



Money Matters
The County Council's Revenue Financial
Position
2018/19 Quarter 3

1. Summary Revenue Budget Monitoring Position as at 31st December 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	Q2 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
Adult Services	555.639	567.123	11.484	-209.702	-220.030	-10.328	345.937	347.093	1.156	0.33%	0.717
Public Health & Wellbeing	97.525	95.164	-2.361	-77.379	-77.931	-0.552	20.146	17.233	-2.913	-14.46%	-2.433
Education & Childrens Services	231.830	232.591	0.761	-71.741	-70.119	1.622	160.089	162.472	2.383	1.49%	2.013
Community Services	220.699	225.993	5.294	-87.736	-93.564	-5.828	132.963	132.429	-0.534	-0.40%	-0.919
Economic Development & Planning	10.572	11.052	0.480	-6.948	-8.040	-1.092	3.624	3.012	-0.612	-16.89%	-0.224
Programmes & Project Management and Customer Access	34.705	33.536	-1.169	-30.253	-28.372	1.881	4.452	5.164	0.712	15.99%	0.933
Finance, Corporate & Property Services	158.493	157.414	-1.079	-80.161	-77.975	2.186	78.332	79.439	1.107	1.41%	0.663
Chief Executive Services	72.311	72.206	-0.105	-53.214	-62.870	-9.656	19.097	9.336	-9.761	-51.11%	-2.129
TOTAL	1,381.774	1,395.079	13.305	-617.134	-638.901	-21.767	764.640	756.178	-8.462	-1.11%	-1.379

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 December 2018. The forecast outturn for 2018/19 is outlined in the table above, with a £8.462m underspend, which by way of context is 1.11% 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 £44.987m, primarily covering the funding gap, and if this support had not been available then forecast expenditure would have exceeded forecast income by £36.525m.

In order to complete the forecast position at the end of Quarter 3 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 final quarter 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£2.8m. 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 during 2018/19 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 3 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. Whilst this saving is not being met, this is manageable in 2018/19 as staff vacancy levels are higher than the 2% vacancy factor that has been built into the budget, this will be kept under close review.

The savings that have been agreed to date are also closely monitored. The financial position at the end of quarter 3 has maintained the position of 93% of savings 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 and are regularly reporting progress.

3. Adult 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	Q2 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
DISABILITY (adults)	29.939	29.281	-0.658	-31.955	-31.927	0.028	-2.016	-2.646	-0.630	-31.25%	-0.475
OLDER PEOPLE	25.571	25.998	0.427	-23.149	-22.731	0.418	2.422	3.267	0.845	34.89%	0.636
Learning Disabilities, Autism & Mental Health	198.107	197.413	-0.694	-23.409	-24.402	-0.993	174.698	173.011	-1.687	-0.97%	-2.082
SOCIAL CARE SERVICES (adults)	300.837	313.277	12.440	-131.050	-140.865	-9.815	169.787	172.412	2.625	1.55%	2.638
POLICY INFO & COMMISSION AGE WELL	0.449	0.451	0.002	0.000	0.000	0.000	0.449	0.451	0.002	0.45%	0.000
POLICY INFO & COMMISSION LIVE WELL	0.736	0.703	-0.033	-0.139	-0.105	0.034	0.597	0.598	0.001	0.17%	0.000
TOTAL ADULT SERVICES	555.639	567.123	11.484	-209.702	-220.030	-10.328	345.937	347.093	1.156	0.33%	0.717

Adult Services – forecast overspend £1.156m

The overall forecast overspend shows little change compared with Quarter 2, with the position being a slightly higher overspend. This is mainly due to increased costs on commissioned services offset by additional income. The position at quarter 3 reflects the additional winter pressures funding for 2018/19 which provides monies to pay for additional capacity including, for example, more care provision and staff support to alleviate pressures in hospitals and support effective discharges.

There is an overall underspend across our Learning Disability, Autism and Mental Health services including social work and in-house care support teams. A number of factors are contributing to this position such as staff turnover and delays in recruitment, however this has not impacted on quality ratings with all provision rated good or outstanding. Lower than forecast placement numbers are suppressing costs overall in social work teams although the service is having to manage the unexpected costs for individuals/service users who live outside of Lancashire but who may have originated from the county and the authority is now required to cover these costs which are significant. Legislation has since changed to minimise future financial risks.

In contrast the older people and physical disability services, including social work teams and in house care provision, has an overall overspend although it is supporting significantly higher numbers of people. The financial challenge in the in house service concerns occupancy levels which are below target and the necessity of covering staff absences and work is underway to improve attendance levels and establish a casual pool of employees. However, demand for residential and nursing placements is lower than 2017/18 levels, with a continuing increase in placement costs are putting some pressure on the budget. It must be noted that the level of residential and nursing placements are more costly when compared to other care packages such as domiciliary care, in addition alternative placements to residential care often provide better outcomes for the service user.

Domiciliary care and direct payments are the greatest area of demand pressure, which had started to emerge during the final quarter of the 2017/18 financial year and have continued during 2018/19. Direct Payments service user numbers continue to increase significantly (10.73%) compared to the number of people that were supported through these packages of care in 2017/18. These demand levels are much higher than budgeted for within the 2018/19 funding envelope and therefore results in a pressure within the budget. However, offsetting this pressure is additional income which is higher than budgeted.

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	Q2 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
PUBLIC HEALTH & WELLBEING	0.431	0.773	0.342	-68.367	-68.675	-0.308	-67.936	-67.902	0.034	0.05%	0.035
PATIENT SAFETY & QUALITY IMPROVEMENT	5.825	6.104	0.279	-0.587	-0.641	-0.054	5.238	5.463	0.225	4.30%	0.353
HEALTH EQUITY WELFARE & PARTNERSHIPS	66.308	65.530	-0.778	-1.259	-1.394	-0.135	65.049	64.136	-0.913	-1.40%	-0.831
CHILDREN AND FAMILY WELLBEING SERVICE	18.626	16.227	-2.399	-4.500	-4.519	-0.019	14.126	11.708	-2.418	-17.12%	-2.085
Health, Safety & Resilience	1.785	1.826	0.041	-1.203	-1.389	-0.186	0.582	0.437	-0.145	-24.91%	-0.127
TRADING STANDARDS & SCIENTIFIC SERVICES	4.550	4.704	0.154	-1.463	-1.313	0.150	3.087	3.391	0.304	9.85%	0.222
TOTAL PUBLIC HEALTH & WELLBEING	97.525	95.164	-2.361	-77.379	-77.931	-0.552	20.146	17.233	-2.913	-14.46%	-2.433

Public Health and Wellbeing – forecast underspend £2.913m

The overall forecast overspend shows little change compared with quarter 2, with the position being a slightly higher underspend. This is mainly due to an increased underspend within the children and family wellbeing service due to a reduced forecast staffing and operational costs.

Areas of overspend include patient safety and quality improvement which is due to an increased volume of referrals into the safeguarding enquiry service via Multi Agency Safeguarding Hub (MASH) which resulted in some additional temporary resource costs to clear the backlog whilst more fundamental changes are made to service processes.

An additional area of overspend within the health equity, welfare and partnerships service relates to the sexual health contracts (c£1.3m) This service is funded on the basis of activity which has significantly increased to a level within the original scope of the contract but considerably higher than in previous years, with work underway to review and revise arrangements. This overspend is offset by underspends on other contract costs and staffing budgets.

Trading Standards and Scientific Services is also forecast to overspend predominantly due to costs within scientific services of £0.264m, in particular equipment renewal and repairs and under achievement of income in trading standards.

The majority of the overall underspend relates to staffing underspends in the children and family wellbeing service (£1.878m) due to vacancies and delays in recruitment and additional underspends across operational costs. In addition the health, safety and resilience service are forecast to underspend due to one-off over achievement of income.

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	Q2 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
EDUCATION & CHILDREN'S SERVICES CENTRAL COSTS	2.998	2.757	-0.241	-4.376	-4.376	0.000	-1.378	-1.619	-0.241	-17.49%	-0.138
SAFEGUARDING INSPEC & AUDIT	12.466	12.681	0.215	-0.568	-1.060	-0.492	11.898	11.621	-0.277	-2.33%	-0.275
POLICY INFO & COMMISSION START WELL	1.421	2.499	1.078	-0.545	-1.593	-1.048	0.876	0.906	0.030	3.42%	0.020
INCLUSION	23.033	22.622	-0.411	-6.603	-6.005	0.598	16.430	16.617	0.187	1.14%	0.145
ADOPTION & FOSTERING RESIDENTIAL AND YOT	32.382	32.999	0.617	-2.848	-3.430	-0.582	29.534	29.569	0.035	0.12%	-0.076
CHILDREN SOCIAL CARE LOCALITIES	103.364	105.835	2.471	-2.010	-2.228	-0.218	101.354	103.607	2.253	2.22%	2.072
EDUCATION QUALITY & PERFORMANCE	15.234	14.959	-0.275	-8.434	-8.726	-0.292	6.800	6.233	-0.567	-8.34%	-0.608
LEARNING SERVICES & SKILLS	40.932	38.239	-2.693	-46.357	-42.701	3.656	-5.425	-4.462	0.963	17.75%	0.873
TOTAL EDUCATION AND CHILDRENS SERVICES	231.830	232.591	0.761	-71.741	-70.119	1.622	160.089	162.472	2.383	1.49%	2.013

Education & Children's Services Central Costs – forecast underspend £0.241m

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

Safeguarding, Inspection and Audit - forecast underspend £0.277m

The service is forecasting underspends 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 overspends forecasted in operational costs.

Inclusion - forecast overspend by £0.187m

The most significant overspends relate to family support costs, which are forecast to overspend by £0.833m, and direct payments, which are forecast to overspend by £0.100m. In addition, an under recovery of income is forecast in SEN Traded Services 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.

Adoption, Fostering Residential and YOT - forecast overspend £0.035m

An overspend is forecast within the residential service of £0.613m due to an increase in staffing costs and operational costs across the service. An offsetting underspend is forecast within the Adoption Service of £0.318m due to staff vacancies and lower than budgeted expenditure on adoption allowances. In addition foster care allowances are forecasting underspends of £0.200m. The forecast position compared to quarter 2 has deteriorated by £0.111. The increase in forecast spend is mainly due to additional staff costs in in-house residential units.

Children's Social Care Localities - forecast overspend £2.253m

The forecast variance includes an anticipated overspend of £2.113m 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 £2.332m. Placements increased from 206 in March 2017 to 265 in March 2018 and increased again to 302 in November 2018.

An underspend of £1.128m 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.

It is important to note that there is no budget for agency staff to respond to growth in demand and the staffing establishment has not been reviewed for some time. This will be addressed as a matter of priority to ensure that staff have the time to do all the work they need to do to visit the children in their care.

Education Quality & Performance - forecast underspend £0.567m

The most significant underspends are in relation to children looked after (CLA) work placements (£0.384m) and staffing (£0.196m) due to the delay of the implementation of the restructure.

It is of the upmost importance that the service for children looked after is sustainable and consistent . This review and possible restructure will be looked at alongside the expected Ofsted inspection on this topic which may be as early as July.

Learning Services & Skills - forecast overspend £0.963m

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 which has been adjusted for within the MTFs for 2019/20. The main areas of pressure are Schools Catering Service, Outdoor Education and Learning Excellence.

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	Q2 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
HIGHWAYS	48.665	51.042	2.377	-36.549	-38.231	-1.682	12.116	12.811	0.695	5.74%	-0.648
LIBRARIES MUSEUMS CULTURE & REGISTRARS	15.625	14.669	-0.956	-6.388	-5.566	0.822	9.237	9.103	-0.134	-1.45%	-0.013
PUBLIC & INTEGRATED TRANSPORT	75.306	76.818	1.512	-31.090	-29.714	1.376	44.216	47.104	2.888	6.53%	1.369
WASTE MGT	81.103	83.464	2.361	-13.709	-20.053	-6.344	67.394	63.411	-3.983	-5.91%	-1.627
TOTAL COMMUNITY SERVICES	220.699	225.993	5.294	-87.736	-93.564	-5.828	132.963	132.429	-0.534	-0.40%	-0.919

Highways – forecast overspend £0.695m

The forecast overspend is due to a combination of factors, the most significant of which are lower than budgeted utilisation of plant on capital work, less staff supervising capital works delivery (meaning lower than budgeted income charged to capital), costs relating to grounds maintenance being higher than the income received for this type of work and an income pressure on pay and display at Preston Bus Station.

This overspend is partly offset 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.

Libraries Museums Culture & Registrars – forecast underspend £0.134m

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 £2.888m

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£1.500m.
- An additional pressure of c£0.600m relates to transport costs for taking pupils to non-maintained independent schools that previously has been paid for from schools budgets but upon review should be paid for from LCC transport budgets. The full costs for an academic year is c£0.900m and will be built into the MTFS from 2019/20.

- 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 £0.222m 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 £0.498m 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 £0.429m 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 £1.519m compared to that reported to cabinet at quarter 2 largely due to further increases on transport costs for SEND and excluded pupils and the transport costs relating to transport to independent schools.

Waste Management – forecast underspend £3.983m

The most significant underspend of £3.923m 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 £0.635m. 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 £2.356m compared to what was reported to cabinet at quarter 2 mainly due to further reductions in waste arisings and achieving significantly more evaporation of waste at Thornton resulting in reduced landfill costs.

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	Q2 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
ECONOMIC DEVELOPMENT	0.129	0.061	-0.068	0.000	0.000	0.000	0.129	0.061	-0.068	-52.71%	0.008
BUSINESS GROWTH	4.416	4.377	-0.039	-2.786	-2.877	-0.091	1.630	1.500	-0.130	-7.98%	0.060
LEP COORDINATION	1.019	1.768	0.749	-0.773	-1.518	-0.745	0.246	0.250	0.004	1.63%	0.004
STRATEGIC ECONOMIC DEVELOPMENT	0.503	0.347	-0.156	-0.509	-0.504	0.005	-0.006	-0.157	-0.151	-2516.67%	-0.129
PLANNING AND ENVIRONMENT	4.505	4.499	-0.006	-2.880	-3.141	-0.261	1.625	1.358	-0.267	-16.43%	-0.167
TOTAL ECONOMIC DEVELOPMENT & PLANNING	10.572	11.052	0.480	-6.948	-8.040	-1.092	3.624	3.012	-0.612	-16.89%	-0.224

Business Growth – forecast underspend £0.130m

The forecast underspend relates to additional income and an underspend on staffing.

Strategic Economic Development – forecast underspend £0.151m

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

Planning and Environment – forecast underspend £0.267m

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	Q2 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
CORE BUSINESS SYSTEMS	4.052	3.997	-0.055	-0.302	-0.302	0.000	3.750	3.695	-0.055	-1.47%	-0.025
DESIGN and CONSTRUCTION	23.051	22.071	-0.980	-25.894	-24.631	1.263	-2.843	-2.560	0.283	9.95%	0.415
PROGRAMME OFFICE	2.305	2.020	-0.285	-1.852	-1.021	0.831	0.453	0.999	0.546	120.53%	0.541
CUSTOMER ACCESS	5.297	5.448	0.151	-2.205	-2.418	-0.213	3.092	3.030	-0.062	-2.01%	0.002
TOTAL PROGRAMMES & PROJECT MANAGEMENT AND CUSTOMER ACCESS	34.705	33.536	-1.169	-30.253	-28.372	1.881	4.452	5.164	0.712	15.99%	0.933

Design and Construction – forecast overspend £0.283m

- A lower than forecast income recovery of £0.713m 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 £0.598m 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 2018/19 means the staffing underspend is significantly lower than the reduced income levels.
- Design and Construction highways is forecast to overspend by £0.168m. 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.

Programme Office – forecast overspend £0.546m

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.

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	P06 Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
BTLS	24.526	24.661	0.135	-2.832	-2.074	0.758	21.694	22.587	0.893	4.12%	0.873
LANCASHIRE PENSION FUND	0.184	0.217	0.033	-0.184	-0.217	-0.033	0.000	0.000	0.000	0.00%	-0.001
EXCHEQUER SERVICES	4.520	4.481	-0.039	-1.944	-2.020	-0.076	2.576	2.461	-0.115	-4.46%	-0.068
FINANCIAL MGT (DEVELOPMENT AND SCHOOLS)	2.337	2.323	-0.014	-2.148	-2.290	-0.142	0.189	0.033	-0.156	-82.54%	-0.139
FINANCIAL MGT (OPERATIONAL)	1.929	1.882	-0.047	-0.192	-0.171	0.021	1.737	1.711	-0.026	-1.50%	-0.029
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	17.840	17.414	-0.426	-14.221	-13.804	0.417	3.619	3.610	-0.009	-0.25%	-0.012
INTERNAL AUDIT	0.889	0.864	-0.025	-0.193	-0.172	0.021	0.696	0.692	-0.004	-0.57%	0.020

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	P06 Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
PROCUREMENT	3.149	2.754	-0.395	-1.626	-1.231	0.395	1.523	1.523	0.000	0.00%	-0.001
LEGAL AND DEMOCRATIC SERVICES	14.173	16.379	2.206	-2.237	-2.255	-0.018	11.936	14.124	2.188	18.33%	1.707
CORONER'S SERVICE	2.948	2.606	-0.342	-0.260	-0.258	0.002	2.688	2.348	-0.340	-12.65%	-0.107
HUMAN RESOURCES	9.734	10.111	0.377	-8.859	-9.463	-0.604	0.875	0.648	-0.227	-25.94%	-0.256
BUSINESS INTELLIGENCE	1.302	1.285	-0.017	-0.405	-0.406	-0.001	0.897	0.879	-0.018	-2.01%	0.013
SKILLS LEARNING & DEVELOPMENT	4.722	4.260	-0.462	-2.140	-1.996	0.144	2.582	2.264	-0.318	-12.32%	-0.221
FACILITIES MGT	28.932	28.329	-0.603	-9.396	-8.146	1.250	19.536	20.183	0.647	3.31%	0.593
ASSET MGT	39.537	38.138	-1.399	-32.320	-32.281	0.039	7.217	5.857	-1.360	-18.84%	-1.658
ESTATES	1.685	1.620	-0.065	-1.107	-1.094	0.013	0.578	0.526	-0.052	-9.00%	-0.055
TOTAL FINANCE, CORPORATE AND PROPERTY SERVICES	158.493	157.414	-1.079	-80.161	-77.975	2.186	78.332	79.439	1.107	1.41%	0.663

BTLS – forecast overspend £0.893m

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

Legal and Democratic Services – forecast overspend £2.188m

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

Coroner's Service – forecast underspend £0.340m

The forecast underspend principally is due to further ongoing reductions in pathologists fees and mortuary storage costs following the introduction of electronic scanning.

Human Resources – forecast underspend £0.227m

The forecast underspend largely relates an increase in income and underspends on staffing and operational costs.

Skills, Learning and Development – forecast underspend £0.318m

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

Facilities Management – forecast overspend £0.647m

The forecast overspend is partly the result of 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 £0.384m is anticipated.

Following a full review and centralisation of property running costs in 2017/18 savings of £1.002m are forecast to be delivered in year, reducing the call on reserves previously agreed.

Asset Management – forecast underspend £1.360m

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.

Financial Management (Development and Schools) – forecast underspend £0.156m

The forecast underspend of £0.156m 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	Q2 Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
CHIEF EXECUTIVE	2.142	2.482	0.340	-0.116	-0.493	-0.377	2.026	1.989	-0.037	-1.83%	-0.037
SERVICE COMMUNICATIONS	1.317	1.236	-0.081	-0.521	-0.439	0.082	0.796	0.797	0.001	0.13%	0.001
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)	46.978	35.339	-11.639	-7.940	-17.301	-9.361	39.038	18.038	-21.000	-53.79%	-13.368
TOTAL CHIEF EXECUTIVE SERVICES	72.311	72.206	-0.105	-53.214	-62.870	-9.656	19.097	9.336	-9.761	-51.11%	-2.129

Corporate Budgets – forecast underspend £9.725m

A significant underspend is forecast following approval of a change to the Minimum Revenue Provision policy. This has enabled a £9m reduction in costs in 2018/19. However, this is offset by a £11m pressure relating to a forecast shortfall in capital receipts relating to the Cuerden site.

Additionally, there is a forecast underspend of over £11m within the Treasury Management budget as a result of extra income received, which is forecast to be far higher than initially anticipated. With the markets responding to economic and political events there has been volatility in the price of Gilts and other bonds. The subsequent increase in the price has enabled sales to be made which has generated a significant surplus. Also, further savings have been made following the repayment of LOBO loans which has resulted in reduced interest costs.

Finally, there is an estimated overspend of £0.250m due to a saving relating to the apprenticeship levy not yet being delivered.