



Money Matters
The County Council's Revenue Financial
Position
2022/23 Quarter 1

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1. Summary Revenue Budget Monitoring Position as of 30th June 2022

Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance
	£m	£m	£m	%
Adult Services and Health & Wellbeing	421.237	424.995	3.758	0.89%
Education & Childrens Services	229.368	242.124	12.756	5.56%
Growth, Environment & Transport	158.476	160.462	1.986	1.25%
Resources	112.668	113.729	1.061	0.94%
Chief Executive	26.358	24.537	-1.821	-6.91%
Grand Total	948.107	965.847	17.740	1.87%

2. Executive Summary

This report provides the first update of the financial year 2022/23 to Cabinet on the county council's forecast 2022/23 revenue financial position as at the end of June 2022. The forecast outturn for 2022/23 is outlined in the table above, with a £17.740m overspend forecast, which by way of context is 1.87% of the county council's net budget.

The effects of the COVID-19 pandemic are still evident in some services particularly relating to Adult and Children's Social Care. There are also significant inflationary pressures due to a number of factors including the pandemic and the war in Ukraine.

Consequently, significant assumptions are required to underpin our forecasts. While these can be made with some low level of confidence in the current year, over the medium term, with limited information, we rely heavily on advice from national bodies, benchmarking, and discussion with peers to formalise our position.

Forecasting in the current climate is challenging but we will continue to be kept under review as we progress through the year.

In the last financial year, while it was clear that there were financial pressures as a result of the pandemic there were also some offsetting cost reductions. At this early point in the financial year, we can see some of the impacts of covid in the previous financial year continuing however we are now experiencing an increased demand for services particularly around adult social care support in citizens own homes and children's social care overall. We are still feeling the impact of the acute health sector whilst it attempts to return to business as usual, with again increased demand to free up hospital beds and offer alternative care solutions. Longer term, it is anticipated that we will see additional demand continuing across our Adults and Children's services, along with inflationary pressure from providers of care and also as a consequence of the implementation of the Fair Cost of Care nationally.

In the last two financial years, we also seen financial benefits from remote working arrangements with costs such as building running costs, printing and mileage being reduced. This is expected to be impacted as more people return to the offices in 2022/23.

The Treasury Management function has helped mitigate some of the financial pressures in the last few years. However, given the current level of uncertainty in the financial markets, there has been no opportunity in the year to date for any gains above those budgeted for.

The price and demand pressure being experienced have led to an overspend being forecast at quarter 1 with a risk that the current volatility in actual demand could lead to a significant variance from the current forecast as we move through the year.

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 impactful 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.

Although not yet agreed, this forecast takes into consideration the latest pay offer from The National Employers for local government services of, an increase of £1,925 on all NJC (National Joint Council) pay points 1 and above with effect from 1 April 2022 plus, an increase of 4.04 per cent on all allowances (as listed in the 2021 NJC pay agreement circular dated 28 February 2022) with effect from 1 April 2022. The forecast also includes related oncosts on the £1,925. It should be noted that this offer is higher than the 2% budgeted for with the current offer equating to an average pay award of over 8.2%. and has therefore had an adverse effect on the forecast outturn position.

During the last two financial years there were multiple grants awarded by the Government to local authorities to support them during the pandemic, these have largely come to an end. We were able to carry forward some Contain Outbreak Management Fund grant for use to contain any further outbreaks and this is being closely monitored.

The savings that have been agreed to date are also closely monitored. There is a combination of savings that were planned to be delivered in 2021/22 or earlier and were delayed due to the pandemic, and the budgeted savings agreed to be removed from the budget in 2022/23. As all restrictions have been lifted with the exception of Adults Social Care and services return to providing services closer to the levels pre-pandemic there is renewed focus and activity in monitoring and delivering the savings that are built into the budget.

3. Adult Services and Health and Wellbeing Directorate

Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance
	£m	£m	£m	%
Disability Adults	3.174	5.630	2.456	77.38%
Residential, Day Care Services for Older People	1.439	5.052	3.613	251.08%
Total Adult Care and Provider Services	4.613	10.682	6.069	131.56%
Social Care Services Adults	218.545	217.319	-1.226	-0.56%
Learning Disabilities, Autism & Mental Health	192.875	191.275	-1.600	-0.83%
Total Adult Community Social Care	411.420	408.594	-2.826	-0.69%
Safeguarding, Quality Improvement Services	7.044	7.269	0.225	3.19%
Total Safeguarding and Quality Improvement	7.044	7.269	0.225	3.19%
Policy Info-Commission Age Well	1.000	1.018	0.018	1.80%
Policy Info-Commission Live Well	0.951	0.970	0.019	2.00%
Total Adult Services and Health Wellbeing	1.951	1.988	0.037	1.90%
Total Adults	425.028	428.533	3.505	0.82%
Public Health Wellbeing	-67.262	-67.262	0.000	0.00%
Health Equity Welfare Partnerships	58.752	58.792	0.040	0.07%
Health Safety Resilience	1.116	0.939	-0.177	-15.86%
Trading Standards Scientific Services	3.603	3.993	0.390	10.82%
Total Public Health	-3.791	-3.538	0.253	-6.67%
Total Adult Services and Health Wellbeing	421.237	424.995	3.758	0.89%

Adult Services

The total 2022/23 budget for Adult Services is net expenditure of £425.028m. The forecasted outturn estimated as at the end of June 2022 is £428.533m resulting in an overspend of £3.505m equating to 0.82% of the total budget.

At quarter one we are forecasting a small overspend of less than 1% on the adult services budget. This is a direct consequence of the proposed pay award which we have now built into the monitoring position. The care costs have remained relatively flat which is not unusual at this point in the financial monitoring process. We are often faced with uncertainties as to whether the assumptions we have made both about volume and duration of care costs will fully materialise and if there is sufficient clarity on the income we will receive. Some of the costs of care are shared with service users or other partners, most noticeably the NHS (National Health Service) and are not yet fully recovered. We are also mindful that our cost predictions coincide with the summer period when pressures tend not to be so intense for the people we support as they are over the winter period when referrals levels can be higher due to seasonal issues exacerbating pre-existing conditions in our

most vulnerable residents and often influenced by the response of the NHS, mainly hospitals.

There are a number of factors driving the costs within adult social care, some within our ability to control and some now starting to impact which are increasingly more difficult to influence.

Savings progress

Controllable costs include the delivery of pre-existing savings which have been unavoidably delayed due to the prioritisation of the directorate's response to covid of which there are still ongoing issues especially for those living and working in care settings. A new governance framework has been put in place to ensure rigour and grip to the delivery of the £17m savings due to be delivered within this financial year, the forecast assumption at this stage is that 52% will be delivered in this financial year, with plans in place to deliver the remaining 48%. In some instances, COVID-19 has exposed changes that are now required to some of the previously agreed savings' programme to ensure that adult services can deliver to its original target. This is also being accompanied with ideas for further potential savings options which is challenging in the context of the growing needs of an ageing and increasingly disabled (physical and emotional) adult population as identified by our Director of Public Health in his annual report and the precarious nature of the care market.

Pressure areas

Other controllable costs include the spend associated with our response to adults approaching the council for advice and support. Benchmarking data continues to show that when compared to other similar authorities we support a larger proportion of people and with higher packages of care. Authorities that perform better typically have a stronger preventative offer and lower-level community support in place as well as a self-serve function to mitigate against the risk of providing more intrusive high-cost care prematurely. The directorate had already agreed to progress a programme of change to bring us closer to some of what other councils have done on this, underpinned by a strengths-based approach. Unfortunately, this had been delayed due to COVID-19 but is now recommencing with closer monitoring. A key component of the change is to increase the uptake in direct payments as this affords the public a greater level of choice and control of how they manage and receive care.

Legislative Changes

Issues impacting on the budget which are increasingly difficult to control/manage include the Fair Cost of Care, an exercise all authorities are required to complete in readiness for social care reform in 2023. This is highly likely to illustrate that councils are not funding to a level acceptable to the care market impeding market sustainability.

Older People services

The council continues to experience challenge in securing care in some parts of the county due to rurality for example and some types of care i.e., nursing home provision for elderly mentally ill. As a consequence, budget pressures are being experienced primarily in the cost of home care for all adults including older people and those with mental health or

learning disability. We are also being approached to meet the increasing costs from providers arising due to increases in fuel and energy costs and expect to be under considerable pressure from the market to financially support. In some instances, due to staffing problems of cost pressures homecare providers are declining our business resulting in our reliance on non-framework higher cost provision. The increased cost pressures across the directorate are over **£3.0m** in this financial year.

Younger Adults specific needs groups

The directorate is also facing significant increases in the numbers of young adults now transferring from children services with forecast costs £1m over budget at this stage and will in almost all circumstances be lifelong. We recognise more detailed analysis is required and probably requires a step change in the way the 2 directorates work together and with families and young people. There are increasing cost pressures within Children's services which are now impacting on Adult's services as the young people attain the age of 18 to 25 and transition over.

In-House provision

The aforementioned budget pressures have impacted most significantly across the in-house care services (older people and for people with learning disability) and most noticeably in the older peoples care homes where it continues to be necessary to employ agency workers to cover for staff absence and where occupancy levels have over the covid period declined affecting income levels however this is now starting to build back up. The forecast budget pressure however at this point is forecast as in the region of **£3.1m**. Similar cost pressures are experience in the social care community teams due to the escalating costs of home care which is previously stated is also in the region of **£3m**.

Income generation

The ability at this point to report a modest underspend is largely due to income recovery through sharing costs more equitably with the NHS for example on ensuring obligations are met toward Continuing Health Care and also on clawing back funds which it has not been possible to spend without individual detriment for example via direct payments. Work continues with the NHS to achieve better value for money by working together and where appropriate to pool budgets. This will be monitored and reported in future reports.

Public Health & Wellbeing

The total budget for Public Health & Wellbeing Services in 2022/23 is a net income budget of (£3.791m) as it includes the ring-fenced Public Health Grant of £72.216m. The overall directorate is forecasting an overspend at quarter 1 of £0.253m. Despite the general stable nature of this budget, as this forecast has been produced mainly on estimated future financial performance, the forecast should still be considered with some caution at this early stage in the year.

As the Public Health Grant is ring-fenced any underspend on those services covered by the grant occurring in year will be transferred to the Public Health Grant Reserve to be re-invested into the service such as the Transformation Programme currently being developed and implemented.

Public Health and Wellbeing

The Public Health and Wellbeing budget is forecast to end the year underspent as the Contained Outbreak Management Fund (COMF) monies will be used to meet employee cost as appropriate. As per previous years, the Cost Centre shows a breakeven position as all unspent Public Health Grant will be transferred into the reserve.

Health Equity, Welfare & Partnership

A small overspend is reported for the service, please note that this includes a contribution to the Public Health Grant Reserve for areas within the Health Equity, Welfare & Partnership service that are expected to underspend by the end of the year.

Finance Outlook Beyond 2022/23

Any underspends within the service are mainly due to service and project delays due to the pandemic and continued COVID-19 infections and outbreaks across Lancashire together with staff working on COVID-19 contain management which has been funded by grant. Despite the level of forecast underspend in 2022/23, the current high rates of inflation will have a material impact on the cost of commissioned services and also internal costs from 2022/23 onwards. This could put significant pressure on the budget when inflation is circa. 10% and the increase in Public Health Grant was less than 1% for 2022/23.

The Public Health Leadership Team has been pro-active in anticipating the budget challenges facing the service in future years and has outlined actions to mitigate against financial risk as summarised below:

- Use the PH (Public Health) Reserve as a buffer to smooth out the impact of cost increases.
- Include financial planning over the medium term via the PH Medium-Term Financial Strategy (MTFS) for 2022/23 onwards.

Health, Safety & Resilience

The forecast outturn position for 2022/23 is an underspend of £0.177m.

Trading Standards & Scientific Services

Trading Standards & Scientific Services forecasted year end position is an overspend of £0.390m. A base budget review has been completed to address the historic budget pressures that underpin the adverse budget variation such as the cost of purchase and maintenance of specialist equipment.

4. Education and Children's Services Directorate

Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance
	£m	£m	£m	%
Front Door assessment- Adolescent Services	11.983	12.035	0.052	0.43%
Family Safeguarding	12.425	13.787	1.362	10.96%
Csc: Looked After Children leaving Care	98.488	106.280	7.792	7.91%
Fostering Adoption Lancashire Blackpool, Residential Services	36.933	38.392	1.459	3.95%
Family Safeguarding Project	0.087	0.087	0.000	0.00%
Total Childrens Social Care	159.916	170.581	10.665	6.67%
Inclusion	23.470	24.644	1.174	5.00%
Children and Family Wellbeing Service	18.525	16.938	-1.587	-8.57%
Cultural Services	11.266	11.913	0.647	5.74%
Education Improvement 0-11 Years	5.129	6.393	1.264	24.64%
Total Education & Skills	58.390	59.888	1.498	2.57%
Safeguarding Inspection & Audit	15.015	15.156	0.141	0.94%
Education-Childrens Services Central Costs	-5.901	-5.479	0.422	7.15%
Total Education and Childrens Services	9.114	9.677	0.563	6.18%
Policy Info Commission Start Well	1.948	1.978	0.030	1.54%
Total Policy Commissioning and Childrens Health	1.948	1.978	0.030	1.54%
Total Education Childrens Services	229.368	242.124	12.756	5.56%

The total net approved budget for Education and Children's Services (ECS) in 2022/23 is £229.368m. As at the end of June 2022, the service is forecast to overspend by £12.756m. Forecast overspends are mainly due to increases in placement costs and in particular the number of children placed in agency residential accommodation and increases in the average cost of these placements, and under recovery of income across various services. Whilst these pressures are offset by underspends on staff due to vacancies and non-staff costs across several services, the staff forecast does reflect the recent pay award of £1,925 on basic pay per FTE (Full Time Equivalent) which is higher than what was budgeted for.

Children's Social Care – Overspend £10.665m

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

Residential and fostering placements (including in-house residential provision) are forecast to overspend by c£9.100m.

Whilst there has been an increase in the number of children looked after in the last 5 months, 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 1,909 in June 2022, a reduction of 176 (c8%) with most of this reduction occurring since January 2021.

The fall in numbers over this period is largely due to the impact of the implementation of Lancashire Family Safeguarding in February 2021 and the pandemic with a reduction in both referrals and new assessments started over the same period. Whilst there was some early delivery of LFS (Lancashire Family Safeguarding) savings in 2021/22. The number of new entrants aged 0-12 has been above the level required to deliver recurring savings over the last 6 months and assuming they continue at this level an under delivery of savings of c£1.000m is expected in 2022/23. Whilst the total number of children looked after has fallen the cost of agency residential placements has increased significantly since September 2021, in part due to an increase in the number of children placed in agency residential placements, following a fall from mid- 2020/21, but largely due to an increase in the average cost of these placements.

The forecast for 2022/23 as at June 2022 assumes that costs will continue to increase in line with average monthly increases during the last 3 months which is lower than the average monthly increase over the last 12 months suggesting demand increases could be slowing. However, if increases continue at the same rate as seen in the last 12 months the overspend is likely to be in the region of c£14.000m.

Forecast overspends on social work teams of c£1.100m 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£0.300m the most significant of which are detailed below.

- Regular payments and assistance to families is forecast to overspend by c£500,000 which is broadly in line with spend in 2021/22.
- Special Guardianship Orders (SGO's) and Child arrangement orders (CAO's) are forecast to underspend by c£200,000 although there has been an increase in spend of c£1,000m compared to 2021/22. Spend on SGO's continues to increase by c9% per annum as it has done in previous years.
- Forecast underspends on staying put arrangements are c£0.400m with spend broadly in line with 2021/22.
- Adoption allowances are forecast to underspend by c£0.200m with spend also broadly in line with 2021/22.

Education and Skills – Overspend £1.498m

Children Family and Wellbeing Service (CFW (Children Family and Wellbeing)) – Underspend £1.587m

Forecast underspends of c£1.350m across the service relate to staff (vacancies) and c£240,000 to operational costs. The county council will receive additional Supporting Families funding in 2022/23 of c£1.500m which will be used to recruit additional fixed term staff in CFW and in the Inclusion Service, to provide targeted support and improve the

outcomes for children and young people within communities following the pandemic, in particular for families experiencing domestic abuse and to meet emotional health/school readiness priorities.

Education Improvement - Overspend £1.264m

Forecast overspends of c£2.490m relate to under recovery of income across the service. This is due to some schools opting out of the advisory service offer and ongoing pressures on some income generating services including Governor Services and the Professional Development Service, with pressures on school budgets affecting buy-back of services. The above overspends are partly offset by forecast underspends on non-staff costs of c£1.470m.

A review of the Lancashire Professional Development Service is currently being undertaken in light of the reduction of the number of schools currently buying into the service and competition from other organisations.

Inclusion - Overspend £1.174m

Forecast overspends of c£1.400m relate to agency residential and fostering placements and assumes an increase in spend of c£600,000 compared to 2021/22. However, spend on agency residential placements has increased in recent years with significant increases since March 2021. If increases continue at the same rate as seen in recent months (the last 3 to 6 months) the overspend is likely to be in the region of c£1.700m.

Forecast overspends of c£400,000 relate to family support and also assumes an increase in spend of c£200,000 compared to 2021/22. This is an area of spend which increased during 2021/22, however it is not clear if there will be further increases during 2022/23 beyond those currently forecast.

Offsetting the above overspends are forecast underspends of c£600,000 on staffing across the service.

Cultural Services – Overspend £0.647m

Forecast overspends of c£400,000 across the service are mainly due to the recent pay award and c£200,000 to under recovery of income.

Further forecast overspends of c£60,000 relate to additional spend on freelance staff/instructors in the Outdoor Education Service.

Education and Children's Services Central Costs – Overspend £0.422m

Forecast overspends relate to a loss of c£920,000 (c50%) of School Monitoring & Brokering grant received from the Department for Education (DfE) offset by forecast underspends on Premature Retirement Costs (PRC) of c£500,000 which assumes a similar level of spend to that in 2021/22.

5. Growth, Environment and Transport Directorate

Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance
	£m	£m	£m	%
Waste Management	71.721	71.175	-0.546	-0.76%
Highways	16.548	16.476	-0.072	-0.44%
Public Integrated Transport	58.126	56.518	-1.608	-2.77%
Design And Construction	-2.415	0.867	3.282	-135.90%
Customer Access	3.085	3.642	0.557	18.06%
Total Highways and Transport	147.065	148.678	1.613	1.10%
Business Growth	0.733	1.366	0.633	86.36%
Strategic Development	6.639	6.503	-0.136	-2.05%
LEP Coordination	0.089	0.090	0.001	1.12%
Estates	0.530	0.530	0.000	0.00%
Total Growth and Regeneration	7.991	8.489	0.498	6.23%
Planning And Environment	3.420	3.295	-0.125	-3.65%
Total Environment and Planning	3.420	3.295	-0.125	-3.65%
Total Growth Environment Transport	158.476	160.462	1.986	1.25%

The annual budget for Growth, Environmental and Transport Department management team is £158.476m, the forecast position for 2022/23 as at quarter 1 is an overspend of £1.986m.

Growth and Regeneration

The budget for this area in 2022/23 is £7.991m. As at the end of June 2022, the service is forecast to overspend by £498,000. Overspend on Business Growth is related to non-delivery of savings around generating additional income from the LCDL business parks and securing increased contributions from unitary and district council partners. These savings are £700,000 in 2022/23 and the forecast shows that efforts are being made to mitigate some of the non-delivery of savings. There are also other minor variations across the services.

Environment and Planning

The total net budget for environment and planning is £3.420m, there is a minor variation being reported as at quarter 1 relating to staffing underspends.

Highways and transport

The total net approved budget for Highways and Transport in 2022/23 is £147.065m. As at the end of quarter 1, the service is forecast to overspend by £1.613m.

Highways – Forecast underspend of £0.072m

A review undertaken shows a large forecast under recovery of income on parking and bus lane enforcement, some of which is due to not extending pay and display to the Fylde coast. However, this is more than offset by expected over recovery of income from both utility companies and housing developers. As stated above these income streams are demand

led and will be kept under review throughout the year. The remainder of the forecast relates to staffing and a combination of the impact of the recent pay offer offset by some underspends particularly relating to school crossing patrols.

Public and Integrated Transport (PIT) – Forecast underspend £1.608m

There are several uncertainties within the service the most significant being within home to school transport where c£1.800m of reprofiled savings are budgeted to be delivered in 2022/23 and increased fuel costs are expected to impact the cost of taxi and school bus contracts. However, a provision was made at the end of 2021/22 to cover the risk of increasing fuel prices and as such no variance is currently reported as increased costs are currently expected to be covered by the provision.

A further area of uncertainty is concessionary travel passenger numbers. Throughout the pandemic concessionary passenger numbers fell significantly and have been slower to increase than fare paying passenger numbers. Based on data from the early part of 2022/23 concessionary passengers are 75% to 80% of numbers before the pandemic. In the past 2 years the county council reimbursed operators based on pre-pandemic passenger numbers, but government guidance advises the tapering down of support during 2022/23. Depending on actual passenger numbers this could result in a financial pressure for bus operators so will need to be carefully monitored. Prior to the pandemic there was a significant underspend which due to the tapering down of support is expected to increase to c£2.600m.

The above underspends are partly offset by forecast overspends on fleet services of c£600,000. Other factors impacting the service are a reduction in values of external work expected and an accounting change whereby any receipts for vehicle sales over £10,000 are reported as capital receipts in line with accounting rules whereas previously they were treated as revenue receipts in the Fleet Services budget. The latter is expected to result in overspends of c£200,000 and has been adjusted for in the medium term financial strategy at quarter 1.

Bus stations are expected to overspend by c£200,000 due to departure charges not increasing in 2022/23 (and in previous years), although the impact of this could be mitigated by increases in numbers of departures and will be monitored throughout the year.

Customer Access – Forecast overspend £0.557m

The forecast overspend predominantly relates to staffing and reflects the fact that vacant posts are expected to be filled to deliver appropriate service levels during 2022/23.

Design and Construction (D&C) – Forecast overspend £3.282m

Design and Construction property is forecast to overspend by c£3.000m of which c£790,000 relates to a review of costs previously recharged to the capital programme with the impact of the reduction in recharge being reflected in the updated medium term financial strategy at quarter 1. The remainder of the overspend relates to the number and mix of projects that the service expects to deliver in 2022/23 with less capital work expected on the county council's property portfolio for which a higher fee percentage is charged resulting in the under recovery of income.

Design and Construction highways service is forecast to overspend by c£300,000. As an income generating service vacancies have resulted in staffing underspends offset by a larger under recovery of income.

Waste Management – Forecast underspend £0.546m

Forecast underspends of c£1.600m relates to expected additional income for recycled waste. Prices are volatile and whilst they are significantly higher than budgeted for in 2021/22, it was uncertain whether they would remain at the same level. Consequently, the medium term financial strategy was not adjusted to reflect continued high prices in the budget for 2022/23 and based on current data the service expects another significant over recovery of income in 2022/23.

Partly offsetting this are forecast overspends of c£1.000m at the household waste recycling centres relating to increased maintenance requirements. Maintenance requirements are being considered on each site and the additional work includes maintenance of skips, bottle banks and cabins and for signs and road markings to ensure sites are operating safely.

6. Resources Directorate

Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance
	£m	£m	£m	%
Lancashire Pension Fund	-0.004	-0.004	0.000	0.00%
Exchequer Services	4.348	4.221	-0.127	-2.92%
Financial Mgt Development and Schools	0.026	0.120	0.094	361.54%
Financial Mgt Operational	1.767	1.817	0.050	2.83%
Corporate Finance	8.406	8.225	-0.181	-2.15%
Payroll Services	1.056	1.080	0.024	2.27%
Procurement	2.275	2.311	0.036	1.58%
Internal Audit	0.827	0.866	0.039	4.72%
Total Finance Services	18.701	18.636	-0.065	-0.35%
Service Assurance	19.228	17.503	-1.725	-8.97%
Digital Business Engagement	1.841	1.989	0.148	8.04%
Design & Implementation	5.426	5.444	0.018	0.33%
Operate	3.689	3.999	0.310	8.40%
Architecture	0.872	0.766	-0.106	-12.16%
Data	2.676	2.490	-0.186	-6.95%
Total Digital Service	33.732	32.191	-1.541	-4.57%
Facilities Mgt	23.041	25.102	2.061	8.94%
Asset Mgt	9.164	9.020	-0.144	-1.57%
Business Intelligence	1.502	1.567	0.065	4.33%
Total Strategy and Performance	33.707	35.689	1.982	5.88%
Coroners Service	2.458	2.495	0.037	1.51%
Human Resources	2.266	2.251	-0.015	-0.66%
Legal Governance and Registrars	15.489	16.215	0.726	4.69%
Skills, Learning Development	3.000	3.000	0.000	0.00%
Total Corporate Services	23.213	23.961	0.748	3.22%
Programme Office	1.222	1.143	-0.079	-6.46%
Organisational Development	0.753	0.753	0.000	0.00%
Total Organisational Development And Change	1.975	1.896	-0.079	-4.00%
Communications	1.340	1.356	0.016	1.19%
Total Communications	1.340	1.356	0.016	1.19%
Total Resources	112.668	113.729	1.061	0.94%

The budget for Resources Directorate is £112.668m, the current forecast position is an overspend of £1.061m.

Finance Services

The total approved net budget for Finance in 2022/23 is £18.701m. The forecast position represents an underspend of £0.065m.

Exchequer Services – underspend of £0.127m

The forecast position includes an underspend of £138,000 on employees, which is due to vacancies, employees opting out of the pension scheme and employees working in variable time arrangements.

Corporate Finance – underspend of £0.181m

The forecast position includes an underspend of £172,000 on employee costs due to vacancies forecast for full or part year, an underspend on supplies and services of £18,000 as well as an underachievement of pension fund income of £25,000 which is offset by an underspend on employee costs.

Strategy and Performance

The total net approved budget for Strategy and Performance in 2022/23 is £33.707m, as at quarter 1 22 the forecast is an overspend of £1.982m.

Asset Management – Forecast Underspend £0.144m

This underspend relates to staffing. The area of pressure within these services is related to street lighting energy, the revised price for energy will be known in October and is expected to increase by more than 50% resulting in overspends of c£600,000. However, we made a provision at the end of 2021/22 to cover these additional costs so no variance to budget is reported in the forecast.

Facilities Management – Forecast Overspend £2.061m

The areas where there will likely be variation to budget in 2022/23 are the same as 2021/22, namely school catering, staff and civic catering and premises running costs including repairs and maintenance.

The most significant variance is school catering which is forecast to overspend by £1.969m predominantly due to a combination of increases in food prices, additional staffing costs and income not returning to pre-covid levels. This forecast is volatile and will be kept under review throughout the year.

Staff and civic catering are forecast to overspend by £150,000 due to lower sales as a result of a significant number of staff continuing to predominantly work from home.

An early review of premises running costs based on a combination of 2021/22 outturn and actual costs for the first quarter shows a forecast underspend of £100,000. There are various risks around this forecast including level of spend on repairs and maintenance which reduced during the pandemic but spend in the first part of 2022/23 is showing an increase and will be kept under review. Utility costs are expected to rise significantly again from October, but a provision has been made to cover these. In addition, lower consumption due to buildings being less occupied will also help mitigate overall utility costs.

Digital Services

The total net approved budget for Digital Services in 2022/23 is £33.732m. As at the end of June 2022, the service is forecast to underspend by £1.541m. The most significant forecast variances are explained below.

- Forecast underspends of c£1.100m relate to staff costs and vacant posts offset by c£400,000 to cover the cost of contractors and commissioning work from external providers/consultants. The service continues to experience difficulties in recruiting staff. This is offset by forecast under recovery of income of c£200,000 due to fewer requests for chargeable one-off change projects as opposed to business-as-usual work.
- Forecast underspends of c£1.000m relate to renewals (payments to third party suppliers for maintenance, support, and licences), which is anticipated to be non-recurring. The cost of M365 is expected to increase in 2023/24 following the rollout of further phases, while the impact of over estimating inflation included in the budget for 2022/23 will be removed in the MTFS from 2023/24.
- Education Services is forecast to overspend by c£300,000 following a fall in the number of schools buying back services, in particular broadband, and the cessation of provision of some other products/services.
- Forecast underspends of c£300,000 relate to various other expenditure and income across Digital Services.

The forecast assumes c£1.800m of reserves will be used for ICT (Information and Communications Technology) refresh most of which relates to infrastructure refresh and c£2.100m of reserves will be used for the update or re-procurement of the LAS system in 2022/23.

7. Chief Executive Services

Service Area	Net Budget	Net Forecast Outturn	Net Forecast Variance	Net Forecast Variance
	£m	£m	£m	%
Corporate Budgets Pensions, Apprenticeship Levy	11.599	9.643	-1.956	-16.86%
Corporate Budgets Funding and Grants	-18.446	-18.446	0.000	0.00%
Corporate Budgets Treasury Management	30.455	30.455	0.000	0.00%
Chief Executive	2.750	2.885	0.135	4.91%
Total Chief Executive Services	26.358	24.537	-1.821	-6.91%

The total approved net budget for Chief Executive Services in 2022/23 is £26.358m. The forecast position is an underspend of £1.821m.

Corporate Budgets Pensions, Apprenticeship Levy – Forecast underspend £1.956m

The underspend primarily relates to a forecast underspend of £2.031m on inherited pensions liabilities which are charged directly to Lancashire and not the pension fund.