



Money Matters
The County Council's Revenue Financial
Position
2021/22 Quarter 1

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1. Summary Revenue Budget Monitoring Position as at 30th June 2021

Service Area	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	%
Adults	388.896	392.182	3.286	0.84%
Policy, Information, Commissioning and Safeguarding	7.728	7.744	0.016	0.21%
Public Health & Wellbeing	-4.784	-4.502	0.282	5.89%
Education and Children's Services	218.267	212.399	-5.868	-2.69%
Growth, Environment & Planning	6.699	6.390	-0.309	-4.61%
Highways and Transport	71.491	74.578	3.087	4.32%
Organisational Development	1.928	1.687	-0.241	-12.50%
Waste Management	70.121	68.615	-1.506	-2.15%
Finance	17.937	17.551	-0.386	-2.15%
Corporate Services	21.876	21.626	-0.250	-1.14%
Strategy and Performance	31.902	31.659	-0.243	-0.76%
Digital Services	31.876	31.876	0.000	0.00%
Chief Executive Services	17.476	14.389	-3.087	-17.66%
TOTAL	881.413	876.194	-5.219	-0.59%

2. Executive Summary

This report provides the first update of the financial year 2021/22 to Cabinet on the county council's forecast 2021/22 revenue financial position as at the end of June 2021. The forecast outturn for 2021/22 is outlined in the table above, with a £5.219m underspend forecast, which by way of context is 0.59% of the county council's net budget.

Forecasting in the current climate is challenging as while the financial impacts of the Covid crisis continue to be 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 early point in the financial year we can see the impact of covid in the previous financial year rolling forward 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 treasury management gains (£3.000m) which are helping to mitigate some of the forecast pressures.

These factors have led to an underspend being forecast at quarter 1 although we still await the impact of pent up demand which is difficult to forecast with any certainty, given the rapidly changing situation in relation to the pandemic, 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 1 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 £42.727m to be delivered in 2021/22. This is a combination of savings that were planned to be delivered in 2020/21 and were delayed due to the pandemic, and the budgeted savings agreed to be removed from the budget in 2021/22. As restrictions have largely been lifted and services return to providing services closer to the levels provided pre-pandemic there is renewed focus and activity in monitoring and delivering the savings that are built into the budget.

3. Adult Services

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	%
Disability (Adults)	1.940	2.163	0.223	11.49%
Learning Disabilities, Autism & Mental Health	176.363	186.067	9.704	5.50%
Residential & Day Care Services for Older People	-0.145	4.768	4.913	3388.28%
Social Care Services (Adults)	198.255	199.184	0.929	0.47%
Total	376.413	392.182	15.769	4.19%
Share of unallocated COVID-19 emergency monies	12.483	0.000	-12.483	
Total Adults	388.896	392.182	3.286	0.84%

Adult Services – Forecast overspend £3.286m

The Adult Services budget accounts for c44% of the county council's total net budget.

The directorate budget is forecast to overspend by 0.84%, but it should also be noted that the service has been supported by significant levels of Covid-19 funding (£15.057m - emergency support grant, infection control grant, hospital discharge funding and sales, fees and charges grant) which has been apportioned based on the pressures experienced across services but is non-recurrent.

There are still uncertainties surrounding the short and long-term impact of the pandemic factored into both the current year budget and future years. Any underlying and long-term pressures as a result of the pandemic will need to be reviewed and included within the MTFS if required. Some additional Covid-19 funding has already been provided by Government for the year ahead to support social care, but the scale and duration of such support may be more limited compared to last year. A detailed review is taking place to closely review the demand and cost of placements to understand further the impact on the budget position, the variances and support the forecast.

The service had been due in 2020/21, as part of the previously agreed savings programme, to deliver a significant level of savings (£35.452m) to stay within their financial envelope. Due to the pandemic a significant proportion has been unavoidably delayed (c£23m). In addition, there are further agreed savings still to be delivered totalling £14.341m for 2021/22 and £1.373m for 2022/23. A full review is currently underway to determine the next steps for delivery of the outstanding savings in light of the removal of restrictions related to the pandemic. In 2021/22 a proportion of the emergency grant for additional costs of covid will be able to support delays in savings, however this will not cover the whole amount and is non-recurrent.

Some of the most significant variances across a number of services in the directorate continue to be mainly attributable to the pandemic with an increased demand higher than forecast in non-residential services, for example home care, as families have sought to find alternatives to residential and nursing care. This has also impacted on care home occupancy and thereby income levels across our in-house residential services and day services at a time when increased staffing requirements and funding has been necessary to ensure safe care is provided.

The most significant variances are as follows:

In House Disability Care Service (Adults) – overspend £223,000

These services are predominantly delivered to younger adults. The great majority of people using these services have learning disabilities, often in combination with physical disability or complex health conditions. The services delivered include Short Break services, Supported Living, Day Services, Enablement, Employment Support and Shared Lives.

The provider service operates with a gross budget of £35.934m and has an income target of £33.994m resulting in a net budget of £1.940m. Much of this income is linked to the support commissioned by the council's own Learning Disability and Autism Social Work service with smaller contributions from the NHS for specific individuals, and contributions from charges to individuals.

The overspend position is mainly due to the delays in delivery of budgeted savings on remodelling the supported living service, due to the Covid-19 pandemic. However, day services have seen reduced demand in the early part of the year (in addition to reduced service user income) and are forecast to underspend by c£1m, although it is expected that demand will increase in the second half of the year as restrictions are lifted, which is reflected in the forecast position. Staffing budgets are also forecast to underspend in 2021/22, but these are not thought to be recurrent as recruitment is underway.

The service has received support from various Government Covid-19 related grants i.e., infection control grant, workforce development grant and the rapid testing grant totalling £154,000 however this will have been spent on direct Covid-19 related activity. The pandemic has placed significant pressures on all provider services and this is reflected in the overspend position.

Learning Disability, Autism & Mental Health – Forecast overspend £9.704m

Learning Disability and Autism Social Work Service

This service comprises teams of social workers and other staff working to assess individual needs, and then plan and commission appropriate support from a wide range of organisations including councils itself, voluntary organisations and private companies.

The learning disability and autism service is forecast to overspend by £10.462m. The staffing budget is forecast to underspend by £359,000 as a result of staffing vacancies, however the service is optimistic that outstanding vacancies will be recruited to and this variance is non-recurrent.

Commissioned services are forecast to overspend by £6.305m partially due to the impact of Covid-19, delayed delivery of savings and also as a result of increased levels of demand. The most significant pressure is a forecast overspend of £6.564m in domiciliary care offset by underspends in residential and nursing care. In this area the levels of demand increases are significant and reflect a change of support required during the pandemic. The budget contains funding for an increase of 3%, but levels of demand for 2021/22 are forecast to be 7% based on data to date. An in-depth review is currently taking place to assess the impact of increased demand on the medium term financial strategy and in light of the early work undertaken, additional funding has been included in the MTFS at quarter 1 from 2022/23 onwards.

In addition, there are pressures due to underachievement of savings of £5.358m. This is due to outstanding savings brought forward (delayed due to the pandemic) from 2020/21 and additional savings agreed to come out of the budget in 2021/22, although the forecast does recognise that some savings have been achieved across the service. There is a further overspend of £3.049m due to current and historic void claims which is a long-standing issue and is being looked at through the modernisation of supported living savings programme.

These pressures are partially mitigated by overachievement of the income targets (£3.902m) as a result of direct payment clawback and health income. However, the direct payment clawback is expected to be non-recurrent as this is predominantly due to pandemic.

Mental Health Service

The mental health service is forecast to underspend by £759,000, predominantly due to forecast staffing underspends of £1.356m. There are plans in place to recruit to the vacancies and the underspend relates to posts that we should be able to recruit to and the service are optimistic about recruitment. Commissioned services (e.g. residential care, domiciliary care etc) are forecast to overspend by £2.667m, which is mainly due to additional demand that the service has experienced resulting from the Covid-19 pandemic. Community based services are forecast to underspend by £2m in 2021/22, mainly due to the overachievement of savings, and some delays in commissioning new services. This is a non-recurrent underspend with plans in place for investment over the next 12 months.

The demand and need levels experienced by this service in 2021/22 will be closely monitored as the pandemic goes through its recovery stage and restrictions are lifted. There may be additional investment required in this service in future years that would need to be reflected in the medium term financial strategy.

The service are forecasting a pressure of c£1m for income not received from health, as part of the budget for 2021/22 income targets were increased. As it is early in the financial year and there is further activity to take place in relation to this, it is hoped that this overspend will reduce as part of future budget monitoring reports.

Residential and Day Care Services for Older People – forecast overspend £4.913m

The service operates with a gross budget of £23.518m and has an income target of £23.662m resulting in a net budget of -£0.144m.

The service is still experiencing staffing and agency pressures as per the previous year and this situation looks unlikely to change whilst we are still in the midst of a pandemic. 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. This will result in a forecasted overspend of £1.627m. The auxiliary workforce has now been stepped down so the service is covering absences with additional hours for staff.

Increased costs of in house cleaning and catering are forecast to overspend £430,000. The other main area of overspend relates to a loss of income from both LCC funded and self-funding clients. At present there is a forecasted under-recovery on income for residential service users which totals £3.023m. £2.071m of this relates to LCC service users and there is a corresponding underspend against the Social Care Services (Adults) residential budget.

The service still is experiencing a Covid related pressure due to a reduction in residential occupancy which has to date been reduced from a maximum occupancy level of c.604 to an average of c.473 residents (78%).

The 2021/22 income budget incorporates a budget savings target which was expected to be achieved in 2020/21 this consists of increasing charges to self-funding residents. Due to the current situation this budget savings initiative had not been realised in 2020/21 and there are challenges to its potential to be achieved this year.

The limited opening of day care centres has also caused a decrease in income of £1.244m from both LCC and self-funding clients. It is forecast that the 7 closed day care centres will gradually open by mid August and it is hoped that the changes in social distancing will allow for an increase in occupancy.

The Quarter 1 forecast includes COVID compensation of £274,000 for loss of income relating to self-funding clients, at present the COVID compensation has only been confirmed for Quarter 1.

The overspends listed above have also been offset by COVID grant income £372,000 received in Quarter 1 and the remainder of £268,000 confirmed to be received in Qtr 2, totalling £640,000 – Infection Control Grant £521,000, Rapid Test Fund £119,000. The grants will be applied to staff costs to cover the additional covid pressure that is felt at present.

Winter pressure funding for £376,000 has also been received to cover additional night care assistant posts.

Social Care Services (Adults) –forecast overspend £0.929m

Social care services (adults) covers the expenditure incurred in supporting older people and adults (aged 18-64) with physical disabilities. There are three main areas of spending, Residential and Nursing Care Homes, Care at Home and Staffing.

Residential and Nursing Care Homes

As part of the agreed savings programme the intention was to establish effective arrangements making fewer admissions into care homes and supporting greater numbers to stay at home. However, from the start of the pandemic implementation of the plan was postponed in the face of other urgent priorities for supporting individuals and the care home sector to stay safe.

However, the care home sector has experienced higher mortality rates particularly of older people during the pandemic, and there has been reduced demand from individuals for residential care. This is typically because families have been concerned about the risk of infection to their relative and the further impact of visiting and other restrictions. Demand has increased again over the past few months but is still significantly below pre-pandemic levels. Many of those individuals who have been placed in care homes, as part of discharge from hospital, have had their initial stays paid for by the NHS out of a national fund rather than the council in line with England wide arrangements. In cases where those placements were made by the council, we have forecast reimbursement from the national discharge fund and this amounts to c£1.5m.

In addition, a review of our bad debt provision and debt recovery strategy has taken place, and as a result of anticipated better collection rates we have been able to release one-off funding from the bad debt provision totalling £2.5m, meaning additional income for the service in 2021/22.

The overall impact of the delayed saving programme, the reduced demand for care home placements due to Covid-19, additional one-off income and the NHS funding arrangements is a forecast net underspend in the year of £5.148m on residential and nursing home placements.

There is a significant risk throughout this financial year that a significant proportion of placements which are currently transferring from the NHS to the council will need to be reassessed and these could involve increased costs compared to our standard rates, but at this stage we are unable to quantify the level of additional cost.

Care at Home

This includes a variety of services including crisis care, home care, and day services. The majority of these services are commissioned by our own staff but a significant number of people receive a direct payment so they can make their own care arrangements.

This area is forecast to overspend by £7.167m predominantly due to the under-delivery of savings on care provided to people in their own homes either through home care or via direct payment. These savings were very challenging in any event, and the onset of the pandemic meant they quickly became unrealistic to deliver. This was due to the greater priority on supporting people at home and the higher levels of support therefore commissioned, both in terms of numbers of people supported and also the intensity of the support needed by many individuals when it was required as an alternative to residential care. For some people this also involved a greater use of Direct Payments to have their needs met in different and sometimes more expensive ways.

The national hospital discharge arrangements have also meant that many individuals have had short term services commissioned to keep them safe at home as part of a greater emphasis on 'Home First' and Discharge to Assess during the pandemic.

This is an area where significant income to meet the costs of social care at home comes from pooled budgets held with the NHS. The size of the NHS contributions into these pooled budgets is mostly set at a national level but with a degree of local discretion and negotiation also occurring.

In addition, a review of our bad debt provision and debt recovery strategy has taken place, and as a result of anticipated better collection rates we have been able to release one-off funding from the bad debt provision totalling £680,000, meaning additional income for the service in 2021/22.

There are further forecast underspends in day services (£1.572m) due to both in house and external day care centres being largely closed due to Covid-19 and the lockdown measures, with some limited services opening in recent months. Smaller underspends totalling £653,000 are forecast across other smaller service elements.

Staffing

The service has recruited agency staff to a number of additional temporary management and frontline social work and occupational therapy posts during 2020/21 with some of these continuing into 2021/22. These posts have been needed to cover vacancies, longer term absence or address spikes in demand, particularly due to the pandemic. Pay-rates for agency staff have also had to be increased in order to become more competitive in the labour market in the face of much higher rates on offer from neighbouring NW councils.

In combination this has resulted in a forecast overspend of £0.815m against a gross budget of £23.291m.

Prevention Services

The total net budget for preventative services, including reablement and the equipment and carer's services is £4.352m and is mainly funded by Better Care Fund and improved Better Care Fund. An overspend of £207,000 is forecast for 2021/22.

The costs across equipment and adaptations, and in particular prescriptions and the loan store, have been increasing following a decline in 2020/21. There are increasing costs across telecare and reablement contracts, with an offsetting underspend within our carers service.

Central Services

This section of the budget contains budgets that support the directorate, such as grant income, insurance recharges and a small amount of support contracts. These budgets are forecast to overspend by £113,000 in 2021/22.

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
	£m	£m	£m	%
Policy Info & Commission Age Well	0.683	0.684	0.001	0.15%
Policy Info & Commission Live Well	0.867	0.867	0.000	0.00%
Safeguarding & Quality Improvement Services	6.178	6.193	0.015	0.24%
Total Policy, Information, Commissioning and Safeguarding	7.728	7.744	0.016	0.21%

Policy, Information and Commissioning, Quality, Contracts and Safeguarding Adults Services – forecast overspend £16,000

There are various minor overspends across policy, information, commissioning and safeguarding which predominantly relate to staffing costs.

5. Public Health & Wellbeing

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	%
Public Health & Wellbeing	-66.940	-66.940	0.000	0.00%
Health Equity Welfare & Partnerships	57.536	57.907	0.371	0.64%
Health, Safety & Resilience	0.985	0.829	-0.156	-15.84%
Trading Standards & Scientific Services	3.495	3.703	0.208	5.95%
Total	-4.924	-4.501	0.423	8.59%
Share of unallocated COVID-19 emergency monies	0.140	0.000	-0.140	
Total Public Health & Wellbeing	-4.784	-4.501	0.282	5.89%

Public Health and Wellbeing – overspend £282,000

The majority of the budget detailed in the table above is funded by the ringfenced Public Health Grant. In 2021/22 the total grant received is £70.243m.

In addition to the grant received in this financial year, a public health grant reserve is held which contains funds that have been unspent in previous years and must be spent in line with the grant conditions. An amount of £5.499m was transferred to the reserve at the end of 2020/21. A significant public health transformation programme is being developed to restore services from the pandemic and to achieve improved outcomes across the county. This programme will invest these funds according to local priorities.

The service is also involved in delivering additional support to the community related to the pandemic, through using additional grants distributed by the Government such as the Contain Outbreak Management Fund (COMF), Test and Trace Grant and the Community Testing Programme.

In the current financial year, an overspend of £282,000 is forecast for the Public Health and Wellbeing Service. However, as part of this forecast, a contribution to the Public Health Grant Reserve has been made of £758,000, as the grant is ringfenced and has been transferred to reserves to 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 and NHS health checks. These areas are underspent in large part due to suppressed demand as a result of the restrictions that Lancashire has been placed under during the pandemic, but we do expect demand for these services to increase over the later part of the year as restrictions are lifted and the backlog of demand is presented to the various services. Given the health inequalities highlighted during the pandemic, this area of work will continue to be a focus for the service in future years.

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 £140,000 of the emergency funding provided by Government in respect of the Coronavirus financial pressures. This sum has been apportioned based on the pressures experienced across the authority but will be reviewed and may fluctuate throughout the financial year.

Trading Standards and Scientific Services has 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. This is offset by an underspend within the Health Safety and Resilience budget as a result of receiving more income than their budget target.

6. Education and Children's Services

Education and Children's Services	Approved Net Budget £m	Current Period Net Forecast Outturn £m	Current Period Net Forecast Variance £m	Current Period Net Forecast Variance %
Family Safeguarding Project	1.133	1.144	0.011	0.97%
Csc: Mash/D&A/Complex Needs	10.017	10.048	0.031	0.31%
Family Safeguarding	11.925	12.634	0.709	5.95%
Csc: Looked After Children/Leaving Care	93.674	88.287	-5.387	-5.75%
Fostering Adoption Residential and YOT	36.151	35.099	-1.052	-2.91%
Total CSC	152.900	147.212	-5.688	-3.72%
Children and Family Wellbeing Service	18.068	16.627	-1.441	-7.98%
Education Improvement 0 - 11 Years And 11+ To 25 Combined	5.150	6.427	1.277	24.80%
Inclusion	21.980	21.712	-0.268	-1.22%
Libraries Museums Culture & Archives	10.722	11.013	0.291	2.71%
Total Education and Skills	55.920	55.779	-0.141	-0.25%
Safeguarding, Inspection & Audit	14.828	14.329	-0.499	-3.37%
Policy Info & Commission Start Well	1.695	1.595	-0.100	-5.90%
Education & Children's Services Central Costs	-5.911	-6.516	-0.605	-10.24%
Total	219.432	212.399	-7.033	-3.21%
Share of unallocated COVID-19 emergency monies	-1.165	0.000	1.165	
Total Education and Children's Services	218.267	212.399	-5.868	-2.69%

The largest impact on the forecast position for ECS in 2021/22 is reductions in the number of children entering care which has resulted in an underspend of c£6.600m. However, income pressures (net of any reduction in costs incurred earning income) remain which are largely due to the pandemic as discussed later in this report, albeit that overall these are mitigated by underspends on staffing and non-staff costs across ECS.

Children's Social Care – Forecast underspend £5.688m

The largest areas of spend within the Children's Social Care Service are for social work teams and residential and fostering placements for children in our care with activity cutting across a number of service areas.

The Children's Social Care Service has recently undergone significant change with the implementation of Lancashire Family Safeguarding (LFS) from January/February 2021 necessitating a restructure of social work teams. The family safeguarding model is a way of keeping families together where it is safe to do so, achieved through a more collaborative way of working where workers motivate parents to identify the changes needed within their own families, which helps achieve better outcomes for children. The family safeguarding service works with children and their families aged 12 and under.

The family safeguarding model requires investment in staff via the recruitment of adult workers based in children's social work teams and training in motivational interviewing techniques (MIT) but is expected to deliver savings from a reduction in children entering care and resulting placement costs.

Most children who face the greatest risks are those living in families where at least one of the adults is struggling with mental or emotional health issues, substance or alcohol difficulties, or where there is domestic abuse. The family safeguarding model seeks to address these issues, helping parents to solve long-standing difficulties to keep children with their families. It works by having mental health, substance misuse and domestic abuse specialists work alongside social workers which allows for whole family support, with tailored programmes delivered for individual parents, often within their own homes.

The implementation of LFS has been possible because of the support of the Department for Education (DfE) Strengthening Families Protecting Children Programme aimed at helping to safely reduce the number of children entering care.

Funding for the implementation of LFS was awarded by the DfE following the submission of a successful bid. Total DfE funding awarded was c£6.300m which includes a contribution of £855,000 for one-off implementation costs and c£5.500m for adult workers on a reducing basis over 3 years.

The first adult workers have been in post since January 2021. Recruitment of posts is ongoing with most posts expected to be filled by the end of quarter 2, although there are some challenges in recruiting to probation roles following recent changes to probation services in England and Wales. The first rounds of MIT training began in early 2020/21 and is ongoing as planned. Non-recurring underspends of DfE funding relating to delayed recruitment will be transferred to reserves for use on LFS.

LFS was expected to begin to deliver savings in the current financial year from October 2021. However, on average the number of children entering care has been falling since September 2020 and there has been a significant reduction in the number of children looked after, from 2,085 (excluding children with disabilities) in September 2020 to 1,880 in June 2021, a reduction of 205 (c10%) with most of this reduction occurring since January 2021.

Whilst the implementation of LFS has undoubtedly had a positive impact on the numbers of children entering care, it is likely that the pandemic has also had some impact with reductions in numbers of both referrals and new assessments started over the same period. It is almost impossible to know how much of the reduction has resulted from each of these factors and there exists a risk that referrals and children entering care could increase following the easing of lockdown restrictions, particularly when the new academic year commences.

None the less residential and fostering placements (excluding in-house residential provision) are forecast to underspend by c£6.600m in 2021/22 as a result of reductions in children looked after which in part represents early delivery of savings. The forecast also assumes some additional costs following the easing of lockdown restrictions. However, the forecast could change given uncertainties around the above, but will be kept under close review and any changes reported in future months.

Underspends on placements are partly offset by forecast overspends on residential in-house provision of c£400,000 which mainly relates to staff costs for emergency provision and the use of casual staff to support outreach/edge of care services and welfare checks. Some of these costs will be funded from the emergency Covid-19 grant in 2021/22, however if there is an ongoing requirement for these additional resources a budget realignment may need to take place to reflect that these additional costs result in reduced costs across placement budgets.

Forecasts overspends on social work teams of c£1.400m are largely due to the use of agency staff to fill vacant posts.

The budget for the Children's Social Care Service also covers other allowances, payments and assistance to families which are forecast to underspend by c£850,000 as detailed below.

- Assistance to families and regular payments is forecast to overspend by c£300,000 based on costs to date in 2021/22.
- Special guardianship orders (SGO's) and child arrangement orders (CAO's) are forecast to underspend by c£400,000 due to a smaller increase in demand than budgeted for.
- Forecast underspends on staying put arrangements are c£200,000 which is broadly in line with 2020/21.
- Forecast underspends on agency remand are c£400,000 which is also broadly in line with 2020/21.
- Adoption allowances are forecast to underspend by c£150,000.

Education and Skills – Forecast underspend £141,000

Children Family and Wellbeing Service (CFW) – Forecast underspend £1.441m

Forecast underspends of c£1.200m relate to staff costs and vacancies which the service is in the process of recruiting to in order to provide more staff to support the Family Safeguarding model, and c£200,000 to payments by results (PBR) funding from the Troubled Families Unit (TFU).

The service is working systematically to fill existing vacancies and has made significant progress with recruitment since May and are now at the stage where those appointed should be taking up their posts (after a long period working our way through the recruitment onboarding periods) by September in the main – at which stage the vacancy underspend will drop. In February there were 16% vacancies – which is now down to around 8/9%.

It also needs noting that upwards of 20 of these are being frozen for disestablishment to fund;

- a. The audit function transferred to the Safeguarding team (to provide external scrutiny)
- b. The front door development.

So until these functions are appointed into the other teams the vacancies are counting as underspend in CFW core budget.

Education Improvement - Forecast overspend £1.277m

Forecast overspends of £1.520m relate to under recovery of income across the service. This is largely due to the impact of the pandemic but is also due to some schools opting out of the new advisory service offer and ongoing pressures on some income generating services including Governor Services and the Professional Development Service. The forecast includes the partial recovery of losses of sales, fees and charges from MHCLG for April to June 2021.

The above overspends are partly offset by forecast underspends on non-staff costs of £242,000.

A review of LPDS is to be undertaken in light of the reduction of the number of schools currently buying into the service as competition from other organisations increases and also in response to Covid-19 and the restrictions to delivery incurred despite moving to online delivery where possible.

Inclusion – Forecast underspend £268,000

Underspends of c£400,000 on staffing are forecast across a number of teams, partly offset by overspends on non-staff costs of c£100,000. The service is working to fill vacancies following recruitment delays due to the pandemic.

Libraries, Museums and Culture – Forecast overspend £291,000

Forecast overspends of across the service mostly relate to under recovery of income due to the pandemic albeit that the forecast does reflect reductions in some expenditure and partial recovery of losses of sales, fees and from MHCLG for April to June 2021.

Education and Children's Services – Forecast underspend £1.204m

Safeguarding, Inspection & Audit – Forecast underspend £499,000

Forecast underspends of c£300,000 relate to staffing due to vacancies and c£200,000 to non-staff costs (travel and third party payments) across a number of areas within the service.

Policy, Information and Commissioning Start Well – Forecast underspend £100,000

Forecast underspends mainly relate to staffing due to vacancies which are expected to be filled part way through the year.

Education and Children's Services Central Costs – Forecast underspend £605,000

Forecast underspends relate to Premature Retirement Costs (PRC). Forecasts are in line with 2020/21 outturn.

7. Growth, Environment and Planning Services

	Approved Net Budget £m	Current Period Net Forecast Outturn £m	Current Period Net Forecast Variance £m	Current Period Net Forecast Variance %
LEP Coordination	0.089	0.089	0.000	0.00%
Business Growth	1.415	1.415	0.000	0.00%
Planning and Environment	2.838	2.811	-0.027	-0.95%
Estates	0.480	0.480	0.000	0.00%
Strategic Development	1.887	1.595	-0.292	-15.47%
Total	6.709	6.390	-0.319	-4.75%
Share of unallocated COVID-19 emergency monies	-0.010	0.000	0.010	
Total Growth, Environment & Planning	6.699	6.390	-0.309	-4.61%

Growth, Environment & Planning – forecast underspend £309,000

The forecast underspend for the service predominantly relates to underspends across staffing budgets within the strategic development service.

8. Highways and Transport

	Approved Net Budget £m	Current Period Net Forecast Outturn £m	Current Period Net Forecast Variance £m	Current Period Net Forecast Variance %
Highways	12.676	14.907	2.231	17.60%
Public & Integrated Transport	58.197	55.737	-2.460	-4.23%
Customer Access	2.836	3.354	0.518	18.27%
Design and Construction	-2.429	0.580	3.009	-123.88%
Total	71.280	74.578	3.298	4.63%
Share of unallocated COVID-19 emergency monies	0.211	0.000	-0.211	
Total Highways and Transport	71.491	74.578	3.087	4.32%

At this early stage in the year there are still a number of uncertainties, mostly relating to the impact of the pandemic which could further affect income forecasts within the Highways Service and school transport costs depending on any further extension to social distancing requirements, although additional costs, should they arise, may continue to be funded by DfE grant. Other uncertainties affect Design and Construction particularly around levels of property work on the county councils own buildings. This should become clearer as we go through the financial year as decisions are made on accommodation plans and the future utilisation of buildings following the pandemic.

Highways – Forecast overspend £2.231m

The most significant variance of £1.769m relates to lower income across the service mostly relating to bus lane enforcement and parking. Most of this income is from fixed penalty notices and as such is difficult to forecast due to uncertainties around volumes of traffic and the behaviour of the public. Delays in the implementation of additional on-street pay and display sites is also contributing to the shortfall in income compared to budget.

Cost pressures of £281,000 relate to Covid-19 and additional plant hire and PPE costs to allow staff to continue to work safely and adhere to social distancing rules.

The traffic signals maintenance budget is forecast to overspend by £250,000. The age of the traffic signal network has resulted in increased system failures requiring immediate rectification and additional maintenance costs. There has also been an increase in maintenance contract prices and the number of signals installed. Budget provision has been added in the MTFS from 2022/23 to cover additional costs in future years.

There was increased winter gritting activity early in the financial year due to the unseasonably cold weather in April. Whilst the final outturn will largely depend on the climate next winter an overspend of £140,000 is forecast to reflect additional costs in early 2021/22.

The above is partly offset by staffing underspends of £300,000 relating to school crossing patrols and ash dieback work. Budget was added in the MTFs from 2021/22 to fund spend incurred dealing with ash dieback, however, it is not expected to be fully utilised during 2021/22.

Public and Integrated Transport (PIT) – Forecast underspend £2.460m

Most parts of the public and integrated transport budget are expected to continue to be impacted by the pandemic to some degree in 2021/22 and the most significant variances are detailed below.

- School transport costs are forecast to underspend by c£1.200m due to a combination of factors.
 - Since the start of the 2020/21 academic year taxi contracts have not increased to the same extent as they have in previous years, particularly those for excluded children. Contracts will continue to be monitored through 2021/22 and in particular when the new academic year starts, and any changes will be reported in future months accordingly.
 - The enhanced terms for payments to parents has already generated savings in excess of £200,000. Due to the pandemic and resulting uncertainty around delivery of savings, £1.800m of previously agreed savings have been reprofiled and added back to the 2021/22 budget but are now due to be removed from the budget in 2022/23.

Additional bus services continue to be provided to maintain social distancing. To date these costs have been fully covered by DfE. However, it is not certain is how long this will continue for and whether additional spend will continue to be fully funded.

- Forecast overspends of c£600,000 relate to fleet services. Fleet workshops continue to adhere to social distancing rules and additional hygiene measures to ensure staff are working safely which is impacting on efficiency levels. Consequently, there is a reduction in income relative to hours being worked than pre-covid. Time spent testing and training staff ahead of the implementation of a new fleet management system later in 2021/22 is also likely have an impact on productive time this year, although this should provide improved management information and help reduce vehicle costs across the authority in the longer term.
- Bus stations are forecast to overspend by c£200,000 following a decision to hold the departure fee at 75p per departure in 2021/22 rather than apply the previously agreed increase to 85p, pending further discussions with operators.
- Public bus services are forecast to underspend by c£500,000. As part of a budget amendment agreed in 2020/21 an additional £3.000m was added to the budget. In addition, the council has received additional S106 funding to fund services and grant funding to help fund the shortfall in fares revenue due to the pandemic. Whilst additional services have been added it is not expected that all the additional funding will be spent in 2021/22.
- Concessionary travel is forecast to underspend by c£1.500m. 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 previous years and so this is expected to be the case in 2021/22.

Customer Access – Forecast overspend £518,000

Forecast overspends mainly relate to staffing and are due to delays in delivering budgeted savings, reduced turnover of staff and additional staffing costs incurred as a result of the county councils Covid-19 response.

Design and Construction (D&C) – Forecast overspend £3.009m

Design and Construction property service is forecast to overspend by £2.883m, of which £1.200m relates to work required at Barnoldswick Church of England Primary School to replace a roof which has failed due to a build up of condensation within the roof structure and requires rectification during 2021/22/23. The remainder relates to the number and mix of projects that the service expects to deliver this year. There are a number of uncertainties the most significant of which is around the level of capital work likely to be required on the councils own buildings and as such the forecast is could change during 2021/22.

Design and Construction highways service is forecast to overspend by £126,000. As an income generating service vacancies have resulted in staffing underspends offset by a larger under recovery of income.

9. Organisational Development and Change

	Approve d Net Budget £m	Current Period Net Forecast Outturn £m	Current Period Net Forecast Variance £m	Current Period Net Forecast Variance %
Programme Office	1.127	1.128	0.001	0.09%
Organisational Development	0.801	0.559	-0.242	-30.21%
Total	1.928	1.687	-0.241	-12.50%
Share of unallocated COVID-19 emergency monies	0.000	0.000	0.000	
Total Organisational Development and Change	1.928	1.687	-0.241	-12.50%

Organisational Development and Change – underspend £241,000

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

10. Waste Management

	Approved Net Budget £m	Current Period Net Forecast Outturn £m	Current Period Net Forecast Variance £m	Current Period Net Forecast Variance %
Waste Management	69.398	68.615	-0.783	-1.13%
Total	69.398	68.615	-0.783	-1.13%
Share of unallocated COVID-19 emergency monies	0.723	0.000	-0.723	
Total Waste Management	70.121	68.615	-1.506	-2.15%

Waste Management – underspend £1.506m

Throughout the last financial year 2020/21 the pandemic had a significant impact on the composition of waste collected with increases of over 30,000 tonnes of waste collected at the kerbside, partly offset by a reduction of 10,000 tonnes collected at Household Waste Recycling Centres (HWRC) which were closed for part of the year and ran with limited capacity once reopened.

Based on data for the first part of 2021/22 the service is seeing a reduction in kerbside collections compared to 2020/21 and tonnes collected are currently forecast to be in line with budget assumptions. Tonnes collected could change partly depending on any government decisions around the pandemic, however this will be kept under review throughout the year and any changes reported in future months.

In addition to changes in volumes of waste there has been a change in the composition of waste collected with a reduction in waste suitable to be diverted away from landfill and used for refuse derived fuel (RDF) and an increase in compost like output (CLO). CLO waste goes through a drying process to achieve mass loss via evaporation which results in less waste needing to be disposed of. Increases in tonnes collected and capacity at the waste recovery parks means the amount of time the waste can be dried has reduced resulting in an increase in the amount of waste that needs to be disposed of. Work is ongoing at Thornton Waste Recovery Park to minimise the impact of this, however, an overspend of £927,000 is currently forecast on waste disposal costs.

The above is offset by forecast underspends of £1.403m relating to increased income from recycled waste predominantly due to significant increases in the price of metals and cardboard. These markets are volatile, and prices are subject to change. Any change will be reflected in future forecasts.

A non-recurrent underspend of £314,000 relates to lower than expected operating costs for the waste company in 2020/21.

11. Finance

Finance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	%
Lancashire Pension Fund	-0.001	-0.001	0.000	0.00%
Exchequer Services	4.168	3.728	-0.440	-10.56%
Financial Mgt (Development and Schools)	0.014	-0.039	-0.053	-378.57%
Financial Mgt (Operational)	1.716	1.872	0.156	9.09%
Corporate Finance	8.346	8.216	-0.130	-1.56%
Internal Audit	0.783	0.783	0.000	0.00%
Payroll	0.866	0.777	-0.089	-10.28%
Procurement	2.013	2.215	0.202	10.03%
Total	17.905	17.551	-0.354	-1.98%
Share of unallocated COVID-19 emergency monies	0.032	0.000	-0.032	
Total Finance	17.937	17.551	-0.386	-2.15%

Finance – forecast underspend £386,000

The outturn position is predominantly due to underspends reported within Exchequer Services with an underspend of £440,000 mainly on staff costs which is in the most part due to delays in recruitment because of Covid-19.

There are minor net overspends totalling £54,000 across the remainder of finance.

12. Corporate Services

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	%
Coroner's Service	2.484	2.397	-0.087	-3.50%
Human Resources	1.828	1.826	-0.002	-0.11%
Legal, Governance and Registrars	14.236	14.485	0.249	1.75%
Skills Learning & Development	2.918	2.918	0.000	0.00%
Total	21.466	21.626	0.160	0.75%
Share of unallocated COVID-19 emergency monies	0.410	0.000	-0.410	
Total Corporate Services	21.876	21.626	-0.250	-1.14%

Corporate Services – forecast underspend £250,000

The Legal Services budget is experiencing pressures due to the impact of the pandemic, with reduced income, staffing pressures and increased legal fees due to a higher volume of cases taking place through “virtual” court hearings. Whilst there are pressures in supporting social care, across other areas of legal services such as registrars and the Coroners Service there are offsetting underspends forecast.

13. Strategy and Performance

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	%
Asset Management	8.048	7.859	-0.189	-2.35%
Facilities Management	21.649	22.436	0.787	3.64%
Business Intelligence	1.341	1.364	0.023	1.72%
Total	31.038	31.659	0.621	2.00%
Share of unallocated COVID-19 emergency monies	0.864	0.000	-0.864	
Total Strategy and Performance	31.902	31.659	-0.243	-0.76%

Asset Management – Forecast underspend £189,000

The forecast underspend position is a combination of staffing underspends due to delays in recruiting to budgeted posts and street lighting energy costs. There is a degree of uncertainty within the street lighting forecast as there is not yet confirmation of the price of energy over the winter period, so the forecast is subject to some volatility on both consumption and price.

Facilities Management - Forecast overspend £787,000

As was the case in 2020/21, most parts of the facilities management budget are financial impacted by the pandemic.

School catering is forecast to overspend by £1.964m which relates to lower income charge to schools. There has been a significant improvement in income levels with the first quarter being over 90% compared to pre-pandemic but there are still numerous risks including full and partial school closures due to local virus outbreaks and it is uncertain at this stage whether the service will be operating as it did pre-pandemic when schools return for the new academic year in September.

A further income pressure of £250,000 relates to staff and civic catering, most of these facilities continue to remain closed and whilst others may reopen later in the year it is assumed that sales will be significantly lower than before the pandemic.

Offsetting these are forecast underspend on premises running costs and repairs and maintenance due to a number of sites remaining closed and the remainder being significantly less occupied which is forecast to result in underspends of £1.427m although this will clearly depend on decisions made about working arrangements for the remainder of the financial year.

14. Digital Services

	Approved Net Budget £m	Current Period Net Forecast Outturn £m	Current Period Net Forecast Variance £m	Current Period Net Forecast Variance %
Service Assurance	16.443	17.099	0.656	3.99%
Digital Business Engagement	1.836	1.690	-0.146	-7.95%
Design & Implement	5.529	5.439	-0.090	-1.63%
Operate	2.912	2.670	-0.242	-8.31%
Architecture	0.721	0.673	-0.048	-6.66%
Data	4.435	4.305	-0.130	-2.93%
Total	31.876	31.876	0.000	0.00%

Digital Services – forecast outturn – nil variance

Although the service are forecast to break-even across the various budgets there are number of offsetting variances across services.

Forecast underspends of c£1.100m relate to staff costs and vacant posts offset by c£300,000 to cover the cost of extending the use of contractors and commissioning work from external providers/consultants. The forecast reflects the estimated timescales by which Heads of Service expect to fill vacant posts.

As part of the transition a review has been undertaken of outstanding costs and ongoing costs that will be the responsibility of the new service. This has resulted in non-recurrent underspends of c£755,000 being forecast in 2021/22

The Continuous Service Improvement (CSI) budget is forecast to overspend by c£1.600m. There are a number of potential commitments against the CSI budget including an estimated c£1.200m for the development of ServiceNow which is intended to deliver sustainable long-term efficiencies across the county council.

Whilst every effort has been made to ensure that all costs relating to the BTLS contract were accounted for in 2020/21, there is potential for currently unknown costs to arise in 2021/22. That said there are not expected to be any material BTLS related costs in 2021/22 at the present time. Any change to this will be reported in future months

15. Chief Executive Services

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance
	£m	£m	£m	%
Chief Executive	-24.549	-20.649	3.900	15.89%
Communications	1.072	1.102	0.030	2.80%
Corporate Budgets (Funding and Grants)	-3.607	-3.678	-0.071	-1.97%
Corporate Budgets (Treasury Management)	31.647	28.647	-3.000	-9.48%
Corporate Budgets (Pensions & Apprenticeship Levy)	11.111	8.967	-2.144	-19.30%
Total	15.674	14.389	-1.285	-8.20%
Share of unallocated COVID-19 emergency monies	1.802	0.000	-1.802	
Total Chief Executive Services	17.476	14.389	-3.087	-17.66%

Chief Executive Services - underspend £3.087m

The Treasury management budget is forecast to underspend by c£3.000m 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.

The budget also contains a central point for one off covid costs, with c£3.8m of costs allocated to this service. In order to offset these costs an allocation of the emergency covid grant of £1.802m has been attributed to the service budget. As there are forecast costs across the county council that are higher than the value of the emergency grant we have received then all services have received a proportion of the funding that will not cover the full amount of the costs incurred.

The pensions element of the budget is forecast to underspend by £2.144m, due to underspends on inherited pensions liabilities and further savings made as a result of the pension prepayment arrangement that is in place.