND CORPORATE SERVICES	0.746	0.746	0.000	-0.746	-0.746	0.000	0.000	0.000	0.000	0.00%	0.000
LANCASHIRE PENSION FUND	0.184	0.213	0.029	-0.184	-0.214	-0.030	0.000	-0.001	-0.001	0.00%	0.019
EXCHEQUER SERVICES	4.390	4.360	-0.030	-1.944	-1.982	-0.038	2.446	2.378	-0.068	-2.78%	-0.056
FINANCIAL MGT (DEVELOPMENT AND SCHOOLS)	2.349	2.328	-0.021	-2.148	-2.266	-0.118	0.201	0.062	-0.139	-69.15%	-0.015
FINANCIAL MGT (OPERATIONAL)	1.941	1.891	-0.050	-0.192	-0.171	0.021	1.749	1.720	-0.029	-1.66%	-0.034
OFFICE OF THE POLICE AND CRIME COMMISSIONER TRES	0.086	0.090	0.004	-0.097	-0.097	0.000	-0.011	-0.007	0.004	36.36%	0.004
CORPORATE FINANCE	17.104	16.657	-0.447	-13.475	-13.040	0.435	3.629	3.617	-0.012	-0.33%	0.030
INTERNAL AUDIT	0.893	0.892	-0.001	-0.193	-0.172	0.021	0.700	0.720	0.020	2.86%	0.010

FINANCE, CORPORATE AND PROPERTY SERVICES	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
PROCUREMENT	3.176	2.737	-0.439	-1.626	-1.188	0.438	1.550	1.549	-0.001	-0.06%	0.016
LEGAL AND DEMOCRATIC SERVICES	14.231	16.212	1.981	-2.207	-2.481	-0.274	12.024	13.731	1.707	14.20%	1.684
CORONER'S SERVICE	2.955	2.852	-0.103	-0.260	-0.264	-0.004	2.695	2.588	-0.107	-3.97%	-0.035
HUMAN RESOURCES	9.734	10.843	1.109	-8.856	-10.221	-1.365	0.878	0.622	-0.256	-29.16%	-0.228
BUSINESS INTELLIGENCE	1.285	1.298	0.013	-0.405	-0.405	0.000	0.880	0.893	0.013	1.48%	0.003
SKILLS LEARNING & DEVELOPMENT	4.255	4.358	0.103	-1.672	-1.996	-0.324	2.583	2.362	-0.221	-8.56%	-0.042
FACILITIES MGT	28.973	28.645	-0.328	-9.385	-8.464	0.921	19.588	20.181	0.593	3.03%	0.431
ASSET MGT	39.549	37.830	-1.719	-32.320	-32.259	0.061	7.229	5.571	-1.658	-22.94%	-1.776
ESTATES	1.695	1.630	-0.065	-1.107	-1.097	0.010	0.588	0.533	-0.055	-9.35%	-0.037
TOTAL FINANCE, CORPORATE AND PROPERTY SERVICES	158.072	158.122	0.050	-81.513	-80.900	0.613	76.559	77.222	0.663	0.87%	0.864

BTLS – forecast overspend £0.873m

The forecast overspend is due to delayed delivery of savings, income and inflationary pressures.

Legal and Democratic Services – forecast overspend £1.707m

The forecast overspend is predominantly due to legal fee budget pressures. The increase in legal fees spend can be attributed to a significant increase in referrals to the child protection team over the last quarter and costs associated with some procurement court cases and large capital schemes.

Coroner's Service – forecast underspend £0.107m

The forecast underspend principally is due to reductions in pathologists fees following the introduction of electronic scanning.

Human Resources – forecast underspend £0.256m

The forecast underspend is due increased income and some underspends on operational costs.

Skills, Learning and Development – forecast underspend £0.221m

The forecast underspend largely relates to reduced costs within operational budgets.

Facilities Management – forecast overspend £0.593m

The forecast overspend is due to a non-recurring overspend due to some delayed charges that relate to 2017/18 that the service have incurred in addition to this year's costs.

The budget for repairs and maintenance in 2018/19 was reduced for agreed savings of £0.750m. Work is underway to carry out condition surveys and develop a programme of planned works to reduce future reactive repair and maintenance costs, however, it is not anticipated the saving will be fully achieved this year and an overspend of £0.251m is anticipated.

Following a full review and centralisation of property running costs in 2017/18 savings of £0.730m are forecast to be delivered in year, reducing the call on reserves previously agreed.

Asset Management – forecast underspend £1.658m

The forecast underspend is mainly due to a non-recurrent underspend of £0.651m which relates to the timing of recharging schools for utility costs relating to 2017/18 and an underspend of c£900k relating to taxation for carbon emissions that has been paid in earlier years. In addition, an underspend is forecast on street lighting energy of £0.222m.

Financial Management (Development and Schools) – forecast underspend £0.139m

The forecast underspend of £0.139m is due to additional income.

10. Chief Executive Services

CHIEF EXECUTIVE SERVICES	Approved Expenditure Budget	Current Period Expenditure Forecast Outturn	Current Period Expenditure Forecast Variance	Approved Income Budget	Current Period Income Forecast Outturn	Current Period Income Forecast Variance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q1 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
CHIEF EXECUTIVE	2.145	2.485	0.340	-0.116	-0.493	-0.377	2.029	1.992	-0.037	-1.82%	-0.031
SERVICE COMMUNICATIONS	1.272	1.233	-0.039	-0.473	-0.433	0.040	0.799	0.800	0.001	0.13%	0.015
CORPORATE BUDGETS (FUNDING AND GRANTS)	0.000	11.025	11.025	-44.637	-44.637	0.000	-44.637	-33.612	11.025	24.70%	11.025
CORPORATE BUDGETS (PENSIONS & APPRENTICESHIP LEVY)	21.874	22.124	0.250	0.000	0.000	0.000	21.874	22.124	0.250	1.14%	0.250
CORPORATE BUDGETS (TREASURY MANAGEMENT)	39.749	30.527	-9.222	-0.711	-4.857	-4.146	39.038	25.670	-13.368	-34.24%	-11.368
TOTAL CHIEF EXECUTIVE SERVICES	65.040	67.394	2.354	-45.937	-50.420	-4.483	19.103	16.974	-2.129	-11.14%	-0.109

Corporate Budgets – forecast underspend £2.093m

A significant underspend is forecast following approval of a change to the Minimum Revenue Provision policy by Full Council. This has enabled a reduction in costs of £9.3m in 2018/19. This is offset by a pressure of £11.0m relating to the deferred capital receipts relating to the Cuerden site.

There is a forecast underspend of £4.000m within the Treasury Management budget as a result of higher income receipts. With the markets responding to economic and political events there has been volatility in the price of Gilts and other bonds which has enabled the council to generated surplus on sales. It is difficult to predict the movement in the markets over the rest of the year and no further provision for surplus on sale of assets has been included in the budget at this point, although we will continue to seek to optimise the council's position.

An overspend of £0.250m is forecast due to a saving relating to the Apprenticeship Levy not yet being delivered.