



Appendix A - Revenue Budget 2023/24 Outturn



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1. Executive Summary

1.01 Appendix A provides details for Cabinet on the county council's 2023/24 revenue outturn position.

2023/24 Revenue Budget

1.02 The report outlines the final revenue outturn position whilst also providing a comparison to the last reported position at Quarter 3. The final position at the end of the year is net expenditure of £1,044.266m, against an approved budget of £1,039.046m, which represents an in-year overspend of £5.220m or 0.50% of the net revenue budget. Reports to Cabinet through the year have shown an improvement at each quarter from the original £7.629m overspend that was forecast at Quarter 1. The reduction in overspend during the year reflects strong financial management across the council to mitigate the impact of those cost pressures.

1.03 The most significant areas of over and underspend in 2023/24 are as follows:

- Children's Social Care - **£6.3m overspend** mainly due to overspends on staffing budgets following the use of agency staff and pressures across the budgets that provide allowances, payments, assistance to families and family support for children with disabilities.
- Children and Family Wellbeing Services - **£2.5m underspend** due to vacancies across the service and operational cost underspends.
- Waste Management - **£2.6m overspend** due to waste disposal costs and operational costs at Household Waste Recycling Centres.
- Public and Integrated Transport - **£8.4m overspend** which predominantly relates to home to school transport for children with disabilities. Taxi passenger numbers have continued to increase following an overspend reported in 2022/23 and the service continues to follow best practice as outlined in statutory guidance relating to how long a child should be transported (45 minutes for primary and 75 minutes for secondary school children) has resulted in an increase in single occupancy journeys which is the most expensive provision.
- Resources and Chief Executive Services - **£6.2m underspend** which the majority relates to contingency and other central budgets which are normally utilised in year that have been held back in view of the in-year challenges facing the Council. In addition, there are underspends across a number of services due to staff vacancies and the legal services budget has reported an underspend due to lower than anticipated costs on legal fees.



2023/24 Revenue Reserves

- 1.05 The budget report to Full Council in February 2024 indicated that there would be sufficient funds remaining in reserves to support the budget beyond the medium-term financial strategy period ending 2026/27, this continues to be the case following confirmation of the final 2023/24 outturn position.
- 1.06 In the reported position to Full Council in February 2024 (as part of the Budget Report for 2024/25) the balance on the Transitional Reserve was forecast to be £165.198m by the end of 2023/24. The outturn position is a higher closing balance than forecast of £181.093m, which represents a higher balance by £15.9m for a number of reasons but mainly reflects the impact of transactions relating to our pooled budget arrangements with the Integrated Care Board (ICB), offset by the costs of the 2023/24 overspend which is funded from the reserve.
- 1.07 There are commitments of £26m forecast over the next 3 years, including the forecast funding required to support the forecast financial deficit within the revenue budget over the next 2 years. A detailed review of all reserves and future year commitments is underway and will be reported to Cabinet as part of the November Cabinet report relating to the medium-term financial strategy and reserves position.
- 1.09 While the council's reserve position remains healthy, there are significant levels of uncertainty in relation to future years funding and expenditure levels that is affecting local government. Key expenditure pressures are across children's social care (including transport costs) and adult social care, and whilst growth has been built into the budgets these areas are still a high risk to future year's budgets.
- 1.10 There are also additional uncertainties regarding the financial impact of inflation, in addition to ongoing negotiations on the local government pay award for 2024/25 and beyond. At this stage in the 2024/25 financial year the initial employers pay offer will result in a pressure on the 2024/25 budget. In 2023/24, it was agreed that the additional pressure was supported from the transitional reserve. As part of the medium-term financial strategy report to Cabinet in January 2024 it was outlined that this would also be the case for 2024/25, with any pressure from the final agreed pay award to be supported from the transitional reserve and subsequently built into the medium-term financial strategy.
- 1.11 We also still await confirmation of when the long-awaited large-scale funding changes (fair funding/business rates retention/baseline reset) are going to be implemented from, following multiple delays over recent years.



Savings Position

- 1.12 In 2023/24, agreed savings to be delivered totalled c£80m. Across the Council there is a strong track record of delivering savings, with a robust governance process in place to support, challenge and ultimately ensure savings are delivered. Each Directorate has a Finance Board which meets regularly, in addition to the council wide Strategic Finance Board which is chaired by the Chief Finance Officer for the county council.
- 1.13 Some savings, particularly those that were agreed pre-pandemic, are no longer deliverable in the format they were agreed, therefore services have worked hard to find in year mitigations to ensure there is minimal impact on the 2023/24 outturn position. In those circumstances where required, permanent mitigations will be brought forward for consideration.
- 1.14 The savings programme agreed for 2024/25 is challenging, with services working hard to ensure the level of savings required are achieved.

Capital Receipts

- 1.15 From 1st April 2016 the Government introduced the flexibility for capital receipts to be used to fund revenue expenditure which meets certain criteria. To meet the qualifying criteria the revenue expenditure needs to relate to activity which is designed to generate ongoing revenue savings or to transform a service which results in revenue savings or improvements in the quality of provision. This has been extended over a number of Financial Settlements.
- 1.16 Local authorities are only able to use capital receipts from the sale of property, plant and equipment received in the years in which this flexibility is offered. They may not use their existing stock of capital receipts to finance the revenue costs of service reform.



- 1.17 As part of the 2023/24 revenue budget agreed by Full Council a total of £5.000m was built into the budget. This funding has been used to support transformation activity, most notably, the delivery of savings of £80m. The table below shows the amount that was expected to be spent in each service area and how much was spent as part of the 2023/24 outturn:

Service Area	2023/24 Budget (£m)	2023/24 Expenditure (£m)	2023/24 Variance (£m)
Human Resources	0.380	0.168	-0.212
Children's Social Care	1.154	1.112	-0.042
Organisational Development	0.653	0.876	0.223
Adult Social Care	1.310	0.867	-0.443
Legal and Democratic Services	0.122	0.110	-0.012
Estates	0.200	0.199	-0.001
Facilities Management	0.316	0.304	-0.012
Asset Management	0.240	0.191	-0.049
Exchequer Services	0.332	0.338	0.006
Digital Services	0.173	0.494	0.321
Procurement	0.120	0.342	0.222
	5.000	5.000	5.000

- 1.18 In 2023/24 actual receipts totalled £7.721m, with the balance held for investment in future years, either to support the revenue budget in line with the flexibilities or to support the capital programme.
- 1.19 At Full Council in February each year the county council's prudential indicators are reviewed and approved as part of the Treasury Management Strategy. The indicators include the budgeted level of capital receipts that are used to support the revenue budget rather than the capital programme. The indicators are reviewed on a regular basis and reported to Members on a quarterly basis.



2. Revenue Budget Outturn 2023/24 Summary

Table 1

Service Area	2023/24 Budget	2023/24 Outturn	2023/24 Outturn Variance	2023/24 Outturn Variance	2023/24 Quarter 3 Forecast Variance	Movement from Quarter 3
	£m	£m	£m	%	£m	£m
Adult Services	449.477	449.534	0.057	0.01%	0.746	-0.689
Education & Children's Services	250.414	254.353	3.939	1.57%	4.934	-0.995
Growth, Environment, Transport & Health	167.947	177.176	9.230	5.50%	6.121	3.108
Resources & Chief Executive Services	171.208	163.203	-8.005	-4.68%	-5.972	-2.033
Grand Total	1,039.046	1,044.266	5.220	0.50%	5.828	-0.608

2.01 The above table details the breakdown across services of the final outturn position for 2023/24. The position has improved by £0.608m compared to the position reported to Cabinet as at Quarter 3.

2.02 The improvement reflects services having undertaken detailed reviews of their cost drivers and identifying actions to reduce costs and improve income levels including tighter control of vacancy management.

2.03 The most significant areas of change compared to the forecast presented to Cabinet at Quarter 3 are:

- Children's Social Care – The overspend has reduced by c£1m mainly attributable to the application of grant funding for eligible expenditure.
- Waste Management – The overspend has increased by c£1.5m across the service. This is mainly due to an increase in waste arisings in the final quarter of the financial year. In addition, the volatile market for recyclate income failed to improve in the final quarter, therefore resulting a reduced level of income achieved than previously forecast.
- Highways – The service had previously been forecasting a £2.4m underspend. However, spend was accelerated to deliver the programme and meet the increased drainage demands following very high levels of rainfall in the final quarter of the financial year. In addition, the service experienced higher than expected expenditure on third party damages.
- Resources and Chief Executive Services – the position across these services has improved by c£2m. There have been reduced costs across several



services as a result of staff vacancies. Increased underspends across operational budgets and also legal fees were lower than forecast in the final quarter of the financial year.

2.04 The county council continues to experience increasing levels of demand for services particularly adult social care support for residents in their own homes, children's social care, and home to school transport. Services continue to respond to the acute health sector seeking to free up hospital beds and offer alternative care solutions. Longer term, it is anticipated there will be high levels of demand continuing across Adults and Children's services, as well as inflationary pressure from providers of care and the consequence of the Fair Cost of Care review.

2.05 The next sections examine each area of service in more detail.



3. Adult Services Directorate

Table 2

Service Area	2023/24 Budget	2023/24 Outturn	2023/24 Outturn Variance	2023/24 Outturn Variance	2023/24 Quarter 3 Forecast Variance	Movement from Quarter 3
	£m	£m	£m	%	£m	£m
Disability (Adults)	5.438	5.625	0.186	3.42%	0.032	0.154
Urgent Care, Acute and Prisons (Countywide)	9.285	7.752	-1.534	-16.52%	-1.457	-0.076
Residential & Day Care Services for Older People	-1.333	2.031	3.365	-252.36%	2.741	0.624
Total Adult Care and Provider Services	13.390	15.408	2.017	15.06%	1.316	0.702
Mental Health	34.996	34.378	-0.618	-1.77%	0.562	-1.181
Learning Disabilities, Autism	171.324	171.929	0.605	0.35%	-0.642	1.247
Social Care Services (Adults)	215.734	213.799	-1.935	-0.90%	-0.588	-1.347
Total Adult Community Social Care	422.055	420.106	-1.949	-0.46%	-0.668	-1.281
Strategic and Integrated Commissioning & Contracts	4.907	4.547	-0.360	-7.33%	-0.261	-0.099
Total Strategic and Integrated Commissioning	4.907	4.547	-0.360	-7.33%	-0.261	-0.099
Quality, Contracts and Safeguarding Adults	7.129	7.436	0.307	4.31%	0.375	-0.068
Total Quality, Contracts and Safeguarding Adults	7.129	7.436	0.307	4.31%	0.375	-0.068
Quality and Improvement	1.497	1.635	0.138	9.21%	0.019	0.119
Business Development	0.499	0.402	-0.097	-19.46%	-0.034	-0.063
Total Quality Improvement and Principal Social Worker	1.996	2.036	0.041	2.05%	-0.015	0.056
Total Adults	449.477	449.534	0.057	0.01%	0.746	-0.689

3.01 The total net approved budget for Adult Services 2023/24 is £449.477m. The Directorate outturn position is a net cost of £449.534m, resulting in an overspend of £0.057m, which is equivalent to 0.01% of the budget.

3.02 At Quarter 3 the budget for Public Health transferred to the Growth, Environment, Transport and Health Directorate following changes to reporting lines.

3.03 The figures presented in the table above present the net budget position, however for those services within Care and Provider Services this does not fully



represent the size of the budget, as both services contain a large commissioning expenditure budget and also have significant income levels which result in the very high percentage variance. The variance is much smaller when you look at the gross spend of the service.

- 3.04 The service continues to experience recruitment and retention difficulties and sickness absences across services increasing the reliance on agency workers. Staffing shortages within in-house residential services for example require "day 1" cover, in the main is provided through agencies, where costs are higher. However, as a service the aim is to contain any required agency spend within the staffing budget envelope.
- 3.05 Overall, demand levels remain relatively consistent, with the notable exception of home care where demand levels continue to rise. The focus of the service over the course of 2023/24 and into the 2024/25 financial year is to implement a strength-based practice model, bring in a new procurement system to reduce the cost for homecare, introducing a new financial scheme of delegation to ensure tighter financial controls and identifying where support offered by the voluntary, community and faith sector can replace more costly, specialist social care support.

Savings progress

- 3.06 In 2023/24 Adult Services had savings of £37m to deliver, which are a combination of delayed savings and proposals that were agreed by Full Council in February 2023. The savings have been identified and were delivered against a challenging background of growing needs of an ageing and increasingly disabled (physical and emotional) adult population as identified by the Director of Public Health in his annual report, as well as the precarious nature of the care market.
- 3.07 As part of the 2023/24 outturn, savings totalling £30.2m have been achieved, resulting in a carry forward of £7m being carried forward for delivery in 2024/25. In order to deliver the savings programme, the Directorate has a governance structure which includes the Adult Finance Board, to ensure the service monitors progress and mitigates, where possible, any risk linked to the delivery of savings. In order to achieve delivery of £30m of savings, mitigations have been found for those savings that are no longer achievable as previously outlined or have been delayed.

Income generation

- 3.08 The Directorate has performed well in income generation in some areas. Work continues with the NHS to achieve better value for money by working together and, where appropriate, to pool budgets. As part of service delivery, joint funding, service user income and direct payment management are part of day-to-day operational activity, with levels of income increasing, partially due to additional demand levels and also due to improved business processes and collaborative working. Negotiation is ongoing with the NHS about resolving a more proportionate and shared approach to funding. This will continue to be



monitored and reported in future reports and forms part of next year's savings proposals as there is more work to do.

- 3.09 The outturn position includes the application of various elements of grant income, some of which was not budgeted for, and therefore provides additional support to the Adult Services budget where eligible expenditure has been incurred. Most of the additional grant income is non-recurrent and is therefore one-off support to the budget.



4. Education and Children's Services Directorate

Table 3

Service Area	2023/24 Budget	2023/24 Outturn	2023/24 Outturn Variance	2023/24 Outturn Variance	2023/24 Quarter 3 Forecast Variance	Movement from Quarter 3
	£m	£m	£m	%	£m	£m
Front Door, Assessment & Adolescent Services	11.441	11.326	-0.114	-1.00%	0.386	-0.500
Family Safeguarding	14.062	14.311	0.249	1.77%	1.224	-0.975
CSC: Looked After Children/Leaving Care	127.048	132.174	5.125	4.03%	3.709	1.417
Fostering, Adoption Lancashire Blackpool & Resident	39.067	40.075	1.009	2.58%	1.033	-0.025
Family Safeguarding Project	0.021	0.004	-0.016	-79.38%	-0.010	-0.007
Total Children's Social Care	191.638	197.890	6.252	3.26%	6.341	-0.089
Inclusion	8.398	8.494	0.096	1.14%	0.117	-0.021
Children and Family Wellbeing Service	20.769	18.282	-2.486	-11.97%	-2.621	0.134
Cultural Services	11.850	12.652	0.802	6.77%	0.835	-0.033
Education Improvement 0-11 to 11+-25 (Combined)	4.779	4.635	-0.144	-3.02%	0.804	-0.949
Total Education & Skills	45.796	44.063	-1.733	-3.78%	-0.864	-0.869
Safeguarding, Inspection & Audit	15.968	15.614	-0.354	-2.22%	-0.152	-0.202
Education & Children's Services Central Costs	-5.039	-5.152	-0.114	-2.26%	-0.003	-0.110
Total Education And Children's Services	10.930	10.462	-0.468	-4.28%	-0.156	-0.312
Policy Info & Commission Start Well	2.050	1.937	-0.113	-5.50%	-0.388	0.275
Total Policy Commissioning And Children's Health	2.050	1.937	-0.113	-5.50%	-0.388	0.275
Total Education Children's Services	250.414	254.353	3.939	1.57%	4.934	-0.995

4.01 The total net approved budget for Education and Children's Services (ECS) in 2023/24 is £250.414m. The service overspent by £3.939m, a decrease of £0.995m from the forecast reported at quarter 3.

Children's Social Care – Overspend £6.252m

4.02 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.



- 4.03 Residential and fostering placements (including in-house residential provision) underspent by £100,000, against a budget of £120.000m. The outturn includes £2.000m of back dated (non-recurring) health funding.
- 4.04 Overall, there has been a decrease in the number of children looked after over the last 3 years and on average the number of children entering care has fallen since September 2020 from 2,133 to 1,758 in March 2024, a reduction of 375 (c18%).
- 4.05 The fall in numbers of children looked after over this period is largely due to the impact of the implementation of Lancashire Family Safeguarding (LFS). Whilst there was some early delivery of LFS savings in 2021/22 the number of new entrants aged 0-12 was above the level required to deliver budgeted recurring savings during the early part of 2022/23, and although new entrants reduced during the latter half of that year and have been better than target in 2023/24, under delivery of savings in 2023/24 is c£1.300m. This is an improved position compared to quarter 3 and is mitigated in the overall position for placements outlined above.
- 4.06 Whilst the total number of children looked after has fallen the cost of agency residential placements has increased significantly since September 2021. This is in largely due to the extremely complex needs that children being received into care are presenting with, alongside a national care crisis resulting in an increase in the average costs of these placements.
- 4.07 The service is undertaking a range of activity to address placement sufficiency and to ensure more children can be cared for within families wherever possible. Where this is not possible, more children will be placed in local authority owned children's homes. For example, innovative approaches are being explored that would enable the county council to recruit and support more foster carers who could provide homes for children aged 13 and over, who can present some challenges to traditional foster carers. This, along with other mechanisms, could increase in-house fostering sufficiency and reduce dependency on the agency fostering market and residential settings. In house residential services have significantly increased occupancy rates, to 98%, and the programme to increase the number of in-house homes continues, with the first home and Adolescent Support Unit completed and progressing through Ofsted registration and a third home due to be completed in the first half of 2024 with a view to becoming operational in the latter half of the year.
- 4.08 All high cost and same day placements are subject to an approval process that brings Heads of Service together with the Director of Children's Social Care to discuss alternative options for these children. At times this results in children remaining at home or children being matched to in-house foster carers or children's homes who may have otherwise been discounted. Where a high-cost placement is required, supplier costs are scrutinised and challenged using a nationally recognised care costing tool. Alongside this it is anticipated that two of the new council run children's homes will meet some of this demand for



children with disabilities. These actions have slowed down growth in agency residential placements during 2023/24.

- 4.09 Overspends on social work and other teams including staff related costs of c£1.800m are in large part due to the use of agency and managed service staff to fill vacant posts. However, all managed teams have now ceased, and the number of agency staff reduced by 23.00 FTE during 2023/24. This overspend is offset by use of £1.000m one off grant funding in 2023/24.
- 4.10 The budget for the Children's Social Care Service also covers other allowances, payments and assistance to families.
- 4.11 Payments relating to assistance to families (Section 17) and other support for children looked after, overspent by c£2.300m, with spend increasing by c£800,000 (19%) compared to 2022/23. This is an area of spend which saw significant increases during 2022/23, particularly in the latter half of the year. A new Section 17 procedure has been launched which highlights a range of universal services that should be utilised instead of Section 17 funds. A large proportion of the spend relates to providing housing for families where housing have discharged their duties and for independent assessments within proceedings. Task and finish groups have been set up to report on how these costs could be reduced.
- 4.12 Family support (home care) for children with disabilities (CwD) overspent by c£2.000m which includes c£900,000 of under delivery of joint health funding savings. This is an area of spend that also saw significant increases during 2022/23, particularly in the latter half of the year, continuing into 2023/24. However, under delivery of joint health funding savings is mitigated in year by backdated (non-recurring) health contributions of c£2.000m recovered in 2023/24 which relate to previous financial years, nearly all of which are for placements, and which is reflected in the forecast for placements.
- 4.13 Care packages within the home will now be subject to the same scrutiny as high cost placements.
- 4.14 Variances from budget for other allowances and payments are detailed below and represent a combined overspend of c£1.200m.
- Overspends of c£820,000 on Special Guardianship Orders (SGO's) are largely due to higher uplifts than budgeted for.
 - Direct Payments for children with disabilities overspent by c£1.210m.
 - Overspends of c£220,000 are for Staying Put, with net expenditure increasing by c£300,000 (74%) compared to 2022/23.
 - Regular payments overspent by c£160,000 although this is a reduction in spend compared to 2022/23.
 - Child Arrangement Orders (CAO's) underspent by c£860,000 which is a reduction in spend compared to 2022/23.
 - Leaving Care allowances are forecast underspent by c£190,000 which is a reduction in spend compared to 2022/23.



- Adoption Allowances underspent by underspend by c£150,000 which is a reduction in spend compared to 2022/23.

Education and Skills – Underspend £1.733m

Inclusion - Overspend £0.096m

- 4.15 The Specialist Teaching Service overspent by c£230,000 mainly due to under recovery of income of c£140,000 and overspends on staff of c£130,000, offset by underspends on staffing of c£40,000. There have been some difficulties in recruiting teaching staff to the service in previous years as the posts require specialist qualifications, however some appointments have been made this year, with all specialist teacher roles now filled. The staff are making a difference in the role they play in supporting schools and providing the right interventions and information for children. Staffing levels have a direct impact on income.
- 4.16 Overspends of c£190,000 across other Inclusion teams relate to non-staff costs (c£150,000) and staff costs (c£40,000).
- 4.17 The above are offset by underspends of £260,000 on aids and adaptations and community equipment and underspends of £60,000 on speech and language therapy and occupational therapy SLA's.

Children Family and Wellbeing Service (CFW) – Underspend £2.486m

- 4.18 Underspends of c£1.330m relate to staffing due to vacancies across the service and c£710,000 to operational costs.
- 4.19 Lancashire Break Time is underspent by c£450,000 with spend increasing from 2022/23. Whilst registrations for Break Time are high, take-up has been lower than expected, with work ongoing to understand barriers to access.
- 4.20 Underspends on CFW have been used to mitigate pressures across the Education and Children's Services budget.

Cultural Services – Overspend £0.802m

- 4.21 Overspends of c£410,000 relate to staffing, c£220,000 to non-staff costs and c£170,000 to under recovery of income across the service. Work is ongoing regarding income targets for both Lancashire Outdoor Education and Lancashire Music Service.

Education Improvement - Underspend £0.144m

- 4.22 Underspends of c£1.360m 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.



- 4.23 The above overspends are offset by underspends of c£1.320m on staff costs and c£180,000 on non-staff costs. However, these offsetting underspends are largely due to use of one-off (non-recurring) grant funding received from re-settlement schemes to support refugees.
- 4.24 The review of the service continues to be undertaken in light of the reduction of the number of schools currently buying into the service and competition from other organisations. The service is looking at what savings can be made through a restructure. This will align the service to the current market and school needs rather than previous needs. The service is also looking at expanding into other markets such as traded Attendance Support and marketing advisor support to schools beyond Lancashire.
- 4.25 The outturn has decreased by £949,000 compared to quarter 3 largely due to one off (non-recurring) funding received for work carried out to support refugees supported through re-settlement schemes and one-off increases in income across some traded services.

Education and Children's Services – Underspend £468,000

Safeguarding, Inspection & Audit – Underspend £354,000

- 4.26 Overspends on staffing are offset by underspends on non-staff costs and over recovery of income across the service.

Education and Children's Services Central Costs –Underspend £114,000

- 4.27 Underspends relate to Premature Retirement Costs (PRC).

Policy Commissioning and Children's Health – Underspend £113,000

Policy, Information and Commissioning Start Well – Underspend £113,000

- 4.28 Underspends mainly relate to staffing.



5. Growth, Environment, Transport and Health Directorate

Table 4

Service Area	2023/24 Budget	2023/24 Outturn	2023/24 Outturn Variance	2023/24 Outturn Variance	2023/24 Quarter 3 Forecast Variance	Movement from Quarter 3
	£m	£m	£m	%	£m	£m
Waste Management	77.652	80.201	2.550	3.28%	1.029	1.520
Highways	17.326	17.371	0.045	0.26%	-2.384	2.429
Public & Integrated Transport	64.555	72.989	8.434	13.06%	8.999	-0.565
Customer Access	3.692	3.145	-0.547	-14.81%	-0.445	-0.102
Total Highways and Transport	163.224	173.706	10.482	6.42%	7.200	3.282
Business Growth	0.473	1.146	0.673	142.50%	0.574	0.099
Strategic Development	3.390	2.874	-0.516	-15.22%	-0.829	0.313
LEP Coordination	0.070	0.214	0.143	204.69%	0.143	0.000
Estates	0.663	0.618	-0.045	-6.79%	0.044	-0.089
ED Skills	0.002	0.008	0.005	210.74%	0.013	-0.008
Total Growth & Regeneration	4.598	4.859	0.261	5.68%	-0.055	0.316
Environment & Climate	2.208	1.186	-1.022	-46.27%	-0.740	-0.282
Planning & Transport	1.003	0.831	-0.172	-17.15%	-0.277	0.105
Total Environment and Planning	3.211	2.017	-1.194	-37.17%	-1.016	-0.177
Public Health & Wellbeing	-72.109	-72.107	0.002	0.00%	0.000	0.002
Health Improvement	57.909	57.937	0.028	0.05%	0.000	0.028
Health Equity Welfare & Partnerships	5.063	4.940	-0.123	-2.43%	0.000	-0.123
Health, Safety & Resilience	2.072	1.466	-0.606	-29.23%	-0.368	-0.238
Trading Standards & Scientific Services	3.977	4.357	0.379	9.54%	0.361	0.019
Total Public Health	-3.087	-3.407	-0.320	-10.35%	-0.007	-0.312
Total Growth, Environment, Transport & Health	167.947	177.176	9.230	5.50%	6.121	3.108

5.01 The position for the Directorate includes the transfer of Public Health Services, which took place from Quarter 3 following changes to reporting lines.

Highways & Transport – Overspend £10.482m

Waste Management – Overspend £2.550m

5.02 The most significant variance and also the most volatile area of the budget relates to income for recycled materials. In the early part of the financial year the projection was for income to be c£1.600m higher than budget, however in the latter part of the year prices have continued to fall in addition to the service



encountering some bad debt, which has resulted in overall income being £1.247m lower than budget.

- 5.03 Waste disposal costs overspent by £750,000. As highlighted in the 2022/23 outturn report, processes at Thornton Waste Recovery Park that reduce the amount of waste that needs to be sent for disposal suffered unplanned down time during 2022/23 and continued into the first half of the 2023/24 financial year. This resulted in more waste requiring disposal than budgeted in the first part of 2023/24. In addition, the total amount of residual waste requiring disposal was 405,000 tonnes whereas the budget was 400,000 tonnes so this also resulted in increased costs.
- 5.04 Operational costs at household waste recycling centres have overspent by £1.139m the most significant element relating to additional security costs. Different options to achieve the right balance between sites being secure and cost are currently being explored to prevent the overspend continuing in 2024/25.
- 5.05 Across other areas of waste there were collective underspends of c£500,000 the biggest element of which were on legal costs, staffing and green waste.

Highways – Overspend £0.045m

- 5.06 Overall, there is no significant variance from budget for highways although there are some large over and under spends the significant ones are detailed below.
- 5.07 The demand led income budgets including parking and bus lane enforcement, developer support and work undertaken by utility companies has achieved additional income £1.213m. This is made up by a large reduction of income on parking and bus lane enforcement. However, this is more than offset by the additional income from both utility companies and housing developers. An income shortfall on bus lane enforcement is due to less people being fined for using bus lanes illegally. Bus lane restrictions have now been in place for some time and consequently public awareness has increased.
- 5.08 Overspends of £1.239m relate to drainage works, both gully emptying and reactive works. Rainfall in the winter period has been considerable, up to 175% of the seasonal average which has resulted in a large increase in drainage works to prevent flooding across the county.
- 5.09 Public realm agreement payment to District and Parish Councils underspent by £352,000. These payments are for work they undertake on the county council's behalf including grass cutting, leaf clearance and weed control.
- 5.10 School crossing patrols underspent by £377,000 which relates vacancies across the service.
- 5.11 Third party damages expenditure for damages across the service was c£600,000 greater than budget. This relates to damage to various highway



assets including bridges, traffic signals and streetlights. Spend varies annually and all attempts are made to ensure we achieve maximum income recovery.

- 5.12 The outturn has worsened by £2.429m compared to quarter 3 predominantly due to increased spend on drainage and spend on third party damages.

Public and Integrated Transport (PIT) – Overspend £8.434m

- 5.13 The most significant budget pressure within this service, of £8.149m, relates to the costs of home to school transport, mainly for children with special educational needs. In 2022/23 an overspend of c£5.000m was reported largely due to significant increases in passenger numbers and journey distances in line with best practice as outlined in statutory guidance in relation to how long a child should be transported (45 minutes for primary and 75 minutes for secondary school children), in the 2022/23 academic year. The timing of these increases means that the impact was not fully reflected in the budget for 2023/24. Since the new academic year passenger numbers have continued to increase. Work is being undertaken to identify how cost pressures can be mitigated going forward.
- 5.14 Bus stations have overspent by £453,000 due to a combination of inflationary cost pressures mainly relating to utility price increases, increased security costs (particularly at Preston bus station), and an income pressure due to departure charges not increasing in 2023/24 (and in previous years). Focus remains on increasing bus patronage following the pandemic which is supported by additional grant from the Department for Transport, and as such it is not appropriate to increase charges to bus operators at this time.
- 5.15 Concessionary travel has underspent by £238,000. Post pandemic, the county council has reimbursed operators based on pre-pandemic passenger numbers. Government advice has been subject to change in this area, but the latest guidance suggests either continuing to pay at pre-pandemic levels or tapering down support, but that if support is reduced the resulting saving is used to fund additional bus services.

Customer Access – Underspend £0.547m

- 5.16 The outturn reflects that some staff within the service have been working on the implementation of a new system which will provide greater automation and an improved customer experience. As this is a new system this time is chargeable to the capital budget and whilst it has been necessary to backfill some posts, not all have posts have been backfilled, resulting in a non-recurrent underspend.

Growth and Regeneration – Overspend £0.261m

Business Growth – Overspend £0.673m

- 5.17 The overspend largely relates to non-delivery of savings targeting additional income from the Lancashire County Developments Limited Business Parks and



securing increased contributions from unitary and district council partners. Savings of £700,000 are included in the budget for 2023/24 and the position shows that efforts are being made to mitigate the non-delivery of savings, with action taken across the Growth and Regeneration service to reduce expenditure.

Strategic Development – Underspend £0.516m

5.18 The underspend mainly relates to a combination of staffing and operational spend on the major project team both of which are c£400,000 each partly offset by a revenue contribution to capital expenditure of £300,000 relating to the business case for the Lancashire Central project in Cuerden.

LEP Coordination – Overspend £0.143m

5.19 The overspend is due to an income shortfall and will ultimately be addressed as part of the integration of the LEP into upper tier authorities.

Environment and Planning – Underspend £1.194m

Environment and Climate – Underspend £1.022m

5.20 There are operational overspends compared to budget on public rights of way of £0.170m however, a planned change to the funding of this service via the Public Health Grant from 2024/25 for eligible services has been brought forward to this year leading to an underspend of c£0.894m. The remainder of the variance relates to additional income for capital works.

Planning and Transport – Underspend £0.172m

5.21 Vacant posts have resulted in staffing underspends of £563,000, however, some of these vacancies are on areas that deliver capital projects and as such capital income is lower than budget by £403,000. Several vacant posts will be recruited to in the near future to help with project delivery following the County Council's recent success in securing large capital grants for active travel and public transport schemes.

Public Health – Underspend £0.320m

5.22 The total Public Health Grant received in 2023/24 is £74.839m and funds services within the Public Health Services and other areas across the county council where there is eligible expenditure.

5.23 The service areas that are predominantly public health grant funded (Public Health and Wellbeing, Health Improvement and Health Equity Welfare and Partnerships) have collectively reported an underspend of £0.093m. However, this position is following a transfer to the Public Health Grant Reserve of £5m, which represents the underspends on those specific services funded by the grant. This is due to the ring-fenced nature of the grant.



Health, Safety and Resilience – Underspend £0.606m

5.24 The underspend position is largely due to staffing underspends as a result of vacancies and over achievement of income.

Trading Standards & Scientific Services – Overspend £0.379m

5.25 The service overspend is due to budget pressures on closed landfill sites, reduced income and additional ICT costs.



6. Resources Directorate and Chief Executive Services

Table 5

Service Area	2023/24 Budget	2023/24 Outturn	2023/24 Outturn Variance	2023/24 Outturn Variance	2023/24 Quarter 3 Forecast Variance	Movement from Quarter 3
	£m	£m	£m	%	£m	£m
Corporate Budgets (Pensions & Apprenticeship Levy)	6.541	7.327	0.786	12.01%	0.000	0.786
Corporate Budgets (Treasury Management)	40.674	40.674	0.000	0.00%	0.000	0.000
Resources	3.611	0.928	-2.683	-74.30%	-2.950	0.267
Total Resources	50.825	48.928	-1.897	-3.73%	-2.950	1.053
Lancashire Pension Fund	-0.003	-0.142	-0.138	4112.91%	0.000	-0.138
Exchequer Services	5.052	4.832	-0.220	-4.36%	-0.317	0.097
Financial Management (Development and Schools)	0.023	0.215	0.193	850.15%	0.149	0.044
Financial Management (Operational)	1.821	1.406	-0.416	-22.81%	-0.109	-0.307
Corporate Finance	8.510	7.650	-0.860	-10.10%	-1.021	0.161
Payroll Services	1.127	1.118	-0.009	-0.77%	-0.008	-0.001
Procurement	3.230	3.300	0.070	2.18%	-0.043	0.113
Internal Audit	1.094	0.935	-0.159	-14.55%	-0.089	-0.071
Total Finance Services	20.853	19.315	-1.538	-7.38%	-1.438	-0.101
Service Assurance	22.944	23.042	0.099	0.43%	0.338	-0.239
Digital Business Engagement	2.661	2.586	-0.075	-2.84%	-0.067	-0.009
Design & Implement	5.104	5.030	-0.074	-1.44%	0.052	-0.126
Operate	3.836	3.895	0.059	1.53%	0.286	-0.228
Architecture	1.533	1.513	-0.019	-1.27%	-0.048	0.029
Data	0.000	0.000	0.000	#DIV/0!	0.000	0.000
Total Digital Service	36.077	36.066	-0.011	-0.03%	0.562	-0.573
Corporate Strategy and Policy	0.220	0.040	-0.180	-82.00%	-0.162	-0.018
Facilities Management	30.369	30.139	-0.230	-0.76%	-0.135	-0.095
Asset Management	9.013	8.451	-0.562	-6.24%	-0.649	0.086
Business Intelligence	1.566	1.549	-0.017	-1.10%	0.037	-0.055
Total Strategy and Performance	41.168	40.178	-0.990	-2.40%	-0.908	-0.081
Coroner's Service	2.508	2.759	0.250	9.97%	0.469	-0.219
Legal and Governance Services	16.983	16.083	-0.900	-5.30%	0.240	-1.140
Registration Service	0.008	-0.218	-0.226	2892.34%	-0.214	-0.013
Total Law & Governance	19.500	18.624	-0.876	-4.49%	0.495	-1.372



Service Area	2023/24 Budget	2023/24 Outturn	2023/24 Outturn Variance	2023/24 Outturn Variance	2023/24 Quarter 3 Forecast Variance	Movement from Quarter 3
	£m	£m	£m	%	£m	£m
Programme Office	1.378	1.305	-0.073	-5.29%	0.219	-0.292
Organisational Development	0.710	0.615	-0.095	-13.33%	-0.105	0.010
Total Organisational Development and Change	2.088	1.921	-0.168	-8.03%	0.114	-0.282
Human Resources	2.788	2.618	-0.170	-6.09%	-0.250	0.080
Skills Learning & Development	3.304	2.904	-0.400	-12.09%	-0.225	-0.174
Total People Services	6.092	5.523	-0.569	-9.35%	-0.475	-0.094
Communications	1.495	1.321	-0.174	-11.66%	-0.096	-0.079
Total Communications	1.495	1.321	-0.174	-11.66%	-0.096	-0.079
Total Resources	178.100	171.876	-6.224	-3.49%	-4.695	-1.528
Chief Executive	1.646	0.274	-1.373	-83.38%	-1.106	-0.267
Corporate Budgets (Funding and Grants)	-8.538	-8.946	-0.408	-4.78%	-0.171	-0.238
Total Chief Executive Services	-6.892	-8.673	-1.781	-25.85%	-1.277	-0.504
Total Resources and Chief Executive Services	171.208	163.203	-8.005	-4.68%	-5.972	-2.033

Corporate Budgets – Underspend £1.897m

- 6.01 The underspend relates to contingency and other central budgets which are normally utilised in year that have been held back in view of the in-year challenges facing the Council. These underspends are offset by a pressure on the pension pre-payment budget due to higher than forecast pay award.
- 6.02 Due to current interest rates, the investment portfolio under achieved its income target for the year. £15m has been used from the Treasury Management reserve to mitigate the reduced income achieved in the year. This is the purpose of the reserve created from excess income in successful years.

Financial Services – Underspend £1.538m

Lancashire Pension Fund – Underspend £0.138m

- 6.03 Underspend relates to additional income to support overhead costs.

Exchequer Services – Underspend of £0.220m

- 6.04 The underspend predominantly relates to staffing as a result of vacancies that the service is experiencing and an overachievement of income.



Financial Management (Development and Schools) – Overspend £0.193m

6.05 The overspend relates to staff cost pressures and the under – recovery of income. This pressure is partially offset by underspends across operational budgets.

Financial Management (Operational) – Underspend £0.416m

6.06 The variance is due to staffing underspends due to vacancies and additional income.

Corporate Finance – Underspend £0.860m

6.07 The underspend largely relates to early delivery of a saving relating to reducing contributions to the insurance provision. This saving was taken following a review of the provision level, meaning it was possible to deliver this saving early to support the overall pressure on the county council revenue budget position forecast for 2023/24.

Internal Audit – Underspend £0.159m

6.08 The variance is due to staffing underspends and additional income.

Digital Services – Underspend £0.011m

6.09 Overall, there is no significant variance from budget for digital services although there are some large over and underspends, with the most significant forecast variances are explained below:

- Underspends of £850,000 relate to staff costs and vacant posts offset by £620,000 to cover the cost of contractors and commissioning work from external providers/consultants. The service continues to experience difficulties in recruiting staff. Underspends are further offset by under recovery of charges for work funded by capital and other revenue budgets of £740,000 due to fewer requests for chargeable one-off change projects as opposed to business-as-usual work and overspends of c£40,000 on staff training.
- Underspends of £90,000 relate to payments to third party suppliers for maintenance, support and licences with underspends of £1.360m on various renewals offsetting an additional cost of £1.270m relating to Oracle licences. Underspends on Microsoft related renewals are £360,000. Additional funding of £756,000 was included in the budget from 2023/24 for managed security operations, however, the contract commenced later in the year resulting in £600,000 of underspends which are expected to be non-recurring.



- Digital, Mail, Print and Scan (DMPS) underspent by c£480,000 (excluding staff), largely on a combination of mail, print and paper related costs.
- Overspends of c£100,000 relate to various other expenditure and income across Digital Services.

Strategy and Performance – Underspend £0.990m

Corporate Strategy & Policy – Underspend £0.180m

6.10 The variance relates to staff vacancies.

Facilities Management – Underspend £0.230m

6.11 Overspends of £1.987m relate to school catering, as highlighted in the 2022/23 outturn report the service has faced unprecedented inflationary increases across salary and food costs. To try to mitigate the financial position the service has taken measures to reduce costs during 2023/24 and increased the selling price of meals as part of their annual price review. Food consumption costs (food cost per meal) have reduced by 23.7% since Quarter 1, showing positive change has already taken place. Despite progress made to date, there remained significant budget pressure in 2023/24, however the recovery plan for 2024/25 around further increases to income and cost savings is expected to negate this overspend next year.

6.12 Offsetting this are lower than budgeted costs across the centralised property portfolio. Whilst we have seen a significant increase in property running costs particularly around gas and electricity, provision was made in the budget for these, and other cost have not risen as much as was assumed in the budget so there is a significant underspend.

Asset Management – Underspend £0.562m

6.13 Underspends relate to staffing as there are still many vacant posts across the service. Work is ongoing to recruit to these posts and the ongoing variance into 2024/25 will depend on how quickly they are filled.

6.14 Partly offsetting these is an overspend on the property design and construction service. This team are income generating, predominantly delivering capital projects and work for schools and their income is generated based on fees earned from the projects delivered each year and as such can vary significantly.

Law and Governance – Underspend £0.876m

6.15 The figures presented in the table above present the net budget position, however for the Registrars Service this does not fully represent the size of the budget, as the service contain a large expenditure budget and also has significant income levels which result in the very high percentage variance, however the variance is much smaller when you look at the gross spend of the service.



Coroners – Overspend £0.250m

6.16 The rise in number of referrals continues and is compounded by the rise in costs in toxicology, funeral directors, and charges from the trust for storage. In addition, to these rises the service has had to enter into a new contract agreement to deliver CT scanning post-mortems which has increased the pressure on the budget.

Legal and Governance Services – Underspend £0.900m

6.17 The underspend is due to staffing costs and legal fees.

Registrars – Underspend £0.226m

6.18 The forecast underspend is due to an improved position on income and underspend forecast on supplies and services, offset by an overspend on staffing budgets.

Organisational Development and Change – Underspend £0.168m

6.19 This variance is as a result of staffing budget underspends.

People Services – Underspend £0.569m

6.20 The service has underspent by largely due to overachievement of income and staffing underspends.

Communications Service – Underspend £0.174m

6.21 The underspend for the Communications Service relates to staffing costs, partially offset by overspends on ICT related costs.

Chief Executive Services - Underspend £1.781m

6.22 The total net approved budget for Chief Executive Services in 2023/24 is - £6.892m and the outturn position is an underspend of £1.781m. The reason this service has a negative budget is due to a budgeted contribution from the Transitional Reserve relating to the overall financial gap for the county council revenue budget.

6.23 The underspend relates to contingency and other central budgets normally utilised in year which have been held back in view of the in-year challenges facing the Council.



7. Reserves and Provisions

The table below shows the summary position for revenue reserves as at 31st March 2024:

Table 6

	Opening balance 2023/24	2023/24 Expenditure	2023/24 transfers to/from other reserves	2023/24 Closing Balance	2024-25 Forecast Exp	2025-26 Forecast Exp	Forecast closing balance 31 March 2026
	£m	£m	£m	£m	£m	£m	£m
County Fund	-23.437	0.000	0.000	-23.437	0.000	0.000	-23.437
SUB TOTAL - COUNTY FUND	-23.437	0.000	0.000	-23.437	0.000	0.000	-23.437
Strategic Investment Reserve	-0.453	0.062	0.000	-0.391	0.263	0.000	-0.128
Downsizing Reserve	-5.344	1.314	0.000	-4.031	1.344	1.344	-1.344
Risk Management Reserve	-3.183	0.244	0.000	-2.940	0.000	0.000	-2.940
Transitional Reserve	-166.731	-14.363	0.000	-181.093	9.523	12.586	-158.984
Business Rates Volatility Reserve	-5.000	0.000	0.000	-5.000	0.000	0.000	-5.000
LCC Service Reserves	-134.924	22.117	0.000	-112.807	58.084	19.856	-34.413
Treasury Management Valuation Reserve	-36.317	15.746	0.000	-20.571	0.000	0.000	-20.571
SUB TOTAL - LCC RESERVES	-351.952	25.119	0.000	-326.833	69.215	34.239	-223.380
Non LCC Service Reserves	-24.747	-4.867	0.000	-29.614	12.447	0.826	-16.341
SUB TOTAL - NON LCC RESERVES	-24.747	-4.867	0.000	-29.614	12.447	0.826	-16.341

7.01 The County Fund shown at the top of table is the balance set aside to cover the authority against a serious emergency situation (e.g, widespread flooding), a critical and unexpected loss of income to the authority and for general cash flow purposes. In considering these various factors the county council has a County Fund balance of which remains unchanged at £23.437m at the end of 2023/24.

7.02 A full review of all reserves and commitments will be completed following the 2023/24 outturn position. A benchmarking exercise will also be completed to determine the levels of funds that should be held in County Fund as a proportion of the county council net budget.



7.03 The table above shows that the forecast value at the end of 2025/26 of the uncommitted Transitional Reserve following the 2023/24 outturn is £158.984m. This position includes support of the financial gap in future years, however this is purely a forecast, as has to be agreed on an annual basis at the Full Council Budget Meeting.

7.04 The reported position to Full Council in February 2024 (as part of the Budget Report for 2024/25) forecast to be £165.198m by the end of 2023/24. The outturn position is a higher closing balance than forecast of £181.093m, which represents a higher balance by £15.9m for a number of reasons but mainly reflects the impact of transactions relating to our pooled budget arrangements with the Integrated Care Board (ICB), offset by the cost of the 2023/24 overspend which is to be funded from the reserve.

7.05 The 2023/24 outturn position included a net contribution to the Transitional Reserve of £14.363m. This included a contribution to the reserve due to the impact of transactions relating to our pooled budget arrangements with the Integrated Care Board (ICB), the use of reserves as agreed to support the revenue budget gap (£8.9m), the 2023/24 overspend cost of £5.220m, a contribution of £6m to support the cost of the 2023/24 pay award and some other smaller costs and contributions.

Provision for Bad and Doubtful Debts

7.06 In addition to general provisions against known liabilities the Council maintains a provision against bad and doubtful debts. For 2023/24 there has been an increase in the provision of £1.481m (15.7%).

Table 7

	Opening Balance as at 1 April 2023 £m	In Year Changes £m	Closing Balance as at 31st March 2024 £m
Corporate Bad Debt Provision	-9.415	-1.481	-10.896



General Provisions

7.07 General Provisions which are set aside for specifically quantified liabilities such as insurance claims. Movements in general provisions are summarised in the table below:

Table 8

	Opening Balance as at 1 April 2023 £m	In Year Changes £m	Closing Balance as at 31st March 2024 £m
Adult Services - Safeguarding	-0.940	0.000	-0.940
Adult Services – General	-3.570	0.000	-3.570
Financial Resources	-0.008	-0.659	-0.667
Business Rates Appeals	-4.785	0.437	-4.348
Municipal Mutual Insurance (MMI) Provision	-2.749	0.000	-2.749
Insurance Provision	-36.296	-6.580	-42.875
Facilities Management Provision	-0.370	0.076	-0.294
PFI Payments	-2.095	-0.500	-2.595
Grand Total	-50.813	-7.226	-58.039



Annex A – Savings Position

Summary

Table 9

Service Area	2023/24 Saving	Saving Delivered in 2023/24
	£m	£m
Strategic Targets	-8.703	-7.040
Adult Services	-37.250	-30.413
Education and Children's Services	-11.704	-12.417
Growth, Environment, Transport and Health	-7.272	-7.448
Resources and Chief Executive Services	-15.411	-16.214
	-80.340	-73.523

- 8.01 In some service areas, savings are no longer deliverable in the form they were originally agreed, mainly relating to savings agreed pre-pandemic.
- 8.02 As part of the governance and robust management of savings through each respective Directorate Finance Board mitigations have been found to offset savings that are struggling to be delivered, some of which are recurrent and some non-recurrent.
- 8.03 The savings delivery schedules for each Directorate for 2024/25, including roll forwards from 2023/24 are shown in the table below.



Table 10 – Savings Delivery 2024/25

Service Area	2024/25 Agreed Savings Target	2024/25 additional saving - rolled forward from 2023/24	2024/25 Revised Target		2025/26	2026/27	Total
	£m	£m	£m		£m	£m	£m
Strategic Targets	-2.684	-4.001	-6.685		-13.728	-0.575	-20.988
Adult Services	-16.974	-7.837	-24.811		-17.211	-10.340	-52.362
Education and Children's Services	-7.284	0.713	-6.571		-5.488	-2.185	-14.244
Growth, Environment, Transport and Health	-5.254	0.176	-5.078		1.313	-8.244	-12.009
Resources and Chief Executive Services	-4.613	-10.911	-15.524		-3.865	-2.965	-22.354
	-36.809	-21.860	-58.669		-38.979	-24.309	-121.957