



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

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## 1. Summary Revenue Budget Monitoring Position as at 30<sup>th</sup> November 2021

Service Area	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance	Movement Q3 to Q2
	£m	£m	£m	%	£m	£m
<b>Adults</b>	388.77	383.97	-4.80	-1.23%	2.27	-7.07
<b>Policy, Information, Commissioning and Safeguarding</b>	7.82	7.84	0.02	0.26%	-0.02	0.04
<b>Public Health &amp; Wellbeing</b>	-4.40	-4.86	-0.46	-10.45%	0.23	-0.69
<b>Education and Children's Services</b>	218.17	211.74	-6.43	-2.95%	-7.71	1.28
<b>Growth, Environment &amp; Planning</b>	6.70	5.81	-0.89	-13.28%	-0.62	-0.27
<b>Highways and Transport</b>	71.40	78.13	6.73	9.43%	4.14	2.59
<b>Organisational Development</b>	1.94	1.89	-0.05	-2.58%	-0.08	0.03
<b>Waste Mgt</b>	70.12	67.69	-2.43	-3.47%	-2.23	-0.20
<b>Finance</b>	18.05	17.31	-0.74	-4.10%	-0.63	-0.11
<b>Corporate Services</b>	21.89	21.73	-0.16	-0.73%	-0.38	0.22
<b>Strategy and Performance</b>	31.62	32.94	1.32	4.17%	0.11	1.21
<b>Digital Services</b>	31.97	29.89	-2.08	-6.51%	-0.77	-1.31
<b>Chief Executive Services</b>	17.36	3.87	-13.49	-77.71%	-10.76	-2.73
<b>TOTAL</b>	<b>881.41</b>	<b>857.95</b>	<b>-23.46</b>	<b>-2.66%</b>	<b>-16.45</b>	<b>-7.01</b>

## 2. Executive Summary

This report provides the third 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 November 2021. The forecast outturn for 2021/22 is outlined in the table above, with a £23.46m underspend forecast, which by way of context is 2.66% 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.

Whilst 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 can see that the reduction in demand for some services seen in 20-21 and early in 21-22 resulting from the pandemic have now reversed, with more citizens coming into the care sector for support particularly around domiciliary care. National funding of a scheme to create capacity in hospitals in support of the crisis has now been extended until the end of the current financial year but is unlikely to continue next year, however, as more restrictions are implemented to deal with the new variant this may well change. Longer term, there is a risk that the local authority will face higher costs due to placing people earlier from hospital that have multiple co-morbidities which attract higher fees. The anticipation that over the coming months we

may see increasing demand across our children's services as a result of the pandemic has now materialised. These areas of growth form part of our monitoring statements.

In addition to initial 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 (£13.50m) which are mitigating the forecast pressures.

These factors led to an underspend being forecast at quarter two which have now increased as at Quarter 3. We are awaiting further impacts of latent demand which is difficult to forecast with any certainty and volatility in actual demand could still lead to a significant variance from the current forecast at year end.

The forecast is based on actual expenditure and income to date, combined with budget holder knowledge of anticipated activity over the rest of the financial year and trends from previous years. It has been produced just before the most impacted months of the winter period and with the uncertainty around a new Covid 19 strain which may 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 during the remainder of the 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 continues to be 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 three reflects the additional income received to date and costs forecast to be incurred. It must be noted that this is a rapidly changing picture with additional funding and changes to advice and guidance as part of the pandemic continuing to happen on a regular basis. Some further funding for winter pressures within Adult Social Care has just been announced, we have not yet been informed regarding the level of funding which will be applicable to LCC.

The savings that have been agreed to date are also closely monitored. A total of £42.727m was to be delivered in this financial year. 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 which had been lifted has now been reintroduced, it is unclear as to when service delivery will be closer to the levels provided pre-pandemic. There is a renewed focus on delivering the savings that are built into the current budget, and we have seen some increased savings delivery from the position reported at quarter two.

### 3. Adult Services

Adults	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance	Movement Q3 to Q2
	£m	£m	£m	%	£m	£m
Disability (Adults)	1.94	1.86	-0.08	-4.12%	0.07	-0.15
Learning Disabilities, Autism & Mental Health	176.36	180.64	4.28	2.43%	7.46	-3.18
Residential & Day Care Services for Older People	0.26	4.36	4.10	1576.92%	4.60	-0.50
Social Care Services (Adults)	197.70	197.11	-0.59	-0.31%	2.63	-3.25
<b>Total</b>	<b>376.26</b>	<b>383.97</b>	<b>7.71</b>	<b>2.04%</b>	<b>14.76</b>	<b>-7.08</b>
Share of unallocated COVID-19 emergency monies	12.48	0.00	-12.48		-12.48	0.00
<b>Total Adults</b>	<b>388.77</b>	<b>383.97</b>	<b>-4.80</b>	<b>-1.23%</b>	<b>2.28</b>	<b>-7.08</b>

#### Adult Services – Total Forecast underspend - £4.80m

The Adult Services budget accounts for c46% of the county council's total net budget and is forecast to be £4.80m underspend at the end of this financial year. It should be noted that this position includes COVID 19 emergency funding of £12.48m. The forecast is an improved position from Quarter 2 (forecast overspend at Q2, £2.28m). This positive movement is mainly due to additional income received from the NHS, reduction in direct payments and a contribution from the Contain Outbreak Management Fund (COMF) grant held in Public Health. It is important to note, however, these factors are offset by significant increases in unit costs for home care due to difficulties in sourcing services from home care providers within the expected price range. The number of residential care and nursing service users is also seeing an upward trend.

With regard to the impact of the pandemic on the Directorate's overall financial performance, we can now make a more accurate assessment of the forecasted full year effect on the programme of budgetary savings. As previously reported, the focus on service delivery during 2020 and 2021 has significantly hindered progress against service re-engineering projects required to meet the approved budget savings already factored into the Directorate's budget. That said, activity to improve the level of receipts from the NHS for Joint Funded packages of care has been successful which helps to off-set the outstanding savings in 2021/22. In addition, uncommitted Direct Payment expenditure has increased this year as service users have not been able to, or reluctant to, buy into certain services that have been temporarily closed for periods or require social distancing over the previous 22 months.

## Outstanding Budget Savings Taking into Account Off-setting Budget Variations

	£m
Budget savings outstanding and to be re-profiled into future years	22.671
Off-setting Budget variations:	
NHS Joint Funding Care Packages	(2.100)
Reduced Expenditure – Direct payments	(7.300)
<b>Net Impact – Forecasted Budget Savings Outstanding as at 31/03/2022</b>	<b>13.271</b>

The most significant variances within the Adult Social Care Directorate are as follows: -

### Learning Disability, Autism & Mental Health – Forecast overspend £4.28m

#### (1) Learning Disability – forecast overspend of £5.405m

This is as a result of overspends of £5.816m within commissioning offset by staffing underspends of £410,886.

The position is explained further below:

- Staffing budgets are forecast to underspend by £410,866. There are additional agency staff costs within the LDA Community team of £150,000 which is being offset by vacancies in this team. There are 17fte vacancies throughout the whole teams.
- The costs across commissioned services that are as a result of price and demand fluctuations are creating a net budgetary pressure of £5.239m, which is analysed below:
  - a. Domiciliary care pressures of £3.951m, primarily relate to previous years' recurrent growth and price increases.
  - b. Direct Payments are forecasting an overspend £2.086m
  - c. Day care is currently forecast to underspend by £564,000, related to be the on-going pandemic.
  - d. Residential is forecast to overspend £3.706 This service demand has declined during the year, reducing from 223 service users at the close of 2020/21 to the current position of 221. It should be noted that this forecast includes for back dated packages of care incurred in May and June, which has impacted the forecast.
  - e. Nursing Care underspends £237,908 are due to declining service user numbers, currently 9 service users (7 service users at the end of March 2021) and demand levels of 3% built into the budget not being not utilised. However, there are price pressures, current price at £1548.18pw, equating to an increase of 25.28%% compared to budget 4.80%. Price pressures have been noted in previous years with average price increase of 8.82%.

- Additional savings totalling £3.458m have been built into this year's budget, some of which have been delayed because of the pandemic. A summary of the accumulated targets and forecast position against budget:
  - a. SC508 Modernisation of Supported Housing and Flat Schemes accumulated savings target £2.434m, forecast £0.642m, shortfall £1.792m
  - b. ASC025 Voids £0.500m, forecast nil, shortfall £0.500m
  - c. LD001 Remodelling accumulated savings target £2.025m, forecast £1.271m, shortfall £0.754m.
  - d. SC511 Enablement accumulated savings target £2.177m, forecast £0.225m, shortfall £1.952m.
  - e. SC518 Direct Payment Clawback £170,000, forecast £0.170m, shortfall nil.
  - f. ASC002 Shared Lives savings target £0.307m, forecast nil, shortfall £0.307m.
  - g. This forecast assumes delayed savings of £5.305m.
- Within the forecast are continued void costs forecast at £3.699m
- Direct Payments Clawback monies of £5.612m are included in this forecast. This is significantly above what has previously been reclaimed and thought to be circumstantial to the pandemic and unlikely to be recurrent at this level in future financial years.
- Net additional income of £2.815m is forecast, including joint funded health claims £1.974m and non-residential service user income £1.085m, which is offset by underachieved residential and nursing service user income £244,113.

## **(2) Mental Health - Forecast underspend £1.123m**

This forecast variance is due to staffing underspends of £1.276m and commissioning net overspends of £0.153m. The health income budget has been increased in this year's budget, due to an additional Exchequer lead savings target, which is currently forecast with a £0.575m pressure.

### **Residential and Day Care Services for Older People – forecast overspend £4.10m**

The service operates with a gross budget of £23.92m and has an income target of £23.66m resulting in a net budget of £0.26m.

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 £1.035m.

Winter pressure funding of £282,000 in respect of additional night care assistant posts has been incorporated into the staffing budget and has reduced the staff overspend.

The auxiliary workforce has now been stepped down, so the service is covering absences with additional hours for staff.

Internal charges such as cleaning and catering are forecast to overspend £510,000.

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 £2.526m (Q2 £2.560m). £1.387m 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.474 residents.

### **Social Care Services (Adults) – forecast underspend £590,000**

	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance	Movement Q3 to Q2
	£ m	£ m	£ m	%	£ m	£ m
<b>Physical Support</b>	182.798	182.916	0.118	0.06%	2.737	-2.619
<b>Staffing</b>	19.229	19.042	-0.187	-0.97%	-0.121	-0.066
<b>Prevention</b>	4.352	3.939	-0.413	-9.49%	0.022	-0.435
<b>Central Services</b>	-8.683	-8.791	-0.108	1.24%	-0.008	-0.099
<b>Total Social Care Services (Adults)</b>	<b>197.696</b>	<b>197.106</b>	<b>-0.590</b>	<b>-0.30%</b>	<b>2.630</b>	<b>-3.219</b>

### **Physical Support –forecast overspend £118,000**

Physical Support is the largest budget area within Social Care Services (Adults), with a budget of £182.798m. This area has a large number of savings that were delayed from 2019/20 and 2020/21. Notably Passport to Independence and its continuation to generate budgetary savings into Community and Reablement Services. Demand for services decreased during 2020-21 but is now on the increase again. The service has benefited from increases in income during the current year, as well as one-off benefits from increased Direct Payments clawback and a change in bad debt policy

Direct Payments Clawback - there have been large increases over the year to date, with the possible explanation that we are now recovering balances which were underutilised during the pandemic. Due to the sustained increases in clawback during the year, the OP / PD forecast has been increased by a further £701,000 in Quarter 3 and now stands at £7.688m, an increase of £3.329m compared with 20-21. Across all services the latest prediction is for total clawback to reach £14.5m for the year, compared with £7.4m in 2020/21.

Enhanced Discharge claim – the forecast has increased by a further £1.574m this quarter

### ***Residential and Nursing Care - forecast underspend £5.870m (Q2 forecast underspend £3.879m)***

The forecast underspend on Residential care is £1.292m (Q2 forecast underspend £199,000). The main variances are highlighted in the table below:



- There are budget pressures brought forward from previous years due to delayed savings delivery
- Long- and short-term placement costs have increased this quarter, due to an increase in service users as well as backdated costs relating to previous periods
- The forecast includes expenditure of £6.461m in relation to Discharge to Assess packages. Although these packages should in theory be short term, the cost has been forecast to the end of the year as there is a constant throughput. Enhanced discharge funding of £2.764m is forecast in respect of all acute discharges
- The service user income forecast includes a one-off benefit of c£1.8m due to a change in bad debt policy in Q1. In addition, bad debt provision and write-offs have reduced substantially and are now forecast to be around £725,000 lower than previous forecasts

Nursing care is showing a forecast underspend of £4.578m (Q2 forecast underspend £3.680m)

- The forecast for long term placements is below budget - demand was below budget in 2020-21. However, long term placement numbers have increased in the current year, and this is reflected in the forecast
- The service user income forecast for Q1 included a one-off benefit of c£700,000 due to a change in bad debt policy. In addition, bad debt provision and write-offs have reduced substantially and are now forecast to be around £424,000 lower than previous forecasts

***Non-Residential Care –forecast overspend £7.437m (Q2 forecast overspend £8.317m)***

The Home Care forecast is an overspend of £8.535m (Q2 £8.668m)

- There are budget pressures brought forward from previous years due to delayed savings delivery
- There was a significant growth in service user numbers during the last quarter of 2020/21 which has continued into the current year. This has put additional pressure on the expenditure budget but has been offset to an extent by an increase in service user income
- Service user income also had a one-off benefit from the change in bad debt policy by £420,000 in Q1. In addition, bad debt provision and write-offs have reduced substantially and are now forecast to be around £300,000 lower than previous forecasts
- There are additional cost pressures due to the current difficulties in sourcing domiciliary care from Framework providers, which has resulted in an increase in off-framework packages at higher rates.

This budget area also includes Crisis support with forecast spend totalling £5.153m. Spend is largely funded from Better Care Fund and iBCF Winter Pressures funding. The grant funded Social Care in Prisons Service is also included

**Direct Payments**

The forecast underspend on Direct Payments is £1.098m (Q2 forecast overspend £351,000)

- The Direct Payments budget is also experiencing pressures brought forward from the previous year
- These pressures have been offset by a large increase in clawback. Clawback was scaled back in 2020-21, although recoveries were made from unused funding during the Pandemic. The normal 10 weeks surplus recovery practice in line with the DP policy resumed in April 2021, and this has resulted in high amounts of during 2021-22. The forecast for OP/PD is £7.688m, an increase of £701,000 compared with Q2 and an increase of £3.329m compared with 20-21.
- Service user income benefited from the change in bad debt policy by around £260,000 in Q1

***Day Care – forecast underspend £1.736m (Q2 forecast underspend -£1.598m)***

Services at both in house and external day care centres have been restricted due to Covid-19, with those centres remaining open having a significantly reduced capacity. The underspend mainly relates to in house services and there is a corresponding overspend in the Residential and Day Care Services for Older People service

***Extra Care Sheltered Housing– forecast overspend £373,000 (Q2 forecast underspend £27,000)***

The forecast has increased this quarter in line with an increase in spot provision and in year contract uplifts

**Prevention – forecast underspend £413,000**

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.

The Carers Service continues to forecast a significant underspend of £0.455M, although Carers Direct Payments numbers are rising again and have led to a modest increase in costs since Q2.

## Policy, Information, Commissioning and Safeguarding November 2021 (Q3)

Policy, Information, Commissioning and Safeguarding	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance	Movement Q3 to Q2
	£m	£m	£m	%	£m	£m
Policy Info & Commission Age Well	0.76	0.74	-0.02	-2.63%	0.00	-0.02
Policy Info & Commission Live Well	0.93	0.91	-0.02	-2.15%	-0.01	-0.01
Safeguarding & Quality Improvement Services	6.13	6.19	0.06	0.98%	-0.01	0.07
<b>Total Policy, Information, Commissioning and Safeguarding</b>	<b>7.82</b>	<b>7.84</b>	<b>0.02</b>	<b>0.26%</b>	<b>-0.02</b>	<b>0.04</b>

The budget for Policy, Information, Commissioning and Safeguarding in 2021/22 is £7.82m. The forecast outturn position is an overspend of £20,000.

### **Safeguarding & Quality Improvement Services**

The Safeguarding & Quality Improvement service is forecast to overspend by £60,000.

The Care Navigation team is forecast to underspend by c£227,000, whilst the other service areas, including Safeguarding, MASH and Contracts, is forecast to overspend by c£289,000. This overspend predominantly relates to agency costs of £440,000.

The current number of vacancies within the service is 22 FTEs. These consist of 10 in Care Navigation, 3 in Safeguarding, 1 in Contracts and 8 in Quality Improvement & MASH.

## Public Health and Wellbeing – November 2021 (Q3)

Public Health & Wellbeing	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance	Movement Q3 to Q2
	£m	£m	£m	%	£m	£m
Public Health & Wellbeing	-67.32	-67.32	0.00	0.00%	0.00	0.00
Health Equity Welfare & Partnerships	58.31	58.63	0.32	0.55%	0.37	-0.05
Health, Safety & Resilience	0.98	0.22	-0.76	-77.55%	-0.20	-0.56
Trading Standards & Scientific Services	3.49	3.61	0.12	3.44%	0.20	-0.08
<b>Total</b>	<b>-4.54</b>	<b>-4.86</b>	<b>-0.32</b>	<b>-7.05%</b>	<b>0.37</b>	<b>-0.69</b>
Share of unallocated COVID-19 emergency monies	0.14	0.00	-0.14	-100.00%	-0.14	0.00
<b>Total Public Health &amp; Wellbeing</b>	<b>-4.40</b>	<b>-4.86</b>	<b>-0.46</b>	<b>-10.45%</b>	<b>0.23</b>	<b>-0.69</b>

The net budget for Public Health & Wellbeing Services in 2020/21 is -£4.54m and includes the ring-fenced Public Health Grant of £70.243m. The service forecast out-turn position is an underspend of £0.32m in 2021/22. The allocation of £0.14m from the COVID Emergency Grant monies increases this underspend to £0.46m. The position at Quarter 2 was an overspend of £0.23m (after the allocation of the COVID grant monies) meaning the overall financial performance of the Directorate has improved by £0.69m.

### **Health Equity, Welfare & Partnerships**

Although an overall overspend is reported for the service, it should be noted that this includes a contribution to the Public Health Grant Reserve for areas within the Directorate that are underspending, being £3.791m. The Public Health Grant is a ring-fenced grant therefore any underspend will be transferred to the specific reserve to be reinvested in Public Health in future years.

A decision has been made to attribute £1.463m HEWP staffing costs to the Contain Outbreak Management Fund (COMF). This has resulted in a forecast underspend of the PH Grant and has therefore created a forecast increase to reserves for future expenditure.

The Sexual Health contracts are forecast to underspend by £1.035m due to reduced activity. To protect future service provision, they will be paid on block contract terms for the full financial year rather than on a tariff basis.

Service area variances on Public Health Grant related services are forecast at £1.293m and include the following: -

- Underspending on Health Checks.
- Underspend brought about by delayed Oral Health Contract.
- Tobacco contract - Stop Smoking campaign underspend.
- Suicide Prevention - budget overspend.
- Underspending due to Staffing vacancies.
- Additional costs for Healthy Weights initiatives.
- Underspend transferred to reserves - Domestic Abuse Services.
- Drug Misuse underspends.

### **Health, Safety & Resilience**

The service forecast position to the end of the year is an underspend of £0.76m.

A decision has been made to attribute £0.482m staffing costs to the Contain Outbreak Management Fund (COMF). This has resulted in an increased forecast underspend. The remainder of the underspend predominantly relates to the in-year overachievement of income for Health & Safety and Educational Visits.

### **Trading Standards & Scientific Services**

Trading Standards & Scientific Services forecast position is an overspend of £0.12m.

- Scientific Services forecasted overspend is £0.12m. The breakdown of this variance is an overspend on Environmental Testing service cost pressures of £0.18m and other minor variations
- Shortfalls in the first 3 months of this financial year have been included in claims to MHCLG for losses of sales, fees, and charges.

### Education and Children's Services

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	Movement Q3 to Q2
	£m	£m	£m	%	£m	£m
Family Safeguarding Project	1.13	1.10	-0.03	-2.65%	0.00	-0.03
Front Door, Assessment & Adolescent Services	11.47	11.20	-0.27	-2.35%	-0.16	-0.11
Family Safeguarding	11.92	12.59	0.67	5.62%	0.49	0.18
Csc: Looked After Children/Leaving Care	93.51	90.26	-3.25	-3.48%	-5.15	1.90
Fostering, Adoption Lancashire Blackpool & Residential Services	35.20	32.59	-2.61	-7.41%	-1.56	-1.05
<b>Total CSC</b>	<b>153.23</b>	<b>147.74</b>	<b>-5.49</b>	<b>-3.58%</b>	<b>-6.38</b>	<b>0.89</b>
Children and Family Wellbeing Service	17.73	16.62	-1.11	-6.26%	-1.06	-0.05
Education Improvement 0 - 11 Years And 11+ To 25 Combined	5.13	6.25	1.12	21.83%	1.11	0.01
Inclusion	21.98	21.73	-0.25	-1.14%	-0.67	0.42
Cultural Services	10.65	10.50	-0.15	-1.41%	-0.32	0.17
<b>Total Education and Skills</b>	<b>55.49</b>	<b>55.10</b>	<b>-0.39</b>	<b>-0.70%</b>	<b>-0.94</b>	<b>0.55</b>
Safeguarding, Inspection and Audit	14.82	13.69	-1.13	-7.62%	-0.93	-0.20
Policy Info & Commission Start Well	1.71	1.73	0.02	1.17%	-0.02	0.04
Education & Children's Services Central Costs	-5.91	-6.52	-0.61	-10.32%	-0.61	0.00
<b>Total</b>	<b>219.34</b>	<b>211.74</b>	<b>-7.60</b>	<b>-3.46%</b>	<b>-8.88</b>	<b>1.28</b>
Share of unallocated COVID-19 emergency monies	-1.17	0.00	1.17		1.17	0.00
<b>Total Education and Children's Services</b>	<b>218.17</b>	<b>211.74</b>	<b>-6.43</b>	<b>-2.95%</b>	<b>-7.71</b>	<b>1.28</b>

The total net approved budget for Education and Children's Services (ECS) in 2021/22 is £218.17m. As at the end of November 2021, the service is forecast to underspend by £6.43m.

Overall, the position has changed by £1.28m compared to the position reported to Cabinet at quarter 2 (September). This is mainly due to a forecasted increase in placement costs.

The largest impact on the forecast position for ECS in 2021/22 is a reduction in the number of children entering care which has resulted in an underspend of c£5.100m. 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 – Underspend £5.49m**

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 area.

The Children's Social Care Service has undergone significant change in the last 12 months 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 required 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 to contribute towards one-off implementation costs and adult worker costs 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 now filled, 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.

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 fallen 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 1,862 in November 2021, a reduction of 223 (c11%) 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.

In the last 3 months since Sep-21 when children returned to school at the start of the new academic year there are being a significant increase in the cost of placements. This is due to increases in complex cases and the number of children in agency residential placements thereby resulting in an increase in the average costs of placements, rather than an increase in the number of children looked after. In addition, the reducing CLA changes that there is a beginning of a change in terms of the fact that the numbers entering judicial proceedings are rising slightly. None the less residential and fostering placements are forecast to underspend by c£5.100m 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 review and any changes reported in future months.

Forecast overspends on social work teams of c£600,000 are in part 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£500,000 as detailed below.

- Assistance to families and regular payments is forecast to overspend by c£600,000 based on spend to date.
- Special guardianship orders (SGO's) and child arrangement orders (CAO's) are forecast to underspend by c£200,000 due to a smaller increase in demand than budgeted for.
- Forecast underspends on staying put arrangements are c£300,000 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£200,000.

Forecast underspends of c£500,000 relate to a number of smaller budgets across the service. The forecast includes contributions of c£350,000 from the Contain Outbreak Management Fund to cover costs incurred in dealing with the pandemic.

The position has worsened by c£900,000 compared to quarter 2, mainly due to an increase in forecast placement costs.

### **Education and Skills – Underspend £393,000**

#### **Children Family and Wellbeing Service (CFW) – Underspend £1.11m**

Forecast underspends of c£900,000 relate to staff costs and vacancies which the service is in the process of recruiting to and c£200,000 to payments by results (PBR) funding from the Troubled Families Unit (TFU).

The service is working systematically to fill vacancies and has made significant progress with recruitment since May 2021. In February there were vacancies of c16% reducing to c9% at the end of quarter 1, c7% at the end of quarter 2 and c6% as at quarter 3.

There is no significant change from the position reported at quarter 2.

#### **Education Improvement - Overspend £1.12m**

Forecast overspends of c£2.400m 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 recoupment of eligible income losses for April to June 2021 from the sales, fees and charges income compensation scheme and a contribution of c£230,000 from Contain Outbreak Management Fund to cover costs incurred in dealing with the pandemic.

The above overspends are partly offset by forecast underspends on non-staff costs of c£1.300m

A review of the Lancashire Professional Development Service 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 the pandemic and restrictions to delivery despite moving to online delivery where possible.

#### **Inclusion - Underspend £250,000**

Underspends of c£720,000 on staffing are forecast across a number of teams. The service is working to fill vacancies following recruitment delays due to the pandemic. Direct Payments are also forecast to underspend by c£530,000 due to audited clawbacks.

Offsetting the above are forecast overspends on placements and family support of c£890,000, and non-staff costs of c£110,000.

The forecast includes contributions of c£100,000 from the Contain Outbreak Management Fund to cover costs incurred in dealing with the pandemic. The position has worsened by £425,000 compared to quarter 2, mainly due to an increase in forecast placement and family support costs.

#### **Cultural Services – Underspend £150,000**



Forecast underspends within the Libraries and Museums Services of c£340,000 mainly relate to staffing and non-staff costs and are largely due to the closure of some sites in the early part of the financial year as a result of the pandemic.

Forecast overspends of c£190,000 relate to Outdoor Education Centres and the cancellation of bookings due to the pandemic.

The forecast includes the recoupment of eligible income losses for April to June 2021 from the sales, fees and charges income compensation scheme and contributions of £650,000 from the Contain Outbreak Management Fund to cover costs incurred in dealing with the pandemic.

The position has worsened by c£170,000 compared to quarter 2. This mainly relates to an increase in forecast spend of c£410,000 within the Music Service and a decrease in forecast spend of c£260,000 with the Libraries and Museums Services.

### **Education and Children's Services – Underspend £1.72m**

#### **Safeguarding, Inspection & Audit – Underspend £1.13m**

Forecast underspends of c£850,000 relate to staffing due to vacancies and c£280,000 to non-staff costs (travel and third-party payments) across a number of areas within the service.

The position has improved by c£200,000 compared to quarter 2, mostly due to further staffing underspends as a result of vacancies and further reductions in non-staff costs.

#### **Policy, Information and Commissioning Start Well – Overspend £20,000**

No significant variance from budget is forecast for Policy, Information and Commissioning Start Well in 2021/22 and there is no significant change from the position reported at quarter 2.

#### **Education and Children's Services Central Costs – Underspend £610,000**

Forecast underspends relate to Premature Retirement Costs (PRC). Forecasts are in line with 2020/21 outturn and have not changed from what was reported at quarter 2.

### **4. Growth, Environment and Planning Services**

Growth, Environment & Planning	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance	Movement Q3 to Q2
	£m	£m	£m	%	£m	£m
LEP Coordination	0.09	0.09	0.00	0.00%	0.00	0.00
Business Growth	1.42	1.44	0.02	1.41%	0.00	0.02
Planning and Environment	2.83	2.81	-0.02	-0.71%	-0.02	0.00

<b>Estates</b>	0.48	0.53	0.05	10.42%	0.05	0.00
<b>Strategic Development</b>	1.89	0.94	-0.95	-50.26%	-0.65	-0.30
<b>Total</b>	<b>6.71</b>	<b>5.81</b>	<b>-0.90</b>	<b>-13.41%</b>	<b>-0.62</b>	<b>-0.28</b>
<b>Share of unallocated COVID-19 emergency monies</b>	-0.01	0.00	0.01		0.01	0.00
<b>Total Growth, Environment &amp; Planning</b>	<b>6.70</b>	<b>5.81</b>	<b>-0.89</b>	<b>-13.28%</b>	<b>-0.61</b>	<b>-0.28</b>

The total net approved budget for Growth, Environment and Planning in 2021/22 is £6.70m. As at the end of November 2021, the service is forecast to underspend by £890,000. Please see explanation of significant variances below

### **Strategic Development – Forecast Underspend £950,000**

The forecast underspend predominantly relates to delays in recruiting to the newly created Major Projects Team and lower projected spend on associated operational budgets and is non-recurring. The underspend has increased by £300,000 compared to quarter 2 largely due to lower expected operational spend within the Major Projects Team.

## **5. Highways and Transport Services**

Highways and Transport	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance	Movement Q3 to Q2
	£m	£m	£m	%	£m	£m
<b>Highways</b>	12.67	18.79	6.12	48.30%	4.78	1.34
<b>Public &amp; Integrated Transport</b>	58.19	55.32	-2.87	-4.93%	-3.43	0.56
<b>Customer Access</b>	2.82	3.12	0.30	10.64%	0.45	-0.15
<b>Design and Construction</b>	-2.49	0.90	3.39	-136.14%	2.55	0.84
<b>Total</b>	<b>71.19</b>	<b>78.13</b>	<b>6.94</b>	<b>9.75%</b>	<b>4.35</b>	<b>2.59</b>
<b>Share of unallocated COVID-19 emergency monies</b>	0.21	0.00	-0.21		-0.21	0.00
<b>Total Highways and Transport</b>	<b>71.40</b>	<b>78.13</b>	<b>6.73</b>	<b>9.43%</b>	<b>4.14</b>	<b>2.59</b>

The total net approved budget for Highways and Transport in 2021/22 is £71.40m including an allocation of £211,000 for COVID-19 for the first 3 months of 2021/22.

As at the end of November 2021, the service is forecast to overspend by £6.73m.

### **Highways – Forecast Overspend £6.12m**

Forecast overspends of £1.51m relate 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 £277,000 relate to additional plant hire and PPE costs partly as a result of the COVID-19 pandemic to allow staff to continue to work safely.

The traffic signals maintenance budget is forecast to overspend by £267,000. 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 made 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 outturn will largely depend on the climate during the coming winter an overspend of £140,000 is forecast to reflect additional costs in early 2021/22.

Unbudgeted legal costs relating to a claim against the authority are forecast to result in an overspend of £550,000. At the end of 2020/21 a provision was made for these costs of £200,000 but it is expected that they will exceed this amount.

A forecast overspend of £5.00m relates to a revenue contribution to capital outlay (RCCO) to fund expenditure on structural defects. However, due to the increased capital works delivery this year overheads charged to capital are forecast to increase by £1.30m as they are directly based on the value of work delivered which will partly offset the unbudgeted revenue contribution.

The above overspends are 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.

The forecast has worsened by £1.34m compared to quarter 2 predominantly due to the increased forecast contribution to capital to fund spend on structural defects.

## **Public and Integrated Transport (PIT) – Forecast Underspend £2.87m**

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. The most significant variances are detailed below.

- School transport costs are forecast to underspend by c£1.00m 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 although since

September 2021 contract costs have begun to increase and will be kept under review.

- The enhanced terms for payments to parents has already generated savings in excess of £500,000. 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 were provided in the old academic year, but these costs were fully covered by DfE funding. A lesser number of additional services are still required in the new academic year, but these are expected to be funded by Contain Outbreak Management Funding (COMF).
- There has also been an increase in the value of extended rights to free travel income of over £300,000 but significant increase in contract costs are yet to be seen. This will be kept under review.
- Forecast overspends of c£400,000 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 are fewer productive hours being worked resulting in a reduction in income. 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£1.00m. As part of a budget amendment agreed in 2020/21 an additional £3.00m 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£1.50m. Payments to bus operators continue to be made based of historic passenger data which will be the case for the remainder of 2021/22 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 be the case in 2021/22.

The forecast has worsened by £560,000 compared to quarter 2 predominantly due to a reduced underspend in school transport costs

## Customer Access – Forecast Overspend £307,000

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.

The forecast has improved by £150,000 compared to quarter 2 due to a reduction in the staffing overspend.

## Design and Construction (D&C) – Forecast Overspend £3.39m

Design and Construction property service is forecast to overspend by £3.28m, of which £2.19m 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. This work will not be fully completed in the current financial year and as such a transfer to reserves to cover costs in future years is reflected in the forecast. The remainder of the forecast overspend relates to the number and mix of projects that the service expects to deliver this year.

Design and Construction highways service is forecast to overspend by £102,000. As an income generating service vacancies have resulted in staffing underspends offset by a larger under recovery of income.

The forecast has worsened by £840,000 compared to quarter 2 predominantly due to the planned transfer to reserves to fund the roof repair works which will be carried out in 2022/23 at Barnoldswick Church of England Primary School.

## 6. Organisational Development and Change

Organisational Development and Change	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance	Movement Q3 to Q2
	£m	£m	£m	%	£m	£m
Programme Office	1.19	1.19	0.00	0.00%	0.00	0.00
Organisational Development	0.75	0.70	-0.05	-6.67%	-0.08	0.03
<b>Total</b>	<b>1.94</b>	<b>1.89</b>	<b>-0.05</b>	<b>-2.58%</b>	<b>-0.08</b>	<b>0.03</b>

Share of unallocated COVID-19 emergency monies	0.00	0.00	0.00		0.00	0.00
<b>Total Organisational Development and Change</b>	<b>1.94</b>	<b>1.89</b>	<b>-0.05</b>	<b>-2.58%</b>	<b>-0.08</b>	<b>0.03</b>

The total net approved budget for Organisational Development and Change in 2021/22 is £1.94m. As at the end of November 2021, the service is forecast to underspend by £54,000.

### Organisational Development – Forecast Underspend £50,000

Forecast underspends relate to staffing costs. The forecast reflects that some additional posts will only be filled partway through 2021/22.

There is no significant change to the forecast reported at quarter 2 and due to the delays in recruiting to the additional posts there is expected to be no call on the £600,000 set aside in reserves for organisational development in 2021/22.

## 7. Waste Management

Waste Mgt	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance	Movement Q3 to Q2
	£m	£m	£m	%	£m	£m
Waste Mgt	69.40	67.69	-1.71	-2.46%	-1.51	-0.20
<b>Total</b>	<b>69.40</b>	<b>67.69</b>	<b>-1.71</b>	<b>-2.46%</b>	<b>-1.51</b>	<b>-0.20</b>
Share of unallocated COVID-19 emergency monies	0.72	0.00	-0.72		-0.72	0.00
<b>Total Waste Mgt</b>	<b>70.12</b>	<b>67.69</b>	<b>-2.43</b>	<b>-3.47%</b>	<b>-2.23</b>	<b>-0.20</b>

The total net approved budget for Waste Management in 2021/22 is £70.12m including an allocation of £723,000 for COVID-19 for the first 3 months of 2021/22.

As at the end of November 2021, the service is forecast to underspend by £2.43m.

### Waste Management – Forecast Underspend £1.71m

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 7 months of 2021/22 there has been some reduction in kerbside collections compared to 2020/21 but this is offset by an increase in waste at the HWRCs and currently overall tonnage is forecast to be the same as 2020/21 although this is 11,000 more than was assumed in the budget.

These additional costs are being partly offset by more tonnes being diverted from landfill at a lower price and the issue around reduced mass loss reported earlier in the year has been

resolved. The overall impact of these factors results in a forecast overspend on waste disposal costs of c£1.100m

The above is offset by forecast underspends of c£2.400m 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.

Further underspends of c£500,000 relate to the operating and lifecycle costs at the waste recovery parks although £314,000 of this is non-recurring and relates to lower than expected operating costs in 2020/21.

The position has improved by c£200,000 compared to quarter 2 the most significant reason being increase in forecast income from recycled waste.

## 8. Finance

Finance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance	Movement Q3 to Q2
	£m	£m	£m	%	£m	£m
Lancashire Pension Fund	0.00	0.00	0.00	0.00%	0.00	0.00
Exchequer Services	4.17	3.72	-0.45	-10.79%	-0.41	-0.04
Financial Mgt (Development and Schools)	0.01	-0.11	-0.12	-1200.00%	-0.11	-0.01
Financial Mgt (Operational)	1.72	1.80	0.08	4.65%	0.07	0.01
Corporate Finance	8.33	8.14	-0.19	-2.28%	-0.13	-0.06
Internal Audit	0.80	0.81	0.01	1.25%	-0.03	0.04
Payroll	0.86	0.74	-0.12	-13.95%	-0.14	0.02
Procurement	2.13	2.21	0.08	3.76%	0.15	-0.07
<b>Total</b>	<b>18.02</b>	<b>17.31</b>	<b>-0.71</b>	<b>-3.94%</b>	<b>-0.60</b>	<b>-0.11</b>
Share of unallocated COVID-19 emergency monies	0.03	0.00	-0.03		-0.03	0.00
<b>Total Finance</b>	<b>18.05</b>	<b>17.31</b>	<b>-0.74</b>	<b>-4.10%</b>	<b>-0.63</b>	<b>-0.11</b>

The total approved net budget for Finance in 2021/22 is £18.05m, including an allocation of £32,000 for COVID-19 for the first 3 months of 2021/22.

The forecast at quarter three represents an underspend of £740,000.

### **Exchequer Services – underspend of £450,000**

The service is forecasting an underspend of £527,000 on employees, which is due to vacancies, employees opting out of the pension scheme and employees working v-time arrangements.

The service is also forecasting £25k Contain Outbreak Management Fund income not budgeted for.

### **Financial Management (Development and Schools) – underspend of £120,000**

The forecast includes an underspend of £35,000 on employee costs. There is an underspend of £85,000 due to the Head of Service vacancy, offset by overspends of £29,000 in Schools Financial Services and £21,000 in the Capital team.

There is a forecast overspend on income of £42,000 which includes a pressure of £108k on Schools Financial Services SLA income, which has not increased in line with pay pressure increases. This is offset by an underspend of £35,000 relating to receipt of a Financial Transparency Grant which was not budgeted for, £27,000 income from Strategic Development and £4,000 on other income.

### **Financial Management (Operational) – overspend of £80,000**

The service is forecasting an overspend of £320,000 on employee costs due to agency staff cover, staff overlaps due to retirement and the vacancy factor and PALS savings not being realised. This majority of this overspend is being offset by underspends in other areas and additional income.

### **Corporate Finance – forecast underspend of £190,000**

The service is forecasting an underspend of £181,000 on employee costs due to vacancies held for part of the year.

### **Payroll – underspend of £120,000.**

The forecast includes an overspend of £289,000 due to unbudgeted Fusion posts, offset by underspend of £173,000 on other staffing due to vacancies. There is a forecast overachievement of income of £234,000, which includes £289,000 unbudgeted income received for the Fusion posts, offset by a pressure on Clubs and Groups income of £26,000 and £29,000 on LTA income.

### **Procurement – Forecasted overspend of £80,000**

The forecasted overspend is predominately due to specialist agency cost for vacant senior posts of £315,000 and forecasted underspend in staffing costs of £83,000. This is offset by a forecasted over achievement in income of £272,000 and a small, forecasted underspend in supplies and services of £49,000.

## **9. Corporate Services**



Corporate Services	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance	Movement Q3 to Q2
	£m	£m	£m	%	£m	£m
Coroner's Service	2.45	2.42	-0.03	-1.22%	-0.06	0.03
Human Resources	1.83	1.75	-0.08	-4.37%	-0.04	-0.04
Legal, Governance and Registrars	14.28	14.76	0.48	3.36%	0.19	0.29
Skills Learning & Development	2.92	2.80	-0.12	-4.11%	-0.07	-0.05
<b>Total</b>	<b>21.48</b>	<b>21.73</b>	<b>0.25</b>	<b>1.16%</b>	<b>0.02</b>	<b>0.23</b>
Share of unallocated COVID-19 emergency monies	0.41	0.00	-0.41		-0.41	0.00
<b>Total Corporate Services</b>	<b>21.89</b>	<b>21.73</b>	<b>-0.16</b>	<b>-0.73%</b>	<b>-0.39</b>	<b>0.23</b>

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 forecast underspends.

The total approved net budget for Corporate Services in 2021/22 is £21.89m. The forecast at quarter three represents an underspend of £160,000.

### **CORONER'S SERVICE – underspend £30,000**

The forecast underspend is due to a reduction in spend on supplies and services.

### **HUMAN RESOURCES – underspend £80,000**

There is a net forecast overspend on employee costs of £13,000. This is comprised of forecast overspends in Corporate HR of £171,000 and the Head of Service budget of £9,000, offset by an underspend in Schools HR of £28,000 and the Recruitment Service of £31,000. There is a part year recharge of 2 posts to the Family Safeguarding project and a recharge of 2 posts to the Oracle Fusion project, totalling £108,000.

There is a forecast overachievement of income of £151,000, of which £52,000 relates to DBS income, £13,000 Fusion project income and £34,000 advertising income. Also, the Schools HR team overachieved their budgeted income by £51,000.

There is a forecast overspend on supplies and services of £49,000 due to forecast overspends of £25,000 on records management costs for which there is no budget, £54,000 in DBS payments, offset by additional income, and £16,000 on recruitment expenditure. This is offset by an underspend of £46,000 on other expenditure, including £38,000 on transport costs.

## LEGAL, GOVERNANCE AND REGISTRARS – overspend £480,000

This comprises of a combined forecasted overspend of c£447,000 on Legal and Governance, and a forecasted overspend of c£27,000 on Registrars.

Legal and Governance forecast demonstrates an overspend of c£447,000 which is due to a forecasted overspend in staffing cost of c£212,000 due to several posts being unbudgeted until 2022/23 and agency costs, a forecasted overspend in legal fees as a result of increase in volume with courts holding "virtual" court hearings of c£70,000, a forecasted overspend on supplies and services of c£161,000 and a shortfall of forecasted income of c£4,000.

The coroner's forecasted underspend of £32,000 was agreed to be utilised to support some of the staffing overspend.

Registrars forecast an overspend of c£27,000, with a movement from quarter two to quarter three of c£247,000 due an over inflated income projection as Q2.

## SKILLS LEARNING & DEVELOPMENT – Underspend £120,000

Forecast underspends of £170,000 relate to operational training budgets the most significant relating to the ex-service mentoring scheme and are partly offset by reduced income from schools of £59,000.

## 10. Strategy and Performance

Strategy and Performance	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance	Movement Q3 to Q2
	£m	£m	£m	%	£m	£m
Asset Mgt	7.73	7.42	-0.31	-4.01%	-0.17	-0.14
Facilities Mgt	21.69	24.17	2.48	11.43%	1.14	1.34
Business Intelligence	1.34	1.35	0.01	0.75%	0.01	0.00
<b>Total</b>	<b>30.76</b>	<b>32.94</b>	<b>2.18</b>	<b>7.09%</b>	<b>0.98</b>	<b>1.20</b>
Share of unallocated COVID-19 emergency monies	0.86	0.00	-0.86		-0.86	0.00
<b>Total Strategy and Performance</b>	<b>31.62</b>	<b>32.94</b>	<b>1.32</b>	<b>4.17%</b>	<b>0.12</b>	<b>1.20</b>

The total net approved budget for Strategy and Performance in 2021/22 is £31.62m including a £864,000 allocation for COVID-19 for the first 3 months of 2021/22.

As at the end of November 2021, the service is forecast to overspend by £1.32m

## Asset Management – Forecast Underspend £315,000

The forecast underspend predominantly relates to staffing due to delays in recruiting to budgeted posts. The forecast has improved by £150,000 compared to quarter 2 due to the increased staffing underspend.

## Facilities Management - Forecast Overspend £2.48m

The issues that affected the forecast for facilities management in 2020/21 remain to some extent in 2021/22 as do the uncertainties that Covid-19 has brought. The significant variances are detailed below:

- School catering is forecast to overspend by £3.018m which relates to lower income charge to schools. There was significant improvement in income levels with the 2020/21 academic year from April to July being over 90% compared to pre-pandemic. Income levels have reduced slightly in the first part of the new academic year and going into the winter period and with a new variant of the virus it is felt that there is unlikely to be any improvement in current income levels.
- A further income pressure of £250,000 relates to staff and civic catering, some of these facilities continue closed and whilst others have reopened sales are significantly lower than before the pandemic.
- Offsetting these are forecast underspend on premises running costs, repairs, and maintenance due to some sites remaining closed and others being significantly less occupied which is forecast to result in underspends of £793,000.

The forecast has worsened by £1.20m compared to quarter 2 predominantly due to the movement in the school catering forecast.

## 11. Digital Services

Digital Services	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance	Movement Q3 to Q2
	£m	£m	£m	%	£m	£m
<b>Service Assurance</b>	15.66	14.75	-0.91	-5.81%	-0.04	-0.87
<b>Digital Business Engagement</b>	1.83	1.51	-0.32	-17.49%	-0.18	-0.14
<b>Design &amp; Implement</b>	5.54	5.66	0.12	2.17%	0.08	0.04
<b>Operate</b>	3.74	3.16	-0.58	-15.51%	-0.29	-0.29
<b>Architecture</b>	0.78	0.66	-0.12	-15.38%	-0.13	0.01
<b>Data</b>	4.42	4.15	-0.27	-6.11%	-0.22	-0.05
<b>Total</b>	<b>31.97</b>	<b>29.89</b>	<b>-2.08</b>	<b>-6.51%</b>	<b>-0.78</b>	<b>-1.30</b>
<b>Share of unallocated COVID-19 emergency monies</b>	0.00	0.00	0.00		0.00	0.00
<b>Total Digital Services</b>	<b>31.97</b>	<b>29.89</b>	<b>-2.08</b>	<b>-6.51%</b>	<b>-0.78</b>	<b>-1.30</b>

The total net approved budget for Digital Services in 2021/22 is £31.97m. As at the end of November 2021, the service is forecast to underspend by £2.08m.

The most significant variances are explained below.

- Forecast underspends of c£2.10m relate to staff costs and vacant posts offset by c£600,000 to cover the cost of extending the use of contractors and commissioning work from external providers/consultants. The service continues to experience difficulties in recruiting staff.
- As part of the transition a number of historic BTLS POs previously receipted by other services in 2020/21 were closed down in 2021/22. This resulted in credits in 2021/22 which offset charges in 2020/21, and consequently a non-recurrent underspend of £355,000 in the current financial year.
- Not all work related to the implementation of M365 has been completed with further phases ongoing and some audio licences have been provided free of charge in 2021/22, resulting in a non-recurrent forecast underspend of c£400,000.
- Overspends of c£300,000 relate to both one-off and recurring costs for ServiceNow. Whilst the majority of costs are covered by the Continuous Service Improvement (CSI) budget the shortfall is offset by underspends within the service in 2021/22. ServiceNow is intended to deliver sustainable long-term efficiencies across the county council.

There are a number of smaller offsetting variances across a number of service areas.

## **15 Chief Executive Services**

Chief Executive Services	Approved Net Budget	Current Period Net Forecast Outturn	Current Period Net Forecast Variance	Current Period Net Forecast Variance	Q2 Variance	Movement Q3 to Q2
	£m	£m	£m	%	£m	£m
<b>Chief Executive</b>	-24.64	-22.54	2.10	8.52%	2.17	-0.07
<b>Communications</b>	1.11	0.93	-0.18	-16.22%	-0.14	-0.04
<b>Corporate Budgets (Funding and Grants)</b>	-3.67	-3.86	-0.19	-5.18%	-0.06	-0.13
<b>Corporate Budgets (Treasury Management)</b>	31.65	18.14	-13.51	-42.69%	-11.00	-2.51
<b>Corporate Budgets (Pensions &amp; Apprenticeship Levy)</b>	11.11	11.20	0.09	0.81%	0.08	0.01
<b>Total</b>	<b>15.56</b>	<b>3.87</b>	<b>-11.69</b>	<b>-75.13%</b>	<b>-8.95</b>	<b>-2.74</b>
<b>Share of unallocated COVID-19 emergency monies</b>	1.80	0.00	-1.80		-1.80	0.00
<b>Total Chief Executive Services</b>	<b>17.36</b>	<b>3.87</b>	<b>-13.49</b>	<b>-77.71%</b>	<b>-10.75</b>	<b>-2.74</b>

The total approved net budget for Chief Executive Services in 2021/22 is £17.36m including an allocation of £1.80m for COVID-19 for the first 3 months of 2021/22. The position as at quarter 3 is an underspend of £13.49m.

**CHIEF EXECUTIVE - overspend of £2.10m.**

There is an overspend of £2.387m due to COVID related spend.

**COMMUNICATIONS – underspend of £180,000.**

The forecast position is an underspend of c£180,000; this is an increased underspend of £40,000 compared to the position at quarter 2. This forecast underspend largely relates to COMF (Contain Outbreak Management Fund) grant funding due to staff time dealing with work to prevent, contain and manage COVID.

**CORPORATE BUDGETS (FUNDING AND GRANTS) – underspend of £190,000.**

The underspend relates to unspent advertising budget.

**CORPORATE BUDGETS (TREASURY MANAGEMENT) – underspend £13.51m.**

The Treasury management budget is forecast to underspend by c£13.51m, 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.

**CORPORATE BUDGETS (PENSIONS & APPRENTICESHIP LEVY) - overspend of £90,000.**

This is due to underspends of £33,000 on the apprenticeship levy, £1.62m on inherited pensions liabilities and a gain on prepayment of pension contributions of £762,000 offset by a contribution to the pension's deficit of £2.50m which is not budgeted for.

THE END