



**Money Matters**  
**The County Council's Revenue Financial**  
**Position**  
**2020/21 Quarter 3**

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## 1. Summary Revenue Budget Monitoring Position as at 31<sup>st</sup> December 2020

Service Area	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance
	£m	£m	£m	%	£m
<b>Adults</b>	364.909	363.739	-1.170	-0.32%	1.514
<b>Total Policy, Information, Commissioning and Safeguarding</b>	7.627	7.705	0.078	1.02%	0.075
<b>Public Health &amp; Wellbeing</b>	-5.212	-4.436	0.776	14.89%	0.535
<b>Education and Children's Services</b>	200.933	200.682	-0.251	-0.12%	6.993
<b>Growth, Environment &amp; Planning</b>	4.890	4.737	-0.153	-3.13%	-0.076
<b>Highways and Transport</b>	65.775	72.391	6.616	10.06%	7.606
<b>Organisational Development</b>	2.237	2.153	-0.084	-3.76%	-0.055
<b>Waste Mgt</b>	65.965	63.656	-2.309	-3.50%	-0.708
<b>Finance</b>	43.310	43.124	-0.186	-0.43%	-0.208
<b>Corporate Services</b>	18.857	20.219	1.362	7.22%	0.888
<b>Strategy and Performance</b>	32.997	36.556	3.559	10.79%	3.913
<b>Chief Executive Services</b>	42.563	26.374	-16.189	-38.04	-22.494
<b>TOTAL</b>	<b>844.851</b>	<b>836.900</b>	<b>-7.951</b>	<b>-0.94%</b>	<b>-2.017</b>

## 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 December 2020. The forecast outturn for 2020/21 is outlined in the table above, with a £7.951m underspend forecast, which by way of context is 0.94% of the county council's net budget and reflects an improvement of £5.934m from the position previously reported as at the end of September.

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 continue to 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 some offsetting cost reductions. At this point in the financial year we have seen the impact in areas such as demand on some elements of adult social care being 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. It is also anticipated that over the coming months we will see additional demand across our children's services as a result of the pandemic.

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 (£23.002m) which are helping to mitigate some of the forecast pressures, without which the forecast position would be an overspend of £15.051m.

These factors have led to an underspend being forecast at quarter 3 although we still await the impact of pent up demand and this cannot be assessed given the rapidly changing situation in relation to the pandemic. It is therefore difficult to forecast with any certainty at the moment and volatility in actual demand could lead to a significant variance from the current forecast at a later date.

The forecast is based on actual expenditure and income to date, 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 most impacted months of the winter period which can lead to significant fluctuations in demand for services. 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.

There have been multiple grants awarded by the Government to local authorities to support additional expenditure, delayed savings delivery and lost income as a result of the pandemic. The monitoring position at quarter 3 reflects the additional income received to date and costs forecast to be incurred. It must be noted that this is a fast changing picture with additional funding and changes to advice and guidance as part of the pandemic happening on a regular basis.

The savings that have been agreed to date are also closely monitored, with a total of £51.196m budgeted to be delivered in 2020/21. The financial position at the end of quarter 3 has an assessment of c51% 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 and therefore savings needing to be re-profiled in a number of cases.

### 3. Adult Services

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance
	£m	£m	£m	%	£m
<b>Disability (Adults)</b>	0.396	1.308	0.912	230.30%	1.363
<b>Learning Disabilities, Autism &amp; Mental Health</b>	175.843	180.801	4.958	2.82%	4.429
<b>Residential &amp; Day Care Services for Older People</b>	-0.301	4.431	4.732	-1572.09%	4.514
<b>Social Care Services (Adults)</b>	188.971	203.581	14.610	7.73%	10.391
<b>Total</b>	<b>364.909</b>	<b>390.121</b>	<b>25.212</b>	<b>6.91%</b>	<b>20.697</b>
<b>Share of unallocated COVID- 19 emergency monies</b>	0.000	-26.382	-26.382		-19.183
<b>Total Adults</b>	<b>364.909</b>	<b>363.739</b>	<b>-1.170</b>	<b>-0.32%</b>	<b>1.514</b>

#### **Adult Services – forecast underspend £1.170m**

The Adult Services budget accounts for c43% of the county council's total net budget. In a time of great uncertainty due to the pandemic, it is a positive that this service is forecast to achieve a small underspend which represents less than 1% of the budget. It must be noted that the service has been supported by significant levels of Covid-19 funding (emergency support grant, infection control grant, hospital discharge funding and sales, fees and charges grant) which is non-recurrent and any underlying and long term pressures as a result of the pandemic will need to be reviewed and included within the MTFS if required.

There are significant variances across a number of services in the directorate with the main pressures being increased demand in non-residential services, delayed delivery of savings and pressures across our in-house residential services. These are offset by underspends due to reduced demand in residential and nursing placements and also additional income that has been recovered.

The forecast presented is the best estimate of the position anticipated by the end of the financial year, however there could be significant volatility of demand levels for services particularly as we enter the winter months, with the added uncertainty of the impact of the pandemic. A detailed review is taking place to forensically review the demand and cost of placements to understand further the impact on the budget position, the variances and support the forecast.

The most significant variances within the directorate are as follows:

#### **Disability Service (Adults) – forecast overspend £912,000**

This is predominantly due to budgeted savings on remodelling the supported living service, delayed due to the Covid-19 pandemic.

### **Learning Disability, Autism & Mental Health – forecast overspend £4.958m**

The learning disability and autism service is forecast to overspend by £6.823m. Commissioned services are forecasting a net budgetary pressure of £4.860m due to the impact of Covid-19, with the most significant being a forecast overspend of £4.992m in domiciliary care offset by underspends in residential and nursing care. In this area the levels of demand increases are significant, as the budget contains funding for an increase of 3%, but levels at quarter 3 are close to 8%.

In addition there are pressures due to underachievement of savings of £2.287m, again due to the pandemic. There is a further forecast overspend of £4.000m due to current and historic void claims.

These pressures are partially mitigated by net additional income of £3.549m.

The mental health service is forecast to underspend by £1.520m, predominantly due to staffing underspends of £1.265m. Commissioned services are forecast to overspend by £1.477m, which has been increased to reflect in year anticipated demand pressures resulting from the Covid-19 pandemic. The modelled forecast does include growth to reflect increased demand across domiciliary services and direct payments. Community based services are forecasting an underspend of £1.657m. This position is mainly due to the overachievement of a saving relating to elements of block contracts.

### **Residential and day care services for older people – forecast overspend £4.732m**

The service operates with a gross budget of £22.806m and has an income target of £23.107m resulting in a net budget of -£0.301m.

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 c£1.500m by the year end. The service is also experiencing a Covid related pressure due to a reduction in income from residents, occupancy has reduced from c.600 to c.470 resulting in an income short fall from residents expected to be £2.494m at year end.

### **Social care services (adults) - forecast overspend £14.610m**

Residential care is forecast to overspend by £5.017m mainly due to pressures brought forward from 2019/20 relating to delayed savings, which have increased further due to the ongoing pandemic. These pressures are offset by reduced costs as a result of lower than expected levels of service users within residential care (offset by reduced service user income). Nursing care is forecasted to underspend by £2.303m due to a reduction in the number of service users.

Non-residential care has an overspend of £11.910m predominantly due to 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. In addition, non-residential care has seen increasing demand across both domiciliary care and direct payments. There are smaller underspends reported across day care and other services.

As part of the winter plan additional expenditure has been agreed of c£4.700m to increase capacity for crisis care, reablement and staffing in order to enable hospital discharge and avoidance. It was agreed that that this will be funded from additional funding received in relation to Covid-19.

Adult services has been apportioned £26.382m 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**

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance
	£m	£m	£m	%	£m
<b>Policy Info &amp; Commission Age Well</b>	0.833	0.850	0.017	2.04%	0.027
<b>Policy Info &amp; Commission Live Well</b>	0.894	0.915	0.021	2.35%	0.019
<b>Safeguarding &amp; Quality Improvement Services</b>	5.900	5.940	0.040	0.68%	0.029
<b>Total Policy, Information, Commissioning and Safeguarding</b>	<b>7.627</b>	<b>7.705</b>	<b>0.078</b>	<b>1.02%</b>	<b>0.075</b>

#### **Policy, Information and Commissioning, Quality, Contracts and Safeguarding Adults Services – forecast overspend £78,000**

There are various minor overspends across policy, information, commissioning and safeguarding.



## 5. Public Health & Wellbeing

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance
	£m	£m	£m	%	£m
<b>Public Health &amp; Wellbeing</b>	-66.883	-66.688	0.195	0.29%	0.050
<b>Health Equity Welfare &amp; Partnerships</b>	57.381	57.910	0.529	0.92%	0.000
<b>Health, Safety &amp; Resilience</b>	0.924	0.748	-0.176	-19.05%	-0.068
<b>Trading Standards &amp; Scientific Services</b>	3.366	4.088	0.722	21.45%	0.553
<b>Total</b>	<b>-5.212</b>	<b>-3.942</b>	<b>1.270</b>	<b>24.37%</b>	<b>0.535</b>
<b>Share of unallocated COVID-19 emergency monies</b>	0.000	-0.494	-0.494		0.000
<b>Total Public Health &amp; Wellbeing</b>	<b>-5.212</b>	<b>-4.436</b>	<b>0.776</b>	<b>14.89%</b>	<b>0.535</b>

### **Public Health and Wellbeing – forecast overspend £776,000**

The Public Health grant is forecast to underspend by £2.841m. This is not presented in the figures above, as the grant is ringfenced with the forecast underspend to be transferred to reserves and be re-invested in public health eligible services in future years. Elements of the service that are underspent are those which are on a tariff based arrangement, operating on a demand basis such as sexual health, oral health, health checks and substance misuse budgets. These areas are underspent in large part due to suppressed demand as a result of the severe restrictions that Lancashire has been placed under during the pandemic. In future years we expect to see demand increase and health inequalities across different areas in Lancashire will need to be addressed.

The service has incurred additional costs due to Covid-19 in areas such as establishing outbreak management arrangements and increasing staffing to support the response to the pandemic. As a result Public Health & Wellbeing has been apportioned £494,000 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.

Trading Standards and Scientific Services are forecasting an under-recovery of income, with some of this due to the Covid-19 pandemic. There are also some income and cost pressures which are currently being reviewed to establish the reasoning behind the pressures, ascertain if they are recurrent, and determine if they can be recovered by the service or if they will need to be built into the MTFS.

## 6. Education and Children's Services

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance
	£m	£m	£m	%	£m
<b>Children Social Care Localities</b>	106.466	113.617	7.151	6.72%	10.406
<b>Fostering Adoption Residential and YOT</b>	33.032	33.882	0.850	2.57%	0.451
<b>Total Children's Social Care</b>	<b>139.498</b>	<b>147.499</b>	<b>8.001</b>	<b>5.74%</b>	<b>10.857</b>
<b>Children and Family Wellbeing Service</b>	14.533	12.684	-1.849	-12.72%	-1.367
<b>Education Improvement 0 - 11 Years And 11+ To 25 Combined</b>	3.878	6.274	2.396	61.78%	3.074
<b>Inclusion</b>	19.325	19.156	-0.169	-0.87%	0.173
<b>Libraries Museums Culture &amp; Archives</b>	10.192	11.196	1.004	9.85%	2.606
<b>Total Education and Skills</b>	<b>47.928</b>	<b>49.310</b>	<b>1.382</b>	<b>2.88%</b>	<b>4.486</b>
<b>Quality Assurance, Inspection And Safeguarding</b>	13.379	12.497	-0.882	-6.59%	-0.578
<b>Policy Info &amp; Commission Start Well</b>	1.558	1.526	-0.032	-2.05%	0.009
<b>Education &amp; Children's Services Central Costs</b>	-1.430	-2.028	-0.598	-41.82%	-0.598
<b>Total</b>	<b>200.933</b>	<b>208.804</b>	<b>7.871</b>	<b>3.92%</b>	<b>14.176</b>
<b>Share of unallocated COVID-19 emergency monies</b>	0.000	-8.122	-8.122		-7.183
<b>Total Education and Children's Services</b>	<b>200.933</b>	<b>200.682</b>	<b>-0.251</b>	<b>-0.12%</b>	<b>6.993</b>

### Education and Children's Services – forecast underspend £251,000

#### Children's Social Care Localities – forecast overspend £7.151m

The forecast variance includes an anticipated overspend of £3.743m 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 mitigation for this will be the implementation of the restructure proposals and the January launch of the family safeguarding model.

Agency residential (including leaving care) and fostering placements are forecast to overspend by £3.209m. Agency residential placements increased from 292 in March 2019 to 303 in March 2020. They decreased by 11 to 302 placements in November 2020. Agency fostering placements decreased from 524 in March 2019 to 501 in March 2020 and decreased by 26 to 475 placements in November 2020. Based on placement numbers and costs in more 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.

Demand could increase as lockdown restrictions are lifted and additional costs of c£2.045m have been reflected in the forecast for agency placements. This estimate has reduced in comparison to previous forecasts, as to date the anticipated additional demand has not materialised. It is still expected that additional demand costs will be incurred at the beginning of 2021 and therefore a forecast is included for the final quarter of the year.

Family support, which covers Special Guardianship Orders (SGO's), assistance to families and other payments, is forecast to overspend by £601,000 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 and overspends across the service.

### **Fostering, Adoption Residential and Youth Offending Team – forecast overspend £850,000**

The service is forecasting to overspend. This is mainly due to residential in-house provision (including overnight short breaks) which is forecast to overspend by £826,000. This overspend relates to staff costs of which £517,000 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 and overspends across other elements of the service.

### **Children Family and Wellbeing Service (CFW) – forecast underspend £1.849m**

The forecast position relates to anticipated staffing underspends of £1.487m due to continuing levels of staff vacancies. However, the current staffing levels mean the service is having to adapt their level of service delivery accordingly and they will need to increase staff activity to support family safeguarding. There are further underspends forecast due to over-recovery of budgeted income for the troubled families unit and other minor underspends across the service.

### **Education Improvement – forecast overspend £2.396m**

Traded services are forecast to overspend by £904,000 which relates to the 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 £1.772m. This is as a result of under recovery of income of £2.641m partly offset by a reduction in expenditure of £517,000 both in relation to the impact of Covid-19 with the closure of schools/settings during lockdown and the continuing pressure of not delivering face to face training/services. There are also underlying pressures within the budget from under recovery from the sale of data products (£181,000) and a reduction in schools buy-back from April 2020. Work is currently being undertaken to embed the re-design of this service and assess the subsequent impact on income.

In addition there are further overspends across the service due to under recovery of income (c£624,000). This is as a result of settings i.e. schools and early years settings closing during lockdown and the continuing pressure of being unable to deliver face to face training.

### **Inclusion – forecast underspend £169,000**

Underspends of £1.024m are forecast across a number of teams which mainly relates to staff costs. However, there are offsetting pressures due to an under recovery of income

from special educational needs traded services (£129,000) and an increase in demand for agency residential and fostering placements and family support for children with disabilities (£726,000).

**Libraries, Museums, Culture and Archives (LMCA) – forecast overspend £1.004m**

Forecast overspends of £847,000 and £287,000 are forecast for 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 under way 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. Services have been mitigating losses wherever possible by offering their services online. The position for this service has improved as income has been received in relation to the period April – July 2020 to offset sales, fees and charges losses due to Covid-19.

**Quality Assurance, Inspection and Safeguarding – forecast underspend £882,000**

The forecast underspend predominantly relates 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. This underspend is offset by smaller overspends on non-staff costs (supplies, services and travel) across the service and will be absorbed during future months as the demand for the service will grow in line with other predicted social care demands.

**Education and Children's Services Central Costs – forecast underspend £598,000**

Forecast 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 £8.122m 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

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance
	£m	£m	£m	%	£m
<b>LEP Coordination</b>	0.250	0.250	0.000	0.00%	0.000
<b>Business Growth</b>	1.591	1.634	0.043	2.70%	0.034
<b>Planning and Environment</b>	2.203	2.313	0.110	4.99%	-0.023
<b>Estates</b>	0.435	0.375	-0.060	-13.79%	0.000
<b>Strategic Development</b>	0.411	0.412	0.001	0.24%	-0.001
<b>Total</b>	<b>4.890</b>	<b>4.984</b>	<b>0.094</b>	<b>1.92%</b>	<b>0.010</b>
<b>Share of unallocated COVID-19 emergency monies</b>	0.000	-0.247	-0.247		-0.086
<b>Total Growth, Environment &amp; Planning</b>	<b>4.890</b>	<b>4.737</b>	<b>-0.153</b>	<b>-3.13%</b>	<b>-0.076</b>

### **Growth, Environment and Planning Services – underspend £153,000**

Growth, environment and planning services has been apportioned £247,000 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 and Transport

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance
	£m	£m	£m	%	£m
<b>Highways</b>	12.700	19.078	6.378	50.22%	4.852
<b>Public &amp; Integrated Transport</b>	53.430	53.721	0.291	0.54%	2.825
<b>Customer Access</b>	2.626	3.380	0.754	28.71%	0.616
<b>Design and Construction</b>	-2.981	-1.372	1.609	53.98%	2.232
<b>Total</b>	<b>65.775</b>	<b>74.807</b>	<b>9.032</b>	<b>13.73%</b>	<b>10.525</b>
<b>Share of unallocated COVID-19 emergency monies</b>	0.000	-2.416	-2.416		-2.919
<b>Total Highways and Transport</b>	<b>65.775</b>	<b>72.391</b>	<b>6.616</b>	<b>10.06%</b>	<b>7.606</b>

### **Highways and Transport – forecast overspend £6.616m**

#### **Highways – forecast overspend £6.378m**

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 £2.085m.

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 £2.793m is forecast at this stage in the financial year.

In addition, the forecast has been increased within the severe weather budget due to increased spend to date and projected increased costs on winter gritting.

#### **Public and Integrated Transport – forecast overspend £291,000**

Most parts of the public and integrated transport budget are affected by Covid-19 and the most significant forecast variances are detailed below.

School transport costs are forecast to overspend by c£1.300m due to a number of reasons although this could reduce as government announcements are made on additional funding being made available to meet some of the additional costs. Payments made to taxi operators are being made based on contract values in line with government guidance, resulting in a forecast overspend of c£800,000. 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. A decision to repay parents for summer term bus passes following closure of schools and a fall in receipts from walk-up fares has resulted in a loss of income.

Whilst additional government funding has largely negated this a small pressure of c£100,000 remains.

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£400,000. 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.

Concessionary travel is forecast to underspend by c£1.900m. Payments to bus operators continue to be made based of historic passenger data which may continue for a significant period of time as there is no likelihood of concessionary passenger numbers increasing to the level they were before the pandemic. Despite this the concessionary travel budget underspent in 2019/20 so this is expected to recur in 2020/21.

#### **Customer Access – forecast overspend £754,000**

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 £1.609m**

Design and Construction property is forecast to overspend by £1.526m. Lower than forecast income recovery of c£2.221m 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 factors so the position is still subject to change. The above is partly offset by forecast underspends of £695,000 on staffing and agency costs.

In addition Design and Construction highways is forecast to overspend by £83,000.

Highways and transport has been apportioned £2.416m 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.

## 9. Organisational Development and Change

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance
	£m	£m	£m	%	£m
<b>Programme Office</b>	1.436	1.352	-0.084	-5.85%	-0.055
<b>Organisational Development</b>	0.801	0.801	0.000	0.00%	0.000
<b>Total Organisational Development and Change</b>	<b>2.237</b>	<b>2.153</b>	<b>-0.084</b>	<b>-3.76%</b>	<b>-0.055</b>

### **Organisational Development and Change – forecast underspend £84,000**

The small underspend across the service is due additional income and underspends on running costs.



## 10. Waste Management

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance
	£m	£m	£m	%	£m
<b>Waste Mgt</b>	65.965	65.146	-0.819	-1.24%	-0.708
<b>Total</b>	<b>65.965</b>	<b>65.146</b>	<b>-0.819</b>	<b>-1.24%</b>	<b>-0.708</b>
<b>Share of unallocated COVID-19 emergency monies</b>	0.000	-1.490	-1.490		0.000
<b>Total Waste Mgt</b>	<b>65.965</b>	<b>63.656</b>	<b>-2.309</b>	<b>-3.50%</b>	<b>-0.708</b>

### **Waste Management – forecast underspend £2.309m**

Based on the financial year to date 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 3% higher this year compared to the same period of last year.

Forecast underspends of £1.646m are forecast at the HWRCs which were closed for the first part of the year and since reopening tonnages have remained lower than ordinarily expected which has had a significant impact on costs predominantly reduced transport costs.

The reduction in trade waste is expected to result in lower than budgeted income of £206,000.

Forecast overspends of £1.100m relate to waste disposal costs, these are offset by underspends within the waste company, insurance costs and other minor underspends.

Waste management has been apportioned £1.490m 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.

## 11. Finance

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance
	£m	£m	£m	%	£m
<b>BTLS</b>	27.204	27.203	-0.001	0.00%	-0.001
<b>Lancashire Pension Fund</b>	0.000	0.000	0.000	0.00%	0.000
<b>Exchequer Services</b>	3.937	3.694	-0.243	-6.17%	-0.299
<b>Financial Mgt (Development and Schools)</b>	0.005	-0.074	-0.079	-1580.00%	-0.041
<b>Financial Mgt (Operational)</b>	1.698	1.740	0.042	2.47%	0.042
<b>Corporate Finance</b>	7.753	7.654	-0.099	-1.28%	-0.080
<b>Internal Audit</b>	0.753	0.782	0.029	3.85%	0.103
<b>Procurement</b>	1.960	2.142	0.182	9.29%	0.080
<b>Total</b>	<b>43.310</b>	<b>43.141</b>	<b>-0.169</b>	<b>-0.39%</b>	<b>-0.196</b>
<b>Share of unallocated COVID-19 emergency monies</b>	0.000	-0.017	-0.017		-0.012
<b>Total Finance</b>	<b>43.310</b>	<b>43.124</b>	<b>-0.186</b>	<b>-0.43%</b>	<b>-0.208</b>

### **Finance - forecast underspend £186,000**

The forecast underspend is predominantly due to underspends reported within exchequer services with a forecast underspend of £403,000 on employees which is mainly due to delays in recruitment because of Covid-19. This underspend is offset by a forecast overspend due to reduced income.

There are minor net overspends of £217,000 across the remainder of finance.

Finance has been apportioned £17,000 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.

## 12. Corporate Services

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance
	£m	£m	£m	%	£m
<b>Coroner's Service</b>	2.472	2.379	-0.093	-3.76%	-0.004
<b>Human Resources</b>	1.012	1.098	0.086	8.50%	0.135
<b>Legal, Governance and Registrars</b>	12.528	14.893	2.365	18.88%	1.530
<b>Skills Learning &amp; Development</b>	2.845	2.667	-0.178	-6.26%	-0.220
<b>Total</b>	<b>18.857</b>	<b>21.037</b>	<b>2.180</b>	<b>11.56%</b>	<b>1.441</b>
<b>Share of unallocated COVID-19 emergency monies</b>	0.000	-0.818	-0.818		-0.553
<b>Total Corporate Services</b>	<b>18.857</b>	<b>20.219</b>	<b>1.362</b>	<b>7.22%</b>	<b>0.888</b>

### **Corporate Services - forecast overspend by £1.362m**

The main pressure across the service relates to legal fees c£1.9m as demand linked to social care continues to increase, there are some largely compensating variances across the remainder of corporate services.

In addition there are income pressures within the registrar's service and human resources due to the ongoing pandemic.

Corporate Services have been apportioned £818,000 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.

### 13. Strategy and Performance

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance
	£m	£m	£m	%	£m
Asset Mgt	7.252	7.102	-0.150	-2.07%	0.287
Facilities Mgt	19.853	23.669	3.816	19.22%	3.608
Core Systems and Business Support	4.548	4.541	-0.007	-0.15%	0.054
Business Intelligence	1.344	1.369	0.025	1.86%	0.049
<b>Total</b>	<b>32.997</b>	<b>36.681</b>	<b>3.684</b>	<b>11.16%</b>	<b>3.998</b>
Share of unallocated COVID-19 emergency monies	0.000	-0.125	-0.125		-0.085
<b>Total Strategy and Performance</b>	<b>32.997</b>	<b>36.556</b>	<b>3.559</b>	<b>10.79%</b>	<b>3.913</b>

#### Strategy and Performance - forecast overspend £3.559m

##### Asset Management – forecast underspend £150,000

Street lighting energy is forecast to underspend by £148,000. Salix funded works to replace street lights with LEDs was delayed due to Covid-19. Whilst the programme has resumed, consumption is higher than otherwise would have been the case. This additional consumption is more than offset by price reductions brought about by energy supply contract changes.

Further underspends of £147,000 relate to staffing, 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.

Partly offsetting these underspends is a pressure of £90,000 in relation to lower energy rebates due to reduced utility spend in schools and our own property portfolio due to a number of sites having being closed and the remainder being significantly less occupied. Overall for the authority this is a saving with the lower utility spend showing in facilities management.

##### Facilities Management - forecast overspend £3.816m

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 £8.207m which relates to lower income charge to schools. Even though this is a significant pressure there remain a number of uncertainties and risks 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. 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 underspends of £3.155m.

The forecast includes £1.536m of income claimed as part of the government scheme to refund authorities for 75% of their income losses due to Covid-19 relating to school and staff catering. This money relates to April - July and further claims will be made during 2020/21 and included in the forecast once it is confirmed the funds will be received.

Strategy and performance services has been apportioned £0.125m 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.

## 14. Chief Executive Services

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance
	£m	£m	£m	%	£m
Chief Executive	2.563	2.676	0.113	4.41%	-0.024
Communications	1.045	1.110	0.065	6.22%	0.065
Corporate Budgets (Funding and Grants)	1.546	7.310	5.764	372.83%	-0.025
Corporate Budgets (Treasury Management)	27.642	10.043	-17.599	-63.67%	-22.002
Corporate Budgets (Pensions & Apprenticeship Levy)	9.767	9.563	-0.204	-2.09%	0.315
<b>Total</b>	<b>42.563</b>	<b>30.702</b>	<b>-11.861</b>	<b>-27.87%</b>	<b>-21.671</b>
Share of unallocated COVID- 19 emergency monies	0.000	-4.328	-4.328		-0.823
<b>Total Chief Executive Services</b>	<b>42.563</b>	<b>26.374</b>	<b>-16.189</b>	<b>-38.04%</b>	<b>-22.494</b>

### Chief Executive Services - forecast underspend £16.189m

This relates to forecast gains across the treasury management budget of £23.002m primarily as a result of extra income received through the sale of gilts and bonds taking advantage of the current economic environment and ongoing significant volatility in their pricing. This position is offset by a contribution to the treasury management reserve to reflect the anticipated ongoing economic uncertainties, including the interest rate environment, resulting from both the pandemic and Brexit and the resulting potential future market risks and impact on future returns.

In addition a contribution has been made to the insurance provision to reflect the required level of funding available based on recent claims. There are also estimated costs relating to voluntary redundancy which would normally be funded from within reserves. However, given the forecast underspend position within the directorate these costs can be met within this budget.

There are other minor forecast underspends and overspends on areas such as apprenticeship levy and the communications service.

Chief executive services has been apportioned £4.328m 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 value is higher at quarter 3 due to additional funding being received and volatility in relation to where the costs will be incurred, therefore a proportion of the additional funding has been held within the directorate.