



Money Matters
The County Council's Revenue Financial
Position
2020/21 Quarter 1

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1. Summary Revenue Budget Monitoring Position as at 30th June 2020

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
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Adults	581.929	595.936	14.007	-216.997	-228.985	-11.988	364.932	366.951	2.019	0.55%
Adult Services and Public Health & Wellbeing	8.286	8.319	0.033	-0.428	-0.370	0.058	7.858	7.949	0.091	1.16%
Public Health & Wellbeing	78.375	76.793	-1.582	-83.817	-84.404	-0.587	-5.442	-7.611	-2.169	-39.86%
Education and Children's Services	251.422	258.492	7.070	-50.416	-49.795	0.621	201.006	208.697	7.691	3.83%
Growth, Environment & Planning	16.514	15.532	-0.982	-11.624	-11.046	0.578	4.890	4.486	-0.404	-8.26%
Highways and Transport	165.824	168.337	2.513	-100.050	-91.663	8.387	65.774	76.674	10.900	16.57%
Waste Mgt	78.577	77.030	-1.547	-12.612	-11.473	1.139	65.965	65.557	-0.408	0.00%
Finance	63.925	63.098	-0.827	-20.616	-19.982	0.634	43.309	43.116	-0.193	-0.45%
Corporate	33.710	33.669	-0.041	-14.927	-14.413	0.514	18.783	19.256	0.473	2.52%
Strategy and Performance	111.364	111.135	-0.229	-76.952	-74.186	2.766	34.412	36.949	2.537	7.37%
Chief Executive Services	63.431	123.798	60.367	-20.067	-97.234	-77.167	43.364	26.564	-16.800	-38.74%
TOTAL	1,453.357	1,532.139	78.782	-608.506	-683.551	-75.045	844.851	848.588	3.737	0.44%

2. Executive Summary

This report provides an update to Cabinet on the county council's 2020/21 revenue financial position as at the end of June 2020. The forecast outturn for 2020/21 is outlined in the table above, with a £3.737m overspend forecast, which by way of context is 0.44% of the county council's net budget.

Forecasting in the current climate is challenging as while the financial impacts of the Covid crisis are the biggest single factor impacting on our financial performance this year, there remain other factors of uncertainty in our forecast which will be kept under review as we progress through the year.

While it is clear that there are financial pressures as a result of the crisis there are also opportunities to offset some of these. At this point in the financial year we have limited activity to forecast from, however demand on adult social care is lower than budgeted, due to a number of factors including lockdown, social distancing measures and the impact of the acute health sector commissioning some residential placements as part of NHS funded scheme to create capacity in hospitals in support of the crisis. Longer term, we do not expect these factors to drive permanent reductions and expect a drift back up in demand as a new normal settles post Covid.

In addition to current lower than budgeted demand levels, we have some benefits from the current remote working arrangements with costs such as building occupancy, printing and mileage being reduced. We also have significant treasury management gains which are helping to mitigate some of the forecast pressures.

These factors have led to the Q1 forecast deficit being relatively small although the impact of pent up demand cannot be assessed with any certainty at the moment and volatility in actual demand could lead to a significant variance from the currently forecast level as time goes by.

The narrative within this report provides details of key variances both Covid related and other. The budget this year was set without recourse to reserves, furthermore returns on the treasury management activities of the council are forecast to significantly outperform the budget. However should government funding prove to be insufficient to cover the net pressure driven by the pandemic and as significant uncertainty remains within the forecast specifically in the most significant demand led budgets for adults and children's social care it may still be necessary to call on reserves.

The forecast is based on 3 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 significant fluctuations in demand for services.

In order to complete the forecast position at the end of Quarter 1 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 adults and children's social care, recycle income, concessionary travel and treasury management 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 be broadly in line with budgets before a provision for a potential further 1% (£3.600m) pay uplift over the 2% budgeted following the rejection of the recent pay offer and a provision of £2.741m for the deployment of an auxiliary workforce in response to the Covid-19 emergency. 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 2020/21 and therefore their underspends are not expected to be recurrent.

The savings that have been agreed to date are also closely monitored, with a total of £51.196m forecast to be delivered in 2020/21. The financial position at the end of quarter 1 has an assessment of 49.9% of all agreed savings rated as on track. The Council's activity in response to Covid-19 has necessarily moved focus away from savings initiatives thereby delaying the impact of the activity. 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. For the Q1 MTFS we have identified savings to the value of £1.409m to be added back to the budget with the most significant elements relating to Lancashire Break Time £765,000 and the Pan Lancashire Youth Offending Team £500,000.

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
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Disability (Adults)	34.263	35.260	0.997	-33.867	-33.353	0.514	0.396	1.907	1.511	381.57%
Learning Disabilities, Autism & Mental Health	201.583	206.785	5.202	-25.595	-27.178	-1.583	175.988	179.607	3.619	2.06%
Residential & Day Care Services For Older People	22.806	23.719	0.913	-23.107	-20.683	2.424	-0.301	3.036	3.337	-1108.64%
Social Care Services (Adults)	323.277	330.172	6.895	-134.428	-133.540	0.888	188.849	196.632	7.783	4.12%
Share of Covid-19 Emergency Monies	0.000	0.000	0.000	0.000	-14.231	-14.231	0.000	-14.231	-14.231	0.00%
TOTAL ADULTS	581.929	595.936	14.007	-216.997	-228.985	-11.988	364.932	366.951	2.019	0.55%

Adult Services – forecast overspend £2.019m

The largest elements of the overall forecast overspend across the Adult Services Directorate relate to volatility on demand across services, staffing pressures as a result of the impact of Covid across the county. Furthermore there are delays in savings as a result of focussing resource on response to the pandemic.

The most significant variances within the directorate are as follows:

Disability (Adults) Service - forecast overspend £1.511m

This is predominantly due to budgeted savings on remodelling the supported living service being delayed due to the Covid19 pandemic.

Learning Disability, Autism and Mental Health service – forecast overspend £3.619m

This is as a result of variances in learning disability and autism which has a forecast staffing underspend of £785,613 as the service currently has 19fte vacancies. Price and demand budgetary pressure of £4.576m as a result of Covid-19, with domiciliary care pressures of £6.453m being partially offset by residential underspend £2.409m. There are estimated underachieved budgeted Savings of £2.318m, again due to the Covid19 Pandemic. There is further additional pressure of £1.100m relating to current and

historic void claims. These pressures are partially mitigated by net additional income of £1.263m predominantly from joint funded health claims.

Mental health forecast underspend £1.726m, predominantly due to staffing underspends of £1.265m.

Residential and day care services for older people – forecast overspend £3.337m

The service has experienced staffing and agency pressures and this situation has been exacerbated as a result of COVID-19. Despite the use of the auxiliary workforce which also included the use of day Centre staff and volunteers, the service has had to call on a high level of agency workers to cover for sickness absence. The overspend on staffing is forecasted to be £1.150m by the year end. The service is also experiencing a Covid related pressure of £2.630m from the reduction in self-funding service user income as a result of occupancy which has reduced from c.600 to c.500.

Social care services (adults) - forecast overspend £7.783m

The most significant reasons for this are:

Residential care is showing a forecast overspend of £5.175m due to an expected shortfall in service user income level. Nursing care is forecasted to underspend by £3.098m due to a reduction in number of service users. Non-residential care has an overspend of £7.562m as a result of the under-delivery of savings within Domiciliary Care and reduced health income as the acute sector is currently commissioning and paying for care packages under emergency discharge funding procedures. The budget savings targets were challenging in 2019/20 and the current COVID-19 pandemic has only served to exacerbate the matter. There are small underspends in day care and other services of £1.605m.

Adult services has been apportioned £14.231m of the emergency funding provided by government in respect of the Coronavirus financial pressures. This sum has been apportioned based on the expected pressures across the authority. This apportionment will by its nature fluctuate as further information becomes available on the financial impacts of the pandemic and the final quantum of government funding awarded to address these pressures.

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

POLICY INFORMATION & COMMISSIONING	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
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Policy Info & Commission Age Well	0.833	0.850	0.017	0.000	0.000	0.000	0.833	0.850	0.017	2.04%
Policy Info & Commission Live Well	0.894	0.905	0.011	0.000	0.000	0.000	0.894	0.905	0.011	1.23%
Safeguarding & Quality Improvement Services	6.559	6.564	0.005	-0.428	-0.370	0.058	6.131	6.194	0.063	1.03%
TOTAL POLICY INFORMATION & COMMISSIONING	8.286	8.319	0.033	-0.428	-0.370	0.058	7.858	7.949	0.091	1.16%

Policy, Information and Commissioning, Quality, Contracts and Safeguarding Adults Services – forecast overspend £91,000
 There are various minor overspends across policy, information, commissioning and safeguarding.

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
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Public Health & Wellbeing	12.278	12.287	0.009	-79.149	-79.149	0.000	-66.871	-66.862	0.009	0.01%
Health Equity Welfare & Partnerships	59.209	57.626	-1.583	-1.839	-1.839	0.000	57.370	55.787	-1.583	-2.76%
Health, Safety & Resilience	1.897	1.918	0.021	-1.204	-1.338	-0.134	0.693	0.580	-0.113	-16.31%
Trading Standards & Scientific Services	4.991	4.962	-0.029	-1.625	-1.166	0.459	3.366	3.796	0.430	12.77%
Share of Covid-19 Emergency Monies	0.000	0.000	0.000	0.000	-0.912	-0.912	0.000	-0.912	-0.912	0.00%
TOTAL PUBLIC HEALTH & WELLBEING	78.375	76.793	-1.582	-83.817	-84.404	-0.587	-5.442	-7.611	-2.169	-39.86%

Public Health and Wellbeing – forecast underspend £2.169m

The underspend is largely as a result of underspend on contract which are on a tariff based arrangement operating on a demand basis. Lockdown and social distancing measures have reduced demand as a result forecast expenditure (£1.583m).

In addition public health services has been apportioned £912,000 of the emergency funding provided by government in respect of the Coronavirus financial pressures. This sum has been apportioned based on the expected pressures across the authority. This apportionment will by its nature fluctuate as further information becomes available on the financial impacts of the pandemic and the final quantum of government funding awarded to address these pressures.

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
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Children Social Care Localities	116.061	123.185	7.124	-9.561	-7.544	2.017	106.500	115.641	9.141	8.58%
Fostering Adoption Residential and Yot	36.526	38.171	1.645	-3.494	-4.668	-1.174	33.032	33.503	0.471	1.43%
Children and Family Wellbeing Service	17.514	16.369	-1.145	-2.981	-3.504	-0.523	14.533	12.865	-1.668	-11.48%
Education Improvement 0 - 11 Years and 11+ To 25 Combined	17.469	16.292	-1.177	-13.591	-10.124	3.467	3.878	6.168	2.290	59.05%
Inclusion	25.151	24.604	-0.547	-5.775	-5.066	0.709	19.376	19.538	0.162	0.84%
Libraries Museums Culture & Archives	18.850	16.928	-1.922	-8.658	-3.983	4.675	10.192	12.945	2.753	27.01%
Quality Assurance, Inspection and Safeguarding	14.847	13.911	-0.936	-1.458	-1.330	0.128	13.389	12.581	-0.808	-6.03%
Policy Info & Commission Start Well	2.058	6.662	4.604	-0.522	-5.146	-4.624	1.536	1.516	-0.020	-1.30%
Education & Children'S Services Central Costs	2.946	2.370	-0.576	-4.376	-4.398	-0.022	-1.430	-2.028	-0.598	-41.82%
Share of Covid-19 Emergency Monies	0.000	0.000	0.000	0.000	-4.032	-4.032	0.000	-4.032	-4.032	0.00%
TOTAL EDUCATION AND CHILDRENS SERVICES	251.422	258.492	7.070	-50.416	-49.795	0.621	201.006	208.697	7.691	3.83%

Education and Children's Services – forecast overspend £7.691m

Children's Social Care Localities – forecast overspend £9.141m

The forecast variance includes an anticipated overspend of £2.824m 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) including the cost of work undertaken by external providers. The service is currently reviewing the use of agency staff, developing restructure proposals and working towards the implementation of the family safeguarding model.

Agency fostering placements are forecast to overspend by £5.698m. Agency residential placements increased from 292 in March 2019 to 303 in March 2020 and decreased by 3 to 300 placements in June 2020. Agency fostering placements decreased from 524 in March 2019 to 501 in March 2020 and decreased by 23 to 478 placements in April 2020. Based on placement numbers and costs in recent months the forecast assumes that agency residential placement costs will increase and agency fostering placement costs will decrease during 2020/21, with the average cost of residential placements being higher than that of fostering placements and continuing to increase. In addition demand is expected to increase as lockdown restrictions are lifted and additional costs of c£3.410m (c5% of spend) have been reflected in the forecast for agency placements, although at this stage it is very difficult to estimate and will be kept under review during the remainder of the financial year.

Family support, which covers Special Guardianship Orders (SGO's), assistance to families and other payments, is forecast to overspend by £899,000 with the majority relating to SGO's and a combination of higher than expected growth and delayed delivery of savings.

There are other minor underspends across the service.

Fostering, Adoption Residential and Youth Offending Team – forecast overspend £471,000

The service is forecasting an overspend mainly due to Residential in-house provision including overnight short breaks which is forecast to overspend by £571,000. The overspend relates to staff costs of which £229,000 is due to Covid-19, and use of casual staff to support outreach/edge of care services and welfare checks.

These pressures are offset by smaller underspends across other elements of the service.

Children Family and Wellbeing Service (CFW) – forecast underspend £1.668m

The forecast position relates to anticipated staffing underspends of £1.495m due to continuing levels of staff vacancies. However, the staffing levels mean the service is having to adapt their level of service delivery accordingly. There are further minor underspends in aggregate £173,000 across the remainder of the service.

Education Improvement – forecast overspend £2.290m

Traded services are forecast to overspend by £1.100m relates to under recovery of income partly offset by a reduction in expenditure due to the impact of Covid-19. The schools advisory service is forecast to overspend by £1.061m. Of this £295,000 relates to under recovery of income partly offset by a reduction in expenditure due to the impact of Covid-19 and £181,000 relates to under recovery

of income from the sale of data Products which is recurrent. Further overspends of £585,000 relate to a reduction in schools buy-back from April 2020 and some recurrent income pressures within service.

Inclusion – forecast overspend £162,000

Underspends of £815,000 are forecast across a number of teams which mainly relates to staff costs which are more than offset by an under recovery of income from special educational needs traded services and an increase in demand for agency residential and fostering placements and family support for children with disabilities.

Libraries, Museums, Culture and Archives (LMCA) – forecast overspend £2.753m

Forecast overspends of £642,000, £1.470m and £641,000 are forecast for libraries, outdoor education and Lancashire music service respectively. These overspends relate to the under recovery of income partly offset by a reduction in expenditure due to the impact of Covid-19 and the consequent lockdown and social distancing measures. A phased reopening of sites is anticipated but with restrictions in line with government guidance. Outdoor Education centres are currently being used to provide emergency accommodation for some looked after children during the current pandemic.

Quality Assurance, Inspection and Safeguarding – Underspend £808,000

Forecast underspends of £861,000 predominantly relate to staff costs across the service although the majority of this does relate to the newly restructured Business Support function which is still undertaking recruitment to fill vacancies. The underspends are offset by forecast overspends of £53,000 on non-staff costs (supplies, services and travel) across the service.

Policy, Information and Commissioning Start Well – Underspend £20,000

No significant variance from budget is forecast in 2020/21 for Policy, Information and Commissioning (PIC) Start Well.

Education and Children's Services Central Costs – Underspend £598,000

Forecasted underspends predominantly relate to Premature Retirement Costs (PRC) for schools based staff and are currently in line with 2019/20 outturn.

Education and children's services has been apportioned £4.032m of the emergency funding provided by government in respect of the Coronavirus financial pressures. This sum has been apportioned based on the expected pressures across the authority. This apportionment will by its nature fluctuate as further information becomes available on the financial impacts of the pandemic and the final quantum of government funding awarded to address these pressures.

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
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
LEP Coordination	0.439	0.439	0.000	-0.189	-0.189	0.000	0.250	0.250	0.000	0.00%
Business Growth	6.870	5.976	-0.894	-5.279	-4.363	0.916	1.591	1.613	0.022	1.38%
Planning and Environment	5.376	5.296	-0.080	-3.174	-3.151	0.023	2.202	2.145	-0.057	-2.59%
Estates	1.612	1.612	0.000	-1.177	-1.177	0.000	0.435	0.435	0.000	0.00%
Strategic Development	2.217	2.209	-0.008	-1.805	-1.805	0.000	0.412	0.404	-0.008	-1.94%
Share of Covid-19 Emergency Monies	0.000	0.000	0.000	0.000	-0.361	-0.361	0.000	-0.361	-0.361	0.00%
TOTAL GROWTH, ENVIRONMENT & PLANNING	16.514	15.532	-0.982	-11.624	-11.046	0.578	4.890	4.486	-0.404	-8.26%

Growth, Environment and Planning Services – underspend £404,000

Growth environment and planning services has been apportioned £361,000 of the emergency funding provided by government in respect of the Coronavirus financial pressures. This sum has been apportioned based on the expected pressures across the authority. This apportionment will by its nature fluctuate as further information becomes available on the financial impacts of the pandemic and the final quantum of government funding awarded to address these pressures. The apportionment is against a large number of anticipated delayed savings, but we are currently not seeing any significant pressures in the activity to date.

8. Highways, Transport & Waste Management

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
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Highways	52.167	50.769	-1.398	-39.392	-33.054	6.338	12.775	17.715	4.940	38.67%
Public & Integrated Transport	84.409	88.982	4.573	-31.053	-28.435	2.618	53.356	60.547	7.191	13.48%
Customer Access	5.218	5.837	0.619	-2.592	-2.665	-0.073	2.626	3.172	0.546	20.79%
Design and Construction	24.030	22.749	-1.281	-27.013	-23.401	3.612	-2.983	-0.652	2.331	78.14%
Share of Covid-19 Emergency Monies	0.000	0.000	0.000	0.000	-4.108	-4.108	0.000	-4.108	-4.108	0.00%
TOTAL HIGHWAYS AND TRANSPORT	165.824	168.337	2.513	-100.050	-91.663	8.387	65.774	76.674	10.900	16.57%

WASTE MGT	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
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Waste Mgt	78.577	77.030	-1.547	-12.612	-11.473	1.139	65.965	65.557	-0.408	-0.62%
TOTAL WASTE MGT	78.577	77.030	-1.547	-12.612	-11.473	1.139	65.965	65.557	-0.408	-0.62%

Highways and Transport – forecast overspend £10.900m

Highways – forecast overspend £4.940m

The financial impact of Covid-19 on the highways service has been twofold.

Firstly, Covid-19 has impacted the amount of capital works expected to be delivered in 2020/21. This means that some labour and plant that would ordinarily be working on capital work and charged accordingly to capital projects has remained a revenue cost. In

addition to these direct costs, lower overheads are expected to be charged to capital as these are based on value of work delivered. These factors are forecast to result in overspends of £2.044m.

Secondly, Covid-19 has impacted the level of income expected to be received across the service. These income streams have been impacted to varying degrees by the pandemic and whilst future income levels are uncertain a pressure of £2.896m is forecast at this stage in the financial year.

Public and Integrated Transport – Forecast overspend £7.191m

Most parts of the public and integrated transport budget are affected by Covid-19 and there are still a number of unknown factors the most significant of which relates to future rules around social distancing and the impact on school transport costs for all pupils.

The most significant forecast variances are detailed below.

School transport costs are forecast to overspend by c£7.500m due to number of reasons although this is likely to reduce following recent government announcements on additional funding being made available to meet some of the additional costs. When schools return in September it is forecast that additional costs in relation to social distancing measures will be in the region of £6m. Payments made to taxi operators are being made based on contract values in line with government guidance, resulting in a forecast overspend of c£400,000. Delivery of budgeted savings of £400,000 relating to providing excluded pupils a bus pass rather than taxi transport is delayed due to the impact of Covid-19. Forecast overspends of c£800,000 relate to fleet services, adherence to social distancing rules and additional hygiene measures to ensure staff are working safely is impacting on efficiency levels resulting in a reduction in income. Bus stations are forecast to overspend by c£500,000. In part this relates to the closure of bus stations in the early part of lockdown impacting on departure fee income. However there is a recurrent pressure on departure fee income which should reduce over time as fees increase in line with a previous Cabinet decision. Public bus services are forecast to underspend by c£300,000. As part of the budget amendment an additional £1.500m was added into the budget from 2020/21. In addition the county council has received further government funding of £752,000 to support bus services. Whilst additional services are being added during 2020/21 it is not expected that all of the additional funding will be spent in 2020/21.

Customer Access – forecast overspend £546,000

The forecast overspend predominantly relates to staffing costs partly due to delays in delivering budgeted savings but also due to additional staffing costs incurred as a result of the county councils Covid-19 response.

Design and Construction – forecast Overspend £2.331m

Design and Construction property is forecast to overspend by c£2.200m. Lower than forecast income recovery of c£2.889m is expected partly due to the much reduced number of projects that are being delivered as a result of Covid-19. There is still a degree

of uncertainty as to what work will be delivered during the year and this will depend on a number of things including whether all planned work can be carried out in schools during the summer break. The above is partly offset by forecast underspends of c£689,000 on staffing and agency costs.

Highways and transport has been apportioned £4.108m of the emergency funding provided by government in respect of the Coronavirus financial pressures. This sum has been apportioned based on the expected pressures across the authority. This apportionment will by its nature fluctuate as further information becomes available on the financial impacts of the pandemic and the final quantum of government funding awarded to address these pressures.

Waste Management – forecast underspend £408,000

There have been both positive and negative financial impacts of Covid-19 on the waste management budget which largely appear to net each other off.

Based on the first 3 months of the financial year we have seen a different composition of residual waste being collected. Tonnage collected at households is significantly higher than would normally be expected. However, there has been a reduction in trade waste collected due to businesses being closed, and a much reduced tonnage collected at household waste recycling centres which were also closed for most of April and May in line with government guidance and whilst now open are operating with reduced capacity to ensure social distancing is maintained. Overall residual waste is only 1% lower this year compared to the first 3 months of last year. Forecast underspends of £403,000 are forecast as a result of the HWRCs being closed, predominantly relating to lower transport costs. The reduction in trade waste is expected to result in lower than budgeted income of £514,000.

There are other net underspends of £297,000 across the 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
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
BTLS	29.038	28.743	-0.295	-1.834	-1.541	0.293	27.204	27.202	-0.002	-0.01%
Lancashire Pension Fund	0.191	0.191	0.000	-0.191	-0.191	0.000	0.000	0.000	0.000	#DIV/0!
Exchequer Services	5.844	5.309	-0.535	-1.858	-1.630	0.228	3.986	3.679	-0.307	-7.70%
Financial Mgt (Development and Schools)	2.344	2.300	-0.044	-2.339	-2.301	0.038	0.005	-0.001	-0.006	-120.00%
Financial Mgt (Operational)	1.899	1.937	0.038	-0.201	-0.173	0.028	1.698	1.764	0.066	3.89%
Corporate Finance	20.862	20.810	-0.052	-13.158	-13.204	-0.046	7.704	7.606	-0.098	-1.27%
Internal Audit	0.946	0.969	0.023	-0.193	-0.143	0.050	0.753	0.826	0.073	9.69%
Procurement	2.801	2.839	0.038	-0.842	-0.799	0.043	1.959	2.040	0.081	4.13%
TOTAL FINANCE	63.925	63.098	-0.827	-20.616	-19.982	0.634	43.309	43.116	-0.193	-0.45%

Finance - forecast underspend £193,000

The forecast underspend is predominantly due to underspends reported within exchequer services with a forecast underspend of £506,000 on employees which is mainly due to delays in recruitment because of COVID-19. There is a forecast underspend on supplies and services of £30,000. This underspend is offset by a forecast overspend of £228,000 which includes loss of Homecare funding of £189,000 and underachievement of appointee and deputyship income of £39,000.

There are minor net overspends of £104,000 across the remainder of finance.

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
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Coroner'S Service	2.730	2.679	-0.051	-0.281	-0.282	-0.001	2.449	2.397	-0.052	-2.12%
Human Resources	9.961	9.890	-0.071	-8.949	-8.751	0.198	1.012	1.139	0.127	12.55%
Legal, Governance and Registrars	17.722	17.928	0.206	-5.245	-4.987	0.258	12.477	12.941	0.464	3.72%
Skills Learning & Development	3.297	3.172	-0.125	-0.452	-0.393	0.059	2.845	2.779	-0.066	-2.32%
TOTAL CORPORATE SERVICES	33.710	33.669	-0.041	-14.927	-14.413	0.514	18.783	19.256	0.473	2.52%

Corporate Services - forecast overspend by £473,000.

The main pressure across the service relates to legal fees £464,000 as demand grows in social care, there are some largely compensating variances across the remainder of corporate services.

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
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Asset Mgt	38.884	39.057	0.173	-31.631	-31.603	0.028	7.253	7.454	0.201	2.77%
Facilities Mgt	63.714	63.073	-0.641	-43.958	-39.872	4.086	19.756	23.201	3.445	17.44%
Core Systems and Business Support	5.559	5.814	0.255	-1.222	-1.400	-0.178	4.337	4.414	0.077	1.78%
Programme Office	1.783	1.723	-0.060	-0.061	0.000	0.061	1.722	1.723	0.001	0.06%
Business Intelligence	1.424	1.468	0.044	-0.080	-0.088	-0.008	1.344	1.380	0.036	2.68%
Share of Covid-19 Emergency Monies	0.000	0.000	0.000	0.000	-1.223	-1.223	0.000	-1.223	-1.223	0.00%
TOTAL STRATEGY AND PERFORMANCE	111.364	111.135	-0.229	-76.952	-74.186	2.766	34.412	36.949	2.537	7.37%

Strategy and Performance - forecast overspend £2.537m

Asset Management – Forecast Overspend £201,000

Street lighting energy is forecast to overspend by £290,000. The programme of work to replace the remaining street lights with LEDs using Salix funding had been delayed partly due to Covid-19. Partly offsetting this are staffing underspends of £144,000, a number of additional posts were added into the budget for 2020/21 but due to delays in recruiting to some of these posts a non-recurrent underspend is expected.

Facilities Management - Forecast Overspend £3.445m

Most parts of the facilities management budget are affected financially by Covid-19 and there are still a number of unknown factors. School catering is forecast to overspend by £3.784m which relates to lower income charge to schools. Even though this is a significant pressure there remain a number of uncertainties and risks around the new academic year which could further impact on the forecast.

There is a further income pressure of £300,000 relating to staff and civic catering as it is currently assumed that these facilities will remain either fully closed or running at very limited capacity for the whole of 2020/21. An additional one-off cost of £2.000m is expected to make our buildings Covid-19 secure. Partly offsetting these are forecast underspend on premises running costs and repairs and maintenance due to a number of sites having being closed and the remainder being significantly less occupied which is forecast to report in underspends of £2.641m.

There are minor budget variances across the remaining services.

Strategy and performance services has been apportioned £1.223m of the emergency funding provided by government in respect of the Coronavirus financial pressures. This sum has been apportioned based on the expected pressures across the authority. This apportionment will by its nature fluctuate as further information becomes available on the financial impacts of the pandemic and the final quantum of government funding awarded to address these pressures.

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
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
Chief Executive	3.818	63.318	59.500	-0.454	-56.530	-56.076	3.364	6.788	3.424	101.78%
Communications	1.234	1.238	0.004	-0.189	-0.139	0.050	1.045	1.099	0.054	5.17%
Corporate Budgets (Funding and Grants)	2.360	2.584	0.224	-0.814	-1.056	-0.242	1.546	1.528	-0.018	-1.16%
Corporate Budgets (Treasury Management)	46.252	46.251	-0.001	-18.610	-38.546	-19.936	27.642	7.705	-19.937	-72.13%
Corporate Budgets (Pensions & Apprenticeship Levy)	9.767	10.407	0.640	0.000	0.000	0.000	9.767	10.407	0.640	6.55%
Share of Covid-19 Emergency Monies	0.000	0.000	0.000	0.000	-0.963	-0.963	0.000	-0.963	-0.963	0.00%
TOTAL CHIEF EXECUTIVE SERVICES	63.431	123.798	60.367	-20.067	-97.234	-77.167	43.364	26.564	-16.800	-38.74%

Chief Executive Services - forecast underspend £16.800m

This relates to forecast gains across the treasury management budget £19.937m 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. This has been partially offset with an overspend of £3.424m in Chief Executive service as a result of a provision for an additional pay increase of 1% above that already included within the budget.

Chief executive services has been apportioned £963,000 of the emergency funding provided by government in respect of the Coronavirus financial pressures. This sum has been apportioned based on the expected pressures across the authority. This apportionment will by its nature fluctuate as further information becomes available on the financial impacts of the pandemic and the final quantum of government funding awarded to address these pressures.