

## Appendix 2

### Financial Monitoring 2019/20 – General Fund Revenue – Material Variances

#### Management and Members

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Employee Costs	One-off costs.	29	29	29	
Shared posts with East Lothian Council	A reduced requirement from East Lothian Council results in a lower than budgeted recharge.	12	12	12	Revised arrangements for shared services are part of the Medium Term Financial Strategy reported to Council in June 2019 and further explained in detail to Council in December 2019.
<b>Gross Overspend</b>		<b>41</b>	<b>41</b>	<b>41</b>	
<i>Offset by:</i>					
Vacancies and performance factor		(16)	(16)	(20)	Vacancies and part vacancies held to partially offset pressures along with some windfall income for Internal Audit work for LEADER.
<b>Net Overspend</b>		<b>25</b>	<b>25</b>	<b>21</b>	

#### Education, Communities and Economy

##### Children's Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Non-residential services commissioned and provided for Children with and without disabilities	Taxi costs for children without disabilities	36	28	6	A review of all taxi spend across Childrens Services and Education is underway. This will give a clearer picture of what is driving spend, what options exist for efficiencies and the outcome that taxis are only used when there is no other alternative available.
	Rent and allowances for throughcare and Continuing Care service users.	0	28	57	Additional costs mainly relate to aftercare for clients aged 16 or over. This area of spend will increase going

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
					forward and this is incorporated in the Medium Term Financial Strategy.
<b>Gross Overspend</b>		<b>36</b>	<b>56</b>	<b>63</b>	
<i>Offset by:</i>					
Family Placements	<p>Placements previously with external agencies have now moved to Midlothian Carers resulting in a significant saving.</p> <p>Windfall income has been received for the provision of adoption placements to another Local Authority.</p>	(183)	(361)	(366)	Whilst the number of children that are being accommodated have actually increased the vast majority of children are being cared for in Kinship Care Placements. At this stage it is too early to say if this is a growing trend but one that will continue to be monitored.
Residential and Day Education Placement	There are fewer placements than provided for in the budget but there has been an increase during Q3.	0	(192)	(93)	Individual placements can be both uncertain and expensive. As a consequence there is a risk of the forecast changing significantly during the remainder of 2019/20.
Vacancies and performance factor	There is a forecast underspend mainly resulting from vacant posts in the Early Intervention and Prevention service and also vacant day-time posts in the residential houses.	(119)	(171)	(195)	In anticipation of further savings targets in 2020/21 strict vacancy control is applied across the service.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the service budget.	(46)	(32)	(83)	Limited impact on frontline services.
<b>Net Underspend</b>		<b>(350)</b>	<b>(738)</b>	<b>(699)</b>	

## Communities and Economy

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Pest Control and Trading Standards income targets	Legislative changes in Trading Standards over recent years have made income targets harder to achieve and there is a shortfall in achieving Pest Control income targets.	18	20	18	The achievability of income targets has been reviewed as part of the 2020/21 budget setting process.
<b>Gross Overspend</b>		<b>18</b>	<b>20</b>	<b>18</b>	
<i>Offset by:</i>					
Planning and Building Warrant Income	Income from Building Warrant and Planning applications is higher than expected at this stage in 2019/20.	(154)	(161)	(203)	Approval has been given to appoint a temporary Building Standards Inspector to ensure performance standards are maintained during a period of significant growth in housing development throughout Midlothian. However, due to pressure nationally it is proving difficult to recruit to this position but the service manager will explore options. This is to be funded from additional income receipts and this is reflected in projections. Planning income is currently in line with budget.
Vacancies and Performance Factor	The number of vacancies across the service exceeds the performance factor.	(62)	(125)	(144)	There are currently vacancies in Economic Development, Planning and Trading Standards. These vacancies are having an impact on service delivery which is being managed by the services. It has proved difficult to recruit to Planning Services, Trading Standards and Building Standards which is not just a local issue but down to a lack of experienced staff nationally.
Income	Windfall income.	(9)	(9)	(19)	Income in excess of budget from various sources including private water grant, residential caravan parks and Landlord registrations.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the service budget.	(40)	(10)	(29)	
<b>Net Underspend</b>		<b>(247)</b>	<b>(285)</b>	<b>(377)</b>	

## Education

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Charging for Music Tuition	A projected under recovery on SQA charging to schools for Music tuition.  The new charging policy expected to generate additional income but is projected to fall short of target.	185  62	185  62	170  74	The position was recently considered by Business Transformation Steering Group with the agreed approach reported to Council on 1 <sup>st</sup> October 2019.  Work continues to increase uptake.
Efficiency Target	An efficiency target of £1.279 million was budgeted for Education. To date £0.364 million has been achieved.	915	915	915	One-off underspends elsewhere in Education cover the remaining target in 2019/20. Options to deliver the target permanently are being explored.
<b>Gross Overspend</b>		<b>1,162</b>	<b>1,162</b>	<b>1,159</b>	
<i>Offset by:</i>					
Schools	Schools are projected to underspend by £1.187 million. In accordance with current DSM rules allowing a carry forward of 1% totalling £0.158 million would be allowed.	(967)	(905)	(1,187)	Within the £1.187 million is: 1) A 1% carry forward of £0.158 million; 2) An underspend of £0.055 million in schools in excess of the allowable 1% carry forward; and 3) Budget of £0.574 million not allocated to schools under the DSM scheme and £0.356 million of one-off savings. These contribute towards the 2019/20 Education Efficiency target.
Vacancies and Performance Factor	There are a number of vacancies across the Education service.	(273)	(284)	(5)	Strict vacancy control in Central Education departments is applied with management action in place to minimise the impact on frontline service provision. The value of measures in place to mitigate the 2019/20 efficiency target is in excess of target and can partly contribute to 2020/21 mitigation whilst work continues to develop options for permanent delivery.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the service budget.	(57)	(77)	33	
<b>Net Underspend</b>		<b>(135)</b>	<b>(104)</b>	<b>0</b>	

## Health and Social Care

In accordance with the Integration Scheme the Midlothian Integration Joint Board is required to put in place a recovery plan to address the projected overspend. At this time the expectation is that action by the MIJB will address the projected overspend so no provision has been made for an additional budget allocation for services delegated to MIJB in respect of Adult Social Care. The variances are noted below for information but are not taken into account in calculating the Council's reserves position.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Community Care Resource Panel	There are significant demands for services across all demographic profiles. Work on reviews of packages of care continues. The number of young people coming through transitions with complex needs means that managing spend within budget remains challenging.	1,022	1,126	944	<p>The budget amounts to around £33 million, is heavily influenced by demand and subject to demographic pressures. Individual packages of care can be complex and can exceed £0.100 million per annum. As a consequence projections can be volatile.</p> <p>Processes have been implemented to ensure that reduced and ceased packages of care are properly reflected on Mosaic. This will lead to more accurate information on which to determine projected spend.</p> <p>An upgrade of the Mosaic system, scheduled for June 2020, should lead to the freeing up of staff time. This will allow for more work to be done to ensure that data on in-year spend on care packages is more accurate.</p> <p>Within the overall position there is a projected underspend within Older People's services of £1.366 and a projected overspend within Adult Services of £2.310 million. The projected underspend within Older People's services offsets the projected overspend on Home Care (below) of £0.350 million.</p> <p>An element of new monies provided in 2019/20 is being used to support respite availability.</p>

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
					New fieldwork service arrangements will ensure ongoing reviews and focus on the redesign of services.
Home Care / Midlothian Enhanced Rapid Response and Intervention Team (MERRIT)	<p>Additional employee costs due to the volume of care packages being provided. There remains a shortage of external supplier capacity which results in continued pressure to address package of care requirements from internal resources.</p> <p>There is also high absence over the whole service which is being managed in line with the maximising attendance policy.</p>	365	470	350	<p>This service supports the aspiration to shift the balance of care and support people to live in their own homes for as long as possible. The pressures on the budget are a reflection of the capacity issues within the external market, with additional demand currently met by the internal Home Care service.</p> <p>A focus on absence management has successfully reduced sickness absence levels, having a positive impact on the service. Plans in place include development of a locum bureau, running additional carer academies and fleet car use to reduce some travel costs.</p> <p>The projected overspend is offset by an underspend in the Older Peoples resource panel budget as shown above. This position supports a shift in the balance of care, keeping older people safe in their homes and community for as long as possible.</p> <p>A service review of MERRIT carers has commenced which, through a new model of care, will support a reduction in "on-call" costs.</p>
Care Homes for Older People	Projected overspend on staffing at Newbyres Care Home and Highbank Intermediate Care due to the requirement to cover rotas.	145	135	146	<p>There continues to be a focus on absence management and development of a Locum Bureau which will drive down costs.</p> <p>This position is partially offset by a strong income position which is included within service user income (as shown below).</p>

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Cowan Court Extra Care Housing	Projected overspend on care staff costs (£95k) offset by other underspends within the service (£58k).	52	35	48	A staffing review is underway.
<b>Gross Overspend</b>		<b>1,584</b>	<b>1,766</b>	<b>1,488</b>	
<i>Offset by:</i>					
Service User Income	Contributions from service users towards their care packages are higher than provided for in the budget.	(166)	(142)	(98)	No impact on frontline service.
Cherry Road/CAT Team/Shared Lives	Savings from vacancies within the CAT Team and Shared Lives and an underspend on supplies and services.	(152)	(155)	(196)	A service review is underway.
Fieldwork Staffing	Savings from vacancies within the Fieldwork service following the implementation of the Fieldwork service review.	(141)	(118)	(89)	Recruitment to posts is ongoing.
Public Protection	Scottish Government Funding provided specifically for Adult Support and Protection requirements. Some spend relevant to this funding is in the form of care packages and is met from the Resource Panel budget.	(120)	(146)	(146)	This underspend offsets care and support costs related to protection issues.
Joint Equipment Store / Aids and Adaptations	Projected spend for 2019/20 for both areas of spend is less than budgeted.	(91)	(96)	(133)	These are demand led budgets thus spend can be volatile.
Criminal Justice	An element of Scottish Government Funding is used to fund the management and administration of this service.	(67)	(67)	(59)	No impact on frontline service.
Planning Officers	There is currently a vacant Older People's Planning Officer post	(51)	(57)	(44)	There are plans to recruit to this vacant post.
Additional Social Care Funding	<p>The additional funding for 2019/20 with no specific commitments against it is assumed to be offsetting the agreed savings target of £940k.</p> <p>The delivery of savings is overseen by the Midlothian Integration Joint Board, and forms part of a wider commitment to deliver a</p>	90	(185)	(256)	

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
	balanced budget. The use of additional funding will be consider by MIJB.				
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Adult and Social Care budget.	(68)	(134)	(140)	No impact on frontline service
<b>Net Overspend</b>		<b>818</b>	<b>666</b>	<b>327</b>	
	MIJB Recovery Plan	(818)	(666)	(327)	
<b>Adjusted Net Position</b>		<b>0</b>	<b>0</b>	<b>0</b>	

#### **Adult Social Care – Not Delegated to IJB**

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Community Safety	Following the service review there are a number of roles not filled.	(84)	(90)	(112)	The Community Safety retained team element has now transitioned into the redesigned Community Safety and Justice Team.
<b>Net Underspend</b>		<b>(84)</b>	<b>(90)</b>	<b>(112)</b>	



## Customer and Housing Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Homelessness – Savings Target Unachieved	Proposals are proceeding to convert a property in Jarnac Court into temporary HMO accommodation and other initiatives are being taken forward to reduce the requirement for Bed and Breakfast accommodation. These will not all be in place this financial year resulting in a projected overspend against budget.	240	240	240	<p>Spend on Bed and Breakfast will be reduced through this approach. In addition there is provision within the HRA Capital Plan for new build temporary accommodation.</p> <p>The savings target will not be achieved within current programme. An implementation plan will be prepared for BTSG on 9<sup>th</sup> March 2019 setting out options for realistic cost savings in 2020/21 and 2021/22,</p>
Revenues Service – Planned Savings	The outstanding delivery target is £306k. Slippage of achievement in 2019/20 can be partially offset by some one-off DWP monies and vacancies within the service.	172	172	144	A further review of the service has been proposed to see where additional savings can be made and shared service options, as reported to Council in December 2019, are being considered.
Customer Services Transformation Strand	An outstanding target from previous years of £0.177 million for the Customer Services Transformation strand was carried forward into 2019/20. At this stage it is anticipated none of this will be achieved in 2019/20.	177	177	177	Delivery of the outstanding savings target in this area is being assessed as part of a due diligence review of the Medium Term Financial Strategy.
Service Management – Planned Savings and Agreed efficiency target	A general efficiency target of £138k and the service management target of £71k have yet to be delivered. In 2019/20 this is partially offset by savings associated with the vacant Head of Service post.	157	152	157	A review of the service needs to be carried out to highlight where the savings can be made.
Homelessness accommodation	Demand for placements exceeds budget.	112	80	181	<p>The budget provided for an average 36 B and B places per week. Average occupancy is currently 50 places.</p> <p>Delays accessing self-contained temporary accommodation due to void timescales resulted in increased demand for emergency accommodation for family households. An external voids contractor has since been appointed to resolve that issue.</p>

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
					There are several other actions being undertaken to achieve a significant reduction in expenditure on homelessness including a revised Housing Allocation policy, additional temporary accommodation provision, Housing First and the New Build Programme.
Housing Benefit Overpayments Provision	In 2018/19 a higher number and value of outstanding invoices relating to Housing Benefit overpayments was experienced giving rise to an increased bad debt provision. It is anticipated this will again be encountered in 2019/20 but to a lesser extent.	75	75	75	The level of Housing Benefit overpayments reduced in 2018/19 and continues to reduce in 2019/20.
Housing – Savings Target unachieved	Savings proposals are being developed but will not be fully implemented in 2019/20.	57	57	57	It is planned to drive more Housing services on-line and through a range of digital services and platforms. Further transformation is required to develop and promote digital services to adopt a mobile first approach for online customers.
Homelessness Storage	Storage facilities provided for homeless households' furniture and goods.	33	0	0	Storage no longer provided for new homeless households. This explains the movement between Q1 and Q2.
<b>Gross Overspend</b>		<b>1,023</b>	<b>953</b>	<b>1,031</b>	
<i>Offset by:</i>					
Homelessness Service Charge Income	Service charge income for Pentland House Is now allocated to the Homeless service rather than the Housing Revenue Account.	(202)	(402)	(402)	During Q2 a further £200k was identified.  This is reflected in the draft 2020/21 budget.
Customer Services Vacancies	There are still a number of posts to be filled following the recent review of the service.	(67)	(72)	(105)	Management action is in place to minimise any impact on frontline service provision.  The review of library opening hours as part of the 19/20 cost savings has now been agreed and implemented as of the 1 <sup>st</sup> October.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Customer and Housing Services budget.	(53)	(14)	(47)	No impact on frontline service.
<b>Net Overspend</b>		<b>701</b>	<b>465</b>	<b>477</b>	

## Resources

### Commercial Operations

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Land Services	Approved service reductions for reducing grass cutting standards and for reducing shrub bed maintenance have not yet been implemented.	100	100	100	The maintenance of floral displays at war memorials has been continued which results in an overspend of £25,000. In addition grass maintenance standards have been continued which will result in an estimated overspend of £75,000
	Income targets for activities and events at Vogrie Estate have not been achieved.	70	66	65	Additional activities and events are being held to increase income from the Vogrie Estate. A business plan is being developed and will be presented to BTSG on 9 <sup>th</sup> March 2019
	Strict vacancy control and pursuit of income generating opportunities in excess of budgeted.			(155)	This mitigates the bulk of the projected overspend
Income from Burials	Income received from internments and purchase of lairs and monuments is considerably lower than recent years thus indicating a projected shortfall in achieving income targets.	0	178	151	Income does not flow evenly across the year and can spike during winter months.  A further review of the service will take place to explore improved income prospects.
Vehicle Repairs	There is an increased need to send vehicles to external contractors for repair due to internal vacancies and specialised technology.	0	120	145	Planned recruitment of apprentices will help change the overall skillset of the workforce which will reduce the need for external contractors.
	Vacant posts offsetting external costs.	0	(89)	(81)	
Review of travel arrangements associated with the grey fleet.	A budget reduction of £150,000 in 2017/18 was approved but limited savings have been secured. To date £35k has been achieved.	115	115	115	Options for further savings in this area will be considered as part of the delivery plan supporting the newly approved Staff Travel policy.
Charges for Bins and Boxes	Income targets from charging new housing developers of £110k have been agreed.	102	102	102	There will be a time lag between receipt of income and provision of service which will make achievement of

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
	Income of £77k has been received from Developers to date but only £8k of this relates to bins and boxes issued, or expected to be issued, in year.				targets in early years more challenging. A review of deliverability is underway.
Efficiency Targets	The approved efficiency target of £165k has been partially achieved.	67	67	67	Options are being developed to deliver the remaining target and will be presented to BTSG on 3 <sup>rd</sup> February 2020.
Charge for Commercial Waste at Stobhill Community Recycling Centre	An income generation target of £35k was approved for 2018/19 with a further £15k in 2019/20. Take-up of the new service has been minimal.	48	48	49	Uptake of the available service for non-domestic waste disposal from commercial activities is not being achieved. A review of deliverability is underway.
Waste Disposal Charges	Unbudgeted Charges from the Energy from waste contractor (FCC) relating to residual waste that cannot be treated in the plant and must be landfilled.	0	0	34	This situation is being explored in depth with FCC.
Trade Waste	Shortfall in income from customers.	0	0	34	The external market is competitive making it difficult to attract and retain customers.
Bulky Uplift Income	Shortfall against approved income target.	19	15	15	The income budget is £96k of which £14k relates to an additional target in 2018/19.
Advertising on Council Vehicles	Achievement of the £15k target has slipped.	15	15	15	There are some interested parties following the Public Interest Notice. Work continues to try and secure the outstanding target and progress will be reported to BTSG on 3 <sup>rd</sup> March 2020.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Service.	72	47	55	
<b>Gross Overspend</b>		<b>608</b>	<b>784</b>	<b>711</b>	
<i>Offset by:</i>					
Street Lighting Electricity	Projections show that lower than budgeted consumption will result in an underspend.	0	(115)	(142)	The replacement of traditional lamps with LEDs through the capital program is resulting in reduced consumption of electricity.
Parking Fines / Parking Charges	It is anticipated that income from parking fines and paid parking will generate more than provided for in the budget.	(101)	(118)	(118)	It remains to be seen if this will continue or if there will be behavioural changes which could reduce penalty income.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Commercial Operations Service Review	A savings target of £630k has been set. £272k has been delivered to date with reviews currently progressing. The shortfall in 2019/20 is offset by vacancies held whilst reviews evolve.	36	104	(51)	Movement between Q2 and Q3 is a consequence of further vacancies.
<b>Net Overspend</b>		<b>543</b>	<b>655</b>	<b>400</b>	

#### Finance and Integrated Service Support

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Integrated Service Support Review	<p>The ISS savings to be achieved in 2019/20 total £1.110 million, £0.410 million from savings targets brought forward and a further £0.700 million from an increase in the savings targets agreed as part of the 2019/20 budget.</p> <p>At this point savings of £0.626 million have been secured with current plans projected to achieve a further £0.069 million leaving a shortfall of £0.414 million.</p> <p>To offset slippage in delivery strict control of vacancies continues and exceeds the performance factor target by £0.358m.</p>	145	321	414	<p>The majority of posts held through vacancy control will crystallise into permanent savings at the conclusion of service reviews and will contribute to delivery plan targets.</p> <p>The net position is a projected shortfall of £0.056m mainly due to the implementation of planned actions for Q1 and Q2 being behind schedule.</p> <p>In addition to mitigating shortfall through strict vacancy and spend control (as shown below) the delivery plan is constantly reviewed to identify further changes which can support the delivery of the £1.110 million target. This activity includes the deletion of vacant posts from the establishment, securing additional service income, delivery of further business process efficiencies and a zero base review of non-staffing budgets to secure financial discipline.</p>
		(122)	(228)	(358)	

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
					Strict vacancy control is applied to complement delivery of the ISS review.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Finance and Integrated Service Support budget.	9	(29)	(35)	No impact on frontline service.
<b>Gross Overspend</b>		<b>32</b>	<b>64</b>	<b>21</b>	

#### Properties and Facilities Management

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Sport and Leisure Bottom up Review	Proposals to deliver the approved savings target are still being considered.	200	200	200	Service costs and structures have been reviewed in detail during the service review with viable proposals to deliver approved savings to be submitted to the cross-party working group.
	In the meantime vacancies and the moratorium on non-essential spend offsets the in-year overspend.	0	(170)	(250)	
EWiM planned building closures	Evolving plans for buildings that were earmarked for sale or demolition as part of approved EWiM projects have resulted in anticipated revenue savings not materialising.	132	119	115	<p>Unbudgeted costs, mainly for Rates, relate to Dundas Buildings, Eskdaill Court, Jarnac Court and Penicuik Town Hall.</p> <p>The breakdown of these costs between buildings is as follows:</p> <ul style="list-style-type: none"> <li>- Dundas Buildings - £32k;</li> <li>- Eskdaill Court - £31k;</li> <li>- Jarnac Court - £32k; and</li> <li>- Penicuik Town Hall - £20k.</li> </ul> <p>The Council either continue to operate from these buildings or have plans to develop them. Accelerating</p>

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
					plans to vacate Buccleuch House may mitigate these costs in the latter part of the year.
Catering – functions, Vending and office service	Based on costs and income to date it is projected that this area of the Catering Service may underachieve their net income targets by £84k.	82	104	81	Income generation potential has been affected by the requirement for service cover due to difficulty in recruiting to School Catering vacancies. This has prevented expansion of external functions, events and the vending offering.
	Vacancies are projected to result in an underspend of £200k	0	(80)	(200)	Recruiting to and retaining staff within the service remains challenging.
Energy Costs	Consumption forecasts for Newbattle Campus and Lasswade Campus exceed budget.	0	161	122	Further examination of meter values and costs is underway.
Non School Catering	Based on costs and income to date it is projected that community cafes may underachieve their net income targets by £50k.	71	53	50	More aggressive marketing took place prior to the summer period and has helped generate an improved position.
Holiday Clubs	Income targets of £50k have not been achieved. Holiday camp uptake for the summer was minimal.	50	50	50	A business case will be presented to BTSG on 8 <sup>th</sup> March 2020 to deliver the income target.
Sport and Leisure Management Review	A full year savings target of £152,000 was approved with £45,000 effective from 2019/20. It is not anticipated that the 2019/20 target will be achieved.	0	45	45	Following implementation of the new Executive Leadership team the Sport and Leisure Management review is progressing at pace and is projected to make a saving of approximately £0.200 million. Once this is in place delivery of remaining savings proposals will progress.
Property and Facilities Management Service Review	A savings target of £240k has been set. £110k has been delivered to date or is in place for 2019/20 with reviews currently progressing. The shortfall in 2019/20 is partially offset by vacancies held whilst reviews evolve.	39	7	119	Plans will be developed to implement the review in this financial year.
Energy Costs	Council approved a saving in energy costs in 2019/20 from closure of seven PPP primary schools during school holidays. This has been partially implemented.	18	18	18	Energy costs exceed forecast. Further examination of costs is underway.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Service.	40	(24)	28	
<b>Gross Overspend</b>		<b>632</b>	<b>483</b>	<b>378</b>	
<i>Offset by:</i>					
Hopefield Resource Centre	Slippage in the capital project will result in planned running costs in 2019/20 not being incurred. This is partially offset by savings for Bonnyrigg Garage that will not now be achieved.	(77)	(77)	(77)	Replacement depot will not be in place before 2020/21.
<b>Net Overspend</b>		<b>555</b>	<b>406</b>	<b>301</b>	

#### Other

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional Information / Action taken
Central Costs – Insurance	During Q1 there was a higher than usual volume of new and re-opened claims against the council. Some of these were high in value. During Q3 settlement was received for Waterfall Pavilion and some provisions also decreased in value.	364	386	240	Claims are discussed at the Risk and Resilience Group to identify trends and possible mitigating measures. Training on defensibility of claims for services is planned.
Central Costs – Developer Contribution Funding	Developer contribution funding to be applied annually to reduce the Unitary Charge payment for Newbattle.	(256)	(256)	(256)	As insurers and loss adjusters review the detail of each claim it is possible that the provisions made will either reduce or disappear. This may ease pressure.
Staff Travel	Savings relate to the cessation of the car leasing scheme and also changes to terms and conditions for those staff designated retention users. The car lease scheme was closed to new entrants in May 2018 and an implementation plan is now in place to	100	100	40	Clarity on the applicability of this funding occurred after the 2019/20 budget was set. This is now included in the Medium Term Financial Strategy.  The slippage reflects the timing and profile of leasing contracts that were in place in May 2018 and also the



Central Costs – One-off	<p>deliver approved savings but has slipped from the original target.</p> <p>Services commissioned in accordance with Standing Order 19.2 to support investigations and associated costs.</p>	25	25	28	<p>lead time for an offer to be made to affected employees to secure changes in employee terms and conditions. The new policy is now in place.</p>
Loan Charges	Re-phasing of the General Services Capital Plan results in lower financing costs of borrowing than provided for in the budget.	(267)	(416)	(373)	Borrowing costs are delayed but not avoided.
Scottish Government Grant	Distribution of funding to cover teacher's pay inflation and also increased employers pension contributions exceeds the planning assumption when the budget was set.	(607)	(642)	(620)	The Teachers pay award was agreed after the 19/20 budget was set and there is new information from the government on funding the council will receive for Teachers pension changes.
Council Tax Income	A continued growth in Band D equivalents results in a higher than budgeted Council Tax yield.	44	(73)	(143)	The continued growth in Band D equivalents is factored into Council Tax income budgets for future years.
Savings Targets	An income generation of £0.046 million was agreed in the 2018/19 budget. A business case for delivery is being developed.	46	46	46	