



Money Matters
The County Council's Revenue Financial
Position
2019/20 Quarter 3

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	Contents	Page
1	Summary Revenue Budget Monitoring Position as at 31st December 2019	3
2	Executive Summary	4
3	Adult Services	6
4	Policy, Information and Commissioning	8
5	Public Health & Wellbeing	9
6	Education and Children's Services	10
7	Growth, Environment and Planning Services	13
8	Highways and Transport	14
9	Finance	16
10	Corporate Services	17
11	Strategy and Performance	18
12	Chief Executive Services	19

1. Summary Revenue Budget Monitoring Position as at 31st December 2019

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 Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
ADULTS	555.638	576.369	20.731	-214.933	-225.308	-10.375	340.705	351.061	10.356	3.04%	12.137
ADULT SERVICES AND PUBLIC HEALTH & WELLBEING	8.173	8.283	0.110	-0.757	-0.956	-0.199	7.416	7.327	-0.089	-1.20%	-0.123
PUBLIC HEALTH & WELLBEING	71.294	71.853	0.559	-71.779	-72.416	-0.637	-0.485	-0.563	-0.078	-16.08%	0.201
EDUCATION AND CHILDREN'S SERVICES	237.218	244.305	7.087	-46.683	-50.286	-3.603	190.535	194.019	3.484	1.83%	3.535
GROWTH, ENVIRONMENT & PLANNING	15.310	13.873	-1.437	-11.049	-9.646	1.403	4.261	4.227	-0.034	-0.80%	0.315
HIGHWAYS AND TRANSPORT	232.721	227.643	-5.078	-106.696	-100.400	6.296	126.025	127.243	1.218	0.97%	0.433
FINANCE	61.842	61.326	-0.516	-22.765	-22.799	-0.034	39.077	38.527	-0.550	-1.41%	-0.108
CORPORATE	33.719	34.717	0.998	-14.691	-15.678	-0.987	19.028	19.039	0.011	0.06%	-0.076
STRATEGY AND PERFORMANCE	106.200	106.843	0.643	-75.104	-74.780	0.324	31.096	32.063	0.967	3.11%	0.526
CHIEF EXECUTIVE SERVICES	68.599	64.405	-4.194	-23.982	-48.581	-24.599	44.617	15.824	-28.793	-64.53%	-28.975
TOTAL	1,390.714	1,409.617	18.903	-588.439	-620.850	-32.411	802.275	788.767	-13.508	-1.68%	-12.135

2. Executive Summary

This report provides an update to Cabinet on the county council's 2019/20 revenue financial position as at the end of December 2019. The forecast outturn for 2019/20 is outlined in the table above, with a £13.508m underspend forecast, which by way of context is 1.68% of the county council's net budget.

We are in discussions with health colleagues to collaborate via a risk sharing agreement with the aim of delivering up to £16.000m in financial year 2021/22 for investment in the wider health and social care system. We will be involved in the decisions on where this additional funding will be deployed. To do this we would contribute for a short period spanning financial years 2019/20 and 2020/21 an additional sum of £16.000m in to pooled health and social care funds which would be deployed on services provided within the Better Care Fund arrangements. This share of £16.000m will be repaid in June of 2020 and the authority will receive all of its additional contribution back and a premium for the cost of capital to provide this support. In doing this the council will be assisting the health and social care system to liberate historic surpluses which are currently held centrally in health and thus help to inject funds into the Lancashire health and social care system for the 2021/22 financial year.

The impact of this potential arrangement on the current financial year would be to include up to an extra £16.000m of revenue spend which would impact on our final outturn position. Any agreed additional revenue spend in the current financial year would be reversed to the benefit of 2020/21.

The narrative within this report provides details of key variances and the progress towards the achievement of savings. The revenue position includes a level of support from reserves that has previously been agreed. In 2019/20 reserve funding totals £10.245m, which was authorised primarily to cover the structural funding gap. Returns on the treasury management activities of the council are forecast to significantly outperform the budget, which means that the need to call on reserves for the current year is unlikely. It should be noted however that with the uncertainty that exists in the current economic environment, future investment returns cannot be guaranteed and significant pressure remains within the budget specifically in adult's and children's social care.

The forecast is based on 9 months of actual expenditure and income, combined with budget holder knowledge of anticipated activity over the rest of the year and trends from previous years. It has been produced before the winter period which can lead to fluctuations in demand for services. This means that there is expected to be volatility in the forecast however evidence from prior years indicates that officers are generally prudent in their forecasts at this point in the year.

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 comparison has been made with trends in previous years. The position that is reported 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 fluctuations across these areas are most likely to materially impact the forecast position.

As part of the forecast above, analysis is also completed of some key cross cutting areas within service budgets, particular analysis is undertaken on staffing budgets as they represent approximately half of the council's net budget. Staffing budgets are currently forecast to underspend by £961,000. Services such as mental health and the children, family and wellbeing service currently have relatively high levels of vacancies but continue to undertake recruitment campaigns during 2019/20 and therefore their underspends are not expected to 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 continues to indicate that the vacancy factor is slightly higher than expected reducing forecast staff costs and offsetting the terms and conditions saving in relation to unpaid annual leave, sickness levels and agency spend, which is not delivering at the anticipated rate. This position will continue to be kept under close review during the remainder of the year.

The savings that have been agreed to date are also closely monitored, with a total of £49.452m forecast to be delivered in 2019/20. The financial position at the end of quarter 3 has an assessment of 94.5% of all agreed savings rated as on track, but some potentially with issues to work through such as delays. The remaining circa 5% are the most challenging to deliver currently, and services continue to work hard to deliver those savings and are regularly reporting progress. Historically in some cases due to changing circumstances some savings have been declared undeliverable and are built back into the budget within the medium term financial strategy from 2020/21 there are no further savings to be added back at this time.

3. Adult 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	Q2 Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
DISABILITY (adults)	34.609	34.115	-0.494	-35.460	-35.406	0.054	-0.851	-1.291	-0.440	-51.70%	-0.576
Learning Disabilities, Autism & Mental Health	196.820	200.293	3.473	-23.964	-28.617	-4.653	172.856	171.676	-1.180	-0.68%	0.471
RESIDENTIAL & DAY CARE SERVICES FOR OLDER PEOPLE	24.431	25.960	1.529	-22.589	-23.432	-0.843	1.842	2.528	0.686	37.24%	0.972
SOCIAL CARE SERVICES (adults)	299.778	316.001	16.223	-132.920	-137.853	-4.933	166.858	178.148	11.290	6.77%	11.270
TOTAL ADULTS	555.638	576.369	20.731	-214.933	-225.308	-10.375	340.705	351.061	10.356	3.04%	12.137

Adult Services – forecast overspend £10.356m

The largest elements of the overall forecast overspend across the Adult Services Directorate relate to the underachievement in Passport to Independence and Sleep-in savings.

The principle aim of the Passport to Independence programme has been to support primarily older adults to retain their independence for longer. The service has been hugely effective in supporting more people home from hospital reducing demand for residential care and helping ease the pressure on the NHS. The activity and financial impacts relating to Passport to Independence have been reviewed and projected forward, this work has highlighted that the actual duration of savings benefits and the values of weekly savings achieved are lower than originally modelled. This is commensurate with what other system partners report about responding

to greater numbers and levels of complexity. This results in a savings under-delivery of £10.009m and the forecast has been reduced to reflect this.

There is also the underachievement of the sleep-ins service challenge saving which aimed to realign the rates paid for sleep in duty to more sustainable and market led levels, following the decision by cabinet in Q1 in relation to new rates being applied this results in a forecast under delivery of £4.600m for the year.

The other most significant variances within the directorate are as follows:

There are staffing and agency variances in Disability with an underspend of £440,000, Residential & Day Care Services for Older People forecasting an overspend of £802,000, and Learning Disabilities, Autism & Mental Health with an expected underspend of £1.217m

Also within Learning Disabilities, Autism & Mental Health there is additional income from joint health claims of £4.832m. The issue of joint funded packages of care is an ongoing challenge which we are working with health colleagues and service users to address.

There has been a significant increase in the number of adults in receipt of Telecare equipment with a cost of £1.148m, which is seen positively, but this is not as yet matched with a reduction in demand for alternative care packages. This is being evaluated in light of national benchmarking data.

Across the remainder of the directorate there are various smaller demand led pressures of £286,000.

4. Policy, Information and Commissioning, Quality, Contracts and Safeguarding Adults Services

ADULT SERVICES AND 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 Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
POLICY INFO & COMMISSION AGE WELL	0.730	0.767	0.037	0.000	-0.039	-0.039	0.730	0.728	-0.002	-0.27%	0.001
POLICY INFO & COMMISSION LIVE WELL	0.865	0.814	-0.051	-0.209	-0.209	0.000	0.656	0.605	-0.051	-7.77%	-0.049
SAFEGUARDING & QUALITY IMPROVEMENT SERVICES	6.578	6.702	0.124	-0.548	-0.708	-0.160	6.030	5.994	-0.036	-0.60%	-0.075
TOTAL ADULT SERVICES AND PUBLIC HEALTH & WELLBEING	8.173	8.283	0.110	-0.757	-0.956	-0.199	7.416	7.327	-0.089	-1.20%	-0.123

Policy, Information and Commissioning, Quality, Contracts and Safeguarding Adults Services – forecast underspend £89,000

The underspend position 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, this pressure is being offset by a non-recurring staff secondment and the availability of winter pressures money of £177,000.

5. Public Health & 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 Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
PUBLIC HEALTH & WELLBEING	0.767	0.806	0.039	-66.870	-66.872	-0.002	-66.103	-66.066	0.037	0.06%	0.034
HEALTH EQUITY WELFARE & PARTNERSHIPS	63.851	64.230	0.379	-2.082	-2.528	-0.446	61.769	61.702	-0.067	-0.11%	0.197
Health, Safety & Resilience	1.834	1.992	0.158	-1.202	-1.623	-0.421	0.632	0.369	-0.263	-41.61%	-0.228
TRADING STANDARDS & SCIENTIFIC SERVICES	4.842	4.825	-0.017	-1.625	-1.393	0.232	3.217	3.432	0.215	6.68%	0.198
TOTAL PUBLIC HEALTH & WELLBEING	71.294	71.853	0.559	-71.779	-72.416	-0.637	-0.485	-0.563	-0.078	-16.08%	0.201

Public Health and Wellbeing – forecast underspend £78,000

A small underspend position is forecast across the health, equity and welfare & partnerships Team. This forecast position represents a number of variances projected across different elements of the service. A particular area of pressure £450,000 relates to sexual health contracts, as demand continues to increase on tariff based arrangements. There are also additional demand pressures on out of area recharges for sexual health of £300,000. The in-year pressures have been off-set by other service area underspends on contracts and service areas of £517,000. In addition the service is forecast to underspend on staffing by £300,000 due to vacancy levels. Health safety & resilience is forecast to underspend by £263,000 due to overachievement of health and safety income and underspends on operational costs.

There is an overspend forecast trading standards & scientific services of £215,000 largely as a result of cost pressures in scientific services and under achieved income in trading standards.

6. Education and Children's Services

EDUCATION AND CHILDREN'S 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 Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
CHILDREN SOCIAL CARE LOCALITIES	108.408	112.178	3.770	-6.671	-7.170	-0.499	101.737	105.008	3.271	3.22%	2.921
FOSTERING ADOPTION RESIDENTIAL AND YOT	33.090	35.650	2.560	-2.402	-3.180	-0.778	30.688	32.470	1.782	5.81%	1.807
SAFEGUARDING INSPEC & AUDIT	12.990	12.529	-0.461	-0.997	-1.028	-0.031	11.993	11.501	-0.492	-4.10%	-0.389
CHILDREN AND FAMILY WELLBEING SERVICE	18.888	17.124	-1.764	-3.276	-4.488	-1.212	15.612	12.636	-2.976	-19.06%	-2.917
EDUCATION IMPROVEMENT 0 - 11 YEARS	14.588	14.845	0.257	-11.922	-11.479	0.443	2.666	3.366	0.700	26.26%	0.510
EDUCATION IMPROVEMENT 11+ - 25 YEARS	4.395	3.358	-1.037	-1.534	-0.972	0.562	2.861	2.386	-0.475	-16.60%	-0.255
INCLUSION	22.523	24.562	2.039	-5.830	-5.689	0.141	16.693	18.873	2.180	13.06%	2.485
LIBRARIES MUSEUMS CULTURE & ARCHIVES	17.842	16.744	-1.098	-9.053	-8.308	0.745	8.789	8.436	-0.353	-4.02%	-0.499
POLICY INFO & COMMISSION START WELL	1.524	5.068	3.544	-0.622	-4.136	-3.514	0.902	0.932	0.030	3.33%	0.030
EDUCATION & CHILDREN'S SERVICES CENTRAL COSTS	2.970	2.247	-0.723	-4.376	-3.836	0.540	-1.406	-1.589	-0.183	-13.02%	-0.158
TOTAL EDUCATION AND CHILDRENS SERVICES	237.218	244.305	7.087	-46.683	-50.286	-3.603	190.535	194.019	3.484	1.83%	3.535

Education and Children's Services – forecast overspend £3.484m

Children's Social Care Localities – forecast overspend £3.271m

The forecast variance includes an anticipated overspend of £3.474m related to staffing. The service continues to experience issues with recruitment and retention which results in posts being temporarily filled with agency staff (at extra cost). This position includes the cost of work undertaken by external providers. The service are working hard towards filling these vacancies to reduce this pressure within the financial year.

Agency fostering placements are forecast to overspend by £1.160m. Placements increased from 488 in March 2018 to 524 in March 2019 but decreased to 523 placements in November 2019. Work is continuing as part of the children's services finance monitoring board to review numbers of placements, to estimate likely future demand, including the achievement of agreed savings, in order to identify the impact of this on the county council's budget.

There are forecast underspends within agency placements of £284,000 due to lower forecast demand.

An underspend of £1.093m is forecast within family support payments (which mainly relates to child arrangement orders and regular payments). Special guardianship orders (SGOs) continue to increase however, it is forecast that this will be contained within the budget for 2019/20.

There are other minor overspends across the service.

Fostering, Adoption Residential and Youth Offending Team – forecast overspend £1.782m

The service is forecasting an overspend mainly due to pressures within the residential in-house provision due to staff costs overspends of £912,000 resulting from an increase in complex placements. The use of casual staff to support outreach/edge of care services and welfare checks. In addition the fostering service is forecasting an overspend relating to fostering allowances of £920,000 as a result of increases in placement numbers. These pressures are offset by smaller underspends across other elements of the service.

Safeguarding, Inspection and Audit (SIA) – forecast underspend £492,000

The service is forecasting underspends relating to staff costs across the service as a result of vacancies which are slightly offset by smaller overspends on operational costs within the service.

Children Family and Wellbeing Service (CFW) – forecast underspend £2.976m

The forecast position relates to anticipated staffing underspends of £1.362m due to continuing levels of staff vacancies over and above the vacancy factor level. However, the staffing levels mean the service is having to adapt their level of service delivery accordingly. In addition, in the final year of the troubled families programme the service expect to significantly over achieve the budgeted level of income they receive due to payment by results by £1.259m. There are further minor underspends in aggregate £355,000 across the remainder of the service.

Education Quality and Performance – forecast overspend £225,000

Forecast underspends of £350,000 relate to CLA work placements based on levels of expenditure in 2018/19. This represents early delivery of savings which are due to be made from 2020/21.

Learning excellence is forecast to overspend by £511,000. This is due to a delay in delivery of savings and a decrease in income as a result of a decline in course bookings following changes to course provision locations. Despite the service having explored every alternative to deliver this saving it has not been possible to do so and as a result of this a recurrent pressure of £789,000 has been built into the MTFs as agreed at cabinet in January.

There are further minor overspends of £56,000 across the remainder of the service.

Inclusion – forecast overspend £2.180m

There are overspends of £1.750m forecast in children with disabilities (CwD) placements (which includes residential and fostering placements) CwD family support £238,000 due to increases in demand, aids and adaptations £160,000, and within traded services of £140,000.

There remains a pressure of £400,000 in Lancashire break time pending the review of the short breaks offer which is due in March 2020.

Offsetting these pressures are underspends across staffing costs and operational costs of £508,000.

Libraries, Museums, Culture and Archives (LMCA) – forecast underspend £353,000

The forecast underspend relates predominantly to the library service with an underspend of £698,000 as a result of a combination of lower staffing and supplies and services expenditure. This underspend is non-recurrent. A portion of this underspend is forecast to be transferred to reserves for restocking the Harris library following renovation and for refresh in the larger band A category libraries.

The remainder of the forecast underspend on libraries of c£400,000 relates to a combination of staffing underspends and lower supplies and services expenditure, particularly on ICT spend.

Offsetting this are pressures of £190,000 in 2019/20 within the museums service and the conservation and collections team pending further decisions on the long term future of Queen Street Mill Museum and Helmsore Mills Textile Museum and in outdoor education which is forecast to overspend by £279,000 as a result of undelivered savings from 2017/18 and an increase in supplies and services expenditure.

Education and Children's Services Central Costs – forecast underspend £183,000

The forecast underspend mainly relates to premature retirement costs (PRC) for schools based staff.

7. Growth, Environment and Planning Services

GROWTH, ENVIRONMENT & 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 Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
LEP COORDINATION	0.434	0.434	0.000	-0.184	-0.184	0.000	0.250	0.250	0.000	0.00%	0.000
BUSINESS GROWTH	6.018	4.299	-1.719	-4.445	-3.006	1.439	1.573	1.293	-0.280	-17.80%	-0.055
PLANNING AND ENVIRONMENT	5.149	5.631	0.482	-3.651	-3.729	-0.078	1.498	1.902	0.404	26.97%	0.495
ESTATES	1.696	1.550	-0.146	-1.165	-1.207	-0.042	0.531	0.343	-0.188	-35.40%	-0.186
STRATEGIC DEVELOPMENT	2.013	1.959	-0.054	-1.604	-1.520	0.084	0.409	0.439	0.030	7.33%	0.061
TOTAL GROWTH, ENVIRONMENT & PLANNING	15.310	13.873	-1.437	-11.049	-9.646	1.403	4.261	4.227	-0.034	-0.80%	0.315

Growth, Environment and Planning Services – underspend £34,000

The underspend relates to a pressure within planning and environment due to an income shortfall from capital on a highways scheme £500,000 and as a result of contributing to the Transforming Cities Bid £200,000 This is however offset by the Eden project being funded from reserves £250,000 lower than forecast expenditure on traveller sites £188,000 with the remainder being from staff underspends across the service.

8. Highways and Transport

HIGHWAYS AND TRANSPORT	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 Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
WASTE MGT	78.871	75.403	-3.468	-12.882	-11.334	1.548	65.989	64.069	-1.920	-2.91%	-1.809
HIGHWAYS	51.187	50.544	-0.643	-39.115	-37.927	1.188	12.072	12.617	0.545	4.51%	0.026
PUBLIC & INTEGRATED TRANSPORT	78.774	79.058	0.284	-31.143	-29.872	1.271	47.631	49.186	1.555	3.26%	1.332
CUSTOMER ACCESS	5.683	5.658	-0.025	-2.364	-2.664	-0.300	3.319	2.994	-0.325	-9.79%	-0.325
DESIGN and CONSTRUCTION	18.206	16.980	-1.226	-21.192	-18.603	2.589	-2.986	-1.623	1.363	45.65%	1.209
TOTAL HIGHWAYS AND TRANSPORT	232.721	227.643	-5.078	-106.696	-100.400	6.296	126.025	127.243	1.218	0.97%	0.433

Highways and Transport – forecast overspend £1.218m

Waste Management – forecast underspend £1.920m

The service is forecast to underspend due to a combination of factors. The waste service is expected to deliver an underspend of £3.366m as a result of lower than budgeted waste arisings and waste being diverted from landfill at lower than budgeted prices,

partly due to the use of our own fleet of vehicles to transport waste. Waste arisings are currently forecast to be low but this may change and will continue to be monitored throughout the financial year. There are also lower tonnages of green waste arising.

Partly offsetting the underspends are budget pressures relating to income received for recycled waste, particularly paper and card, resulting in forecast overspends of £1.052m. These markets are volatile so the position is likely to be subject to change throughout the financial year. In addition, a pressure of £702,000 is forecast due to increased insurance costs for the waste sites.

Highways – forecast overspend £545,000

The forecast overspend of £500,000 predominantly relates to plant utilisation. This was a significant pressure in 2018/19 and steps have been taken to reduce this including the sale of some plant that was not sufficiently utilised.

Public and Integrated Transport – Forecast overspend £1.555m

The main overspending area within the service relates to transport costs particularly for children with special educational needs. This is a combination of delayed delivery of savings relating to independent travel training £1.000m and increased inflation and demand over and above what was included in the budget for taxi costs and increases in passenger numbers £700,000. In addition there are forecast income pressures of £1.000m for the tendered public bus network. The budget for this service was increased to £3.000m in 2018/19 with additional routes being introduced, however, fare income is lower than originally anticipated. Work is ongoing to review services to bring spend within budget. A further income pressure of £200,000 is forecast for bus stations. Departure charges are, however, due to rise incrementally over the next 3 years which will reduce this pressure over time.

The above is partly offset by forecast underspends of £1.400m on concessionary travel due to lower demand. This will continue to be monitored throughout 2019/20.

Customer Access – forecast underspend £325,000

The forecast position predominantly relates to additional income.

Design and Construction – forecast Overspend £1.363m

Design and construction property is forecast to overspend by £917,000. Lower than forecast income recovery of £1.692m is expected largely due to a larger number of smaller projects which tends to require a proportionately greater staffing resource. This is partly offset by forecast underspends of £775,000 on staffing and agency costs. Depending on levels of work the service flexes staffing resource, particularly reliance on agency staff, but the mix of projects being delivered in 2019/20 means the staffing underspend is significantly lower than reduced income levels. Design and construction highways is forecast to overspend by £446,000. There are currently several vacancies so whilst there is a significant staffing underspend there is a greater under recovery of income since this is an income generating service.

9. Finance

FINANCE	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 Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
BTLS	25.490	25.239	-0.251	-1.834	-1.725	0.109	23.656	23.514	-0.142	-0.60%	-0.149
LANCASHIRE PENSION FUND	0.184	0.252	0.068	-0.184	-0.252	-0.068	0.000	0.000	0.000	0.00%	-0.003
EXCHEQUER SERVICES	5.541	4.917	-0.624	-1.944	-1.777	0.167	3.597	3.140	-0.457	-12.71%	-0.420
FINANCIAL MGT (DEVELOPMENT AND SCHOOLS)	2.279	2.399	0.120	-2.293	-2.331	-0.038	-0.014	0.068	0.082	-	0.095
FINANCIAL MGT (OPERATIONAL)	1.870	1.817	-0.053	-0.201	-0.187	0.014	1.669	1.630	-0.039	-2.34%	0.057
CORPORATE FINANCE	22.700	22.799	0.099	-15.064	-15.229	-0.165	7.636	7.570	-0.066	-0.86%	0.075
INTERNAL AUDIT	0.912	0.916	0.004	-0.193	-0.174	0.019	0.719	0.742	0.023	3.20%	0.023
PROCUREMENT	2.866	2.987	0.121	-1.052	-1.124	-0.072	1.814	1.863	0.049	2.70%	0.214
TOTAL FINANCE	61.842	61.326	-0.516	-22.765	-22.799	-0.034	39.077	38.527	-0.550	-1.41%	-0.108

Finance - forecast underspend £550,000.

The forecast underspend is predominantly due to underspends reported within exchequer services, in relation to employee costs of £660,000 being offset by an overspend on supplies and services and forecast underachievement of income amounting to £199,000. Within BTLS there is an expected over-achievement of savings £90,000 and a non-recurring underspend of £204,000 on support cost. Offset by £145,000 income pressure. The underspends are offset by staffing pressures across financial management and procurement.

10. Corporate Services

CORPORATE 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 Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
CORONER'S SERVICE	2.729	2.491	-0.238	-0.308	-0.280	0.028	2.421	2.211	-0.210	-8.67%	-0.177
HUMAN RESOURCES	9.884	10.672	0.788	-8.949	-9.878	-0.929	0.935	0.794	-0.141	-15.08%	-0.108
LEGAL, GOVERNANCE AND REGISTRARS	17.500	18.181	0.681	-4.590	-4.706	-0.116	12.910	13.475	0.565	4.38%	0.271
SKILLS LEARNING & DEVELOPMENT	3.606	3.373	-0.233	-0.844	-0.814	0.030	2.762	2.559	-0.203	-7.35%	-0.062
TOTAL CORPORATE SERVICES	33.719	34.717	0.998	-14.691	-15.678	-0.987	19.028	19.039	0.011	0.06%	-0.076

Corporate Services - forecast overspend by £11,000.

The main pressure across the service relates to legal fees £1.020m as demand grows in social care, which is being offset by an under spend on supplies and services of £339,000 an underspend of £84,000 in democratic services by underspends anticipated within the coroner's service £210,000 and in human resources £141,000 mainly as a result of additional income. Skills learning and development is forecast to underspend by £203,000 as a result of lower spend on training and supplies budgets.

11. Strategy and Performance

STRATEGY AND PERFORMANCE	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 Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
ASSET MGT	38.516	38.397	-0.119	-31.632	-31.844	-0.212	6.884	6.553	-0.331	-4.81%	-0.413
FACILITIES MGT	60.418	61.131	0.713	-43.043	-42.475	0.568	17.375	18.656	1.281	7.37%	0.902
CORE SYSTEMS AND BUSINESS SUPPORT	4.221	4.335	0.114	-0.327	-0.342	-0.015	3.894	3.993	0.099	2.54%	0.088
PROGRAMME OFFICE	1.655	1.599	-0.056	-0.027	0.000	0.027	1.628	1.599	-0.029	-1.78%	0.000
BUSINESS INTELLIGENCE	1.390	1.381	-0.009	-0.075	-0.119	-0.044	1.315	1.262	-0.053	-4.03%	-0.051
TOTAL STRATEGY AND PERFORMANCE	106.200	106.843	0.643	-75.104	-74.780	0.324	31.096	32.063	0.967	3.11%	0.526

Strategy and Performance - forecast overspend £967,000

This mainly relates to the operational property budget for repairs and maintenance which was reduced in 2018/19 by £750,000 and a further £750,000 in 2019/20. Whilst work is underway to carry out condition surveys on properties in order to develop a programme of planned works that will reduce future reactive R&M costs, an overspend of £786,000 is anticipated in 2019/20.

There is also a projected overspend in the schools catering service of £550,000 predominantly as a result of increasing food costs. These overspends are offset by non-recurring underspends relating to fees not being incurred that were anticipated at the end of 2018/19 and the sale of carbon reduction credits which will yield circa £417,000.

12. 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 Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	£m
CHIEF EXECUTIVE	3.873	3.892	0.019	-0.454	-0.444	0.010	3.419	3.448	0.029	0.85%	0.054
COMMUNICATIONS	1.124	1.181	0.057	-0.187	-0.162	0.025	0.937	1.019	0.082	8.75%	0.071
CORPORATE BUDGETS (FUNDING AND GRANTS)	3.076	2.119	-0.957	-10.245	-11.502	-1.257	-7.169	-9.383	-2.214	-30.88%	-2.213
CORPORATE BUDGETS (TREASURY MANAGEMENT)	39.142	39.714	0.572	-13.096	-36.473	-23.377	26.046	3.241	-22.805	-87.56%	-23.002
CORPORATE BUDGETS (PENSIONS & APPRENTICESHIP LEVY)	21.384	17.499	-3.885	0.000	0.000	0.000	21.384	17.499	-3.885	-18.17%	-3.885
TOTAL CHIEF EXECUTIVE SERVICES	68.599	64.405	-4.194	-23.982	-48.581	-24.599	44.617	15.824	-28.793	-64.53%	-28.975

Chief Executive Services - forecast underspend £28.793m

This relates to forecast gains across the treasury management budget £22.805m primarily as a result of extra income received through the continuing volatility in the price of gilts and other bonds enabling sales to be made which have generated a significant surplus. Further savings are due to the final year of the pension prepayment £4.403m and additional income from a surplus on the collection fund £1.132m.