

Financial Monitoring 2018/19 – General Fund Revenue – Material Variances**Management and Members**

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Employee Costs	One-off costs.	20	27	50	58	
Gross Overspend		20	27	50	58	

Education, Communities and Economy**Children's Services**

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Residential and Day Education Placements	The requirement for residential placements was higher than anticipated and provided for in the budget.	884	873	653	716	<p>This represents a 21% overspend on the Multi Agency Resource Group (MARG) budget of £3.4 million.</p> <p>Placements that go through MARG can be extremely expensive and of uncertain timing. As a consequence it is likely that forecasts will change throughout the year.</p> <p>The unpredictable nature of this area of work continues to be a challenge. Whilst the MARG group have robust processes in place to minimise the use of external placements, often decisions are made out-with council agreement (sheriff or Childrens Hearing) requesting an external provision. Children with severe and complex needs often require a placement in crisis with little or no planning. This</p>

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						places a further pressure upon the service to find a local and sustainable solution.
Non-Residential services commissioned and provided for children with and without disabilities	Overspend on respite, direct payments and taxi services commissioned for children with disabilities due to higher than anticipated levels of demand for these services.	84	62	97	148	The spend on children with disabilities is an area of increasing demand within the service. Whilst the service are looking at more efficient ways of managing this area of work, it is anticipated that due to increasing population within Midlothian this will be an area that will continue to challenge available budget. Taxi spend is being looked at across Education, Childrens Services and Adult Services to look for possible efficiencies.
	Overspend on respite, taxi and day care services commissioned for children without disabilities.	40	12	(9)	45	
	Overspend on rent and allowances for Throughcare and Aftercare clients.	57	130	141	149	Continuing care and aftercare are growth areas due to the 2014 legislation. Whilst the principles of the legislation are fully supported there has been insufficient additional funding provided to implement or support this new way of working going forward.
	All other services commissioned for clients.	16	(36)	(6)	11	
Gross Overspend		1,081	1,041	876	1,069	
<i>Offset by:</i>						
Family Placements	The number of children in foster care placements has fallen since 2017/18. In addition three placements previously with expensive external agencies have moved to Midlothian Carers resulting in a significant saving. Unbudgeted income has been received for the provision of adoption placements to another local authority.	(217)	(274)	(286)	(323)	The reduction of children coming into care is as a result of a significant and successful piece of work over the past year (PACE) supported by the Scottish Government and CELCIS. Ongoing work in this area will continue and the learning shared with other local authorities across Scotland. Work goes on with neighbouring local authorities regarding Foster Care recruitment and placements.
Vacancies and performance factor	There is an underspend mainly resulting from maternity leave within	(76)	(212)	(209)	(328)	The service plans to recruit to vacancies created by staff returning from maternity leave on reduced

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	the Early Intervention and Prevention service and vacant day-time posts in the residential units.					hours.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Children's Services budget.	0	(36)	(90)	(44)	Minimal impact on frontline service.
Net Overspend		788	519	291	374	

Communities and Economy

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
City Deal and Borders Rail	There are ongoing commitments to large projects that exceed the approved budget.	0	75	115	73	Additional budget has been provided in 2019/20 for work required to progress the City Deal and the budget position for Borders Rail looking forward will be discussed by Council in due course.
Grants to External Organisations	The value of payments to external organisations exceeds budget. This was for grants to Visit Scotland and Business Commerce which were not provided for in the 18/19 budget.	63	63	63	63	This is offset by an underspend in Economic Development as shown below. The budget for Grants to external organisations will be considered as part of the Medium Term Financial Strategy.
Approved Budget Savings	Council agreed a range of budget reductions for Communities and Economy. There was slippage in delivery anticipated earlier in 2018/19. The outturn shows full delivery.	44	44	10	0	Overspends projected earlier in 2018/19 were offset in 2018/19 by vacancies elsewhere in the service as shown below.
Achievement of Income Targets	Income targets in Pest Control and in Trading Standards are not fully achieved.	0	0	0	20	Options to re-dress this are being considered.
Gross Overspend		107	182	188	156	
<i>Offset by:</i>						

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Planning and Building Warrant Income	A significant spike in income during Q2 in addition to the £0.370 million identified in the recovery plan as a Q1 adjustment.	0	(521)	(555)	(528)	The Recovery Plan presented to Council on 2 nd October 2018 identified £0.370m of planning and building control income that was not included in Q1. Continued income levels in excess of target have been experienced and this has been reviewed during development of the 2019/20 budget.
Vacancies and Performance Factor	The number of vacancies across the service exceeds the performance factor.	(109)	(128)	(92)	(92)	There are vacancies in Economic Development, Planning and Trading Standards that are being held pending delivery of planned Service Reviews within Communities and Economy.
Planning Subscription	Annual Maintenance charges for 2018/19 that were accounted for in 2017/18.	0	(65)	(65)	(86)	One-off underspend in 2018/19.
European Social Fund Income	Income received in 2018/19 which contributes to the cost of Welfare Rights officers.	0	(35)	(35)	(34)	One-off in 2018/19.
Financial Discipline	Savings of £72k were identified as part of 19/20 budget deliberations and they have been achieved in 2018/19.	0	0	(72)	(106)	The moratorium on non-essential spend during 2018/19 has delivered further savings.
Landlord Registrations	Income exceeds budget.	0	0	(20)	(44)	Landlord registrations are renewed on a 3 yearly basis with a higher than average impact in 2018/19.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Service budget.	2	0	(6)	(111)	The majority of this underspend is a consequence of the moratorium on non-essential spend.
Net Underspend		0	(567)	(657)	(845)	

Education

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Charging for Music Tuition	An under recovery on charging to schools for SQA music tuition. Additional income generated from the new charging policy for music tuition.	87 20	87 20	153 (5)	198 27	The reduced uptake in SQA pupils, which is 31.8% lower than school year 2017/18 has resulted a lower than budgeted recharge to schools for music instructors.
School Estate Expansion	There are revenue commitments as a consequence of capital projects that have no approved revenue budget.	101	128	130	34	Slippage in spend has reduced the projected overspend shown at Q3. This will be addressed as part of developing the Financial Strategy with more rigorous work to ensure that all revenue consequences of Capital Expenditure are identified when Capital Budgets are being considered.
Inclusion Review savings	Council approved savings of £0.100 million in 2017/18. £0.030 million of these have been realised.	70	70	70	70	Underspends elsewhere in the service offset the overspend in the current year. Action has been taken to address this in 2019/20.
Lifelong Learning and Employability Income	Based on contracts within Employability and Accreditation there is an over recovery of income.	43	35	39	(7)	A further underspend in LLE, mainly due to vacancies, is shown below as part of the vacancies and performance factor variance.
Hearing Services	Communication Support Workers required in schools that were not provided for in the 2018/19 budget.	0	90	106	104	Unbudgeted costs in 18/19 are offset by in-year savings due to vacancies and an over achievement of the performance factor within the Education service. Due to the growing need for this service a budget has been provided for in 2019/20.
Long-Term Absence and Maternity Cover	Budget is provided for Long-Term absence and Maternity cover. Actual absence exceeds budget.	0	0	61	216	Under DSM rules cost associated with absences longer than 20 days are not incurred by schools and are funded centrally. In 2018/19 the cost was £1.137 million which is £0.326 million more than 2017/18.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Service budget.	51	17	69	(105)	Impact of the moratorium on non-essential spend.
Gross Overspend		372	447	623	537	
<i>Offset by:</i>						
Schools	Schools budget are underspent by a total of £1.041 million, however part of this relates to long-term absence and maternity cover as shown above thus reducing the underspend to £0.825 million. £0.364 million has been carried forward into 2019/20.	(725)	(314)	(284)	(677)	The underspend includes budgets allocated to schools under the DSM scheme in excess of the allowable 1% carry forward, unallocated central education budgets and NQT funding from the Scottish Government.
Vacancies and Performance Factor	There are a number of vacancies and part-vacancies across the Education service.	(106)	(354)	(542)	(631)	The Recovery Plan presented to Council on 2 nd October 2018 identified £107k of savings that could be achieved by not filling vacancies that existed for the duration of the financial year. In addition to posts identified in the recovery plan there are a number of other posts that were vacated during 2018/19 and were not filled. Management action is in place to minimise any impact on frontline service provision.
Home to School Transport	The cost of transporting eligible young people to and from school was lower than budgeted.	0	0	0	(177)	
PPP Contracts	The net impact of refunds and additional costs as a consequence of PPP contractual conditions shows an underspend of £0.157 million. This covers insurance arrangements, malicious damage costs, utilities costs, benchmarking of employee pay rates for PPP2 and inflationary changes.	0	(117)	(142)	(157)	The ongoing impact of contractual changes is reflected in the 2019/20 budget.
Net Underspend		(459)	(338)	(345)	(1,105)	

Health and Social Care

In accordance with the Integration Scheme a budget of £39.932 million was delegated to the Midlothian Integration Joint Board. The Joint Board manages the provision of services within the delegated budget with the underspend for the year being retained as a reserve. The variances are noted below for information but are not taken into account in calculating the Council's position.

Midlothian Integration Joint Board – Delegated

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Community Care Resource Panel	There are significant demands for services across all demographic profiles. There was also an underlying overspend in 2017/18 of £0.210 million. Whilst savings have been made against existing packages of care and support and good progress is being made in reviews of long-term cases, the number of young people coming through transitions with complex needs means that managing spend within budget remains challenging. Within this financial year it is estimated that additional costs amounted to £0.400 million with no uplift provided in the approved budget.	1,028	571	874	543	<p>The budget amounts to around £32 million, is demand led and subject to demographic pressures. Individual packages of care are sometimes in excess of £0.100 million per annum and as a consequence projections in this area can be volatile.</p> <p>Within the overall position there is a projected underspend within Older People's services which offsets the overspend within Home Care (as shown below).</p> <p>An element of new monies to support carers is being utilised to support respite availability.</p> <p>New fieldwork service arrangements will ensure ongoing reviews and focus on redesign of services.</p>
Home Care / Midlothian Enhanced Rapid Response and Intervention Team (MERRIT)	Additional employee costs due to the volume of care packages being provided. There is a shortage of external supplier capacity which results in continued pressure to address package of care requirements from our internal service. There was	376	223	170	178	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 being met by the internal home care service. A new model of care is being trialled with

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
	also high absence within the Complex team.					external providers to provide additional capacity. The IJB agreed to non-recurring resource being allocated to pressures within home care during 2018/19 in advance of further transformational work in 2019/20 to redesign service delivery for care at home.
Care Homes for Older People	Overspend on staffing due to the requirement to cover rotas, mainly at Newbyres Care Home.	228	186	54	52	This continues to show an improving position. Spend on both staffing and running costs continues to be scrutinised, and in particular, where possible, agency staff is kept to a minimum. Additional spend was incurred during the summer period due to levels of annual leave being taken. New annual leave processes are now in place to spread the impact more evenly over the year, and the locum bank is being developed to reduce agency staff spend.
Gross Overspend		1,632	980	1,098	773	
<i>Offset by:</i>						
Service User Income	Contributions from service users towards their care packages are higher than provided for in the budget.	(152)	(193)	(443)	(520)	Most charges are financially assessed and the level of income achieved is therefore dependant on the financial means of service users which can change over time. Income has increased across service user groups, and particularly in relation to care homes.
Learning and Development	Delivery of some training has slipped into 2019/20.	0	0	(73)	(116)	No impact on frontline service and offsets the cost of essential cover for front-line staff with mandatory training requirements.
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.	(72)	(58)	(57)	(146)	This underspend offsets care and support costs related to protection issues.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Criminal Justice	An element of Scottish Government Funding is used to fund the management and administration of this service.	(70)	(70)	(66)	(109)	No impact on frontline service.
Joint Equipment Store / Aids and Adaptations	Demand during 2018/19 for both areas of spend is less than budgeted.	(56)	(30)	(26)	(138)	These are demand led budgets thus spend can be volatile.
Learning Disability Day Services – Cherry Road, Community Access Team and Shared Lives	Underspend in non-staffing costs across all elements of the service.	0	0	0	(73)	Minimal impact on frontline service.
Mental Health	This includes an underspend for a Mental Health Employment post that is vacant.	0	0	0	(66)	Plans are in place to use available funding in 2019/20.
Reduction in Bad Debt Provision	Overall client related debt has reduced and debt recovery percentages have increased.	0	0	0	(56)	No impact on frontline service.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Adult Social Care budget.	(85)	(100)	(157)	(73)	Minimal impact on frontline service.
Net Overspend / (Underspend)		1,197	529	276	(524)	
	MIJB Recovery Plan		(529)	(276)		
	Budgets retained and held in MIJB reserves in accordance with the Integration Scheme.				524	
Adjusted Net Overspend / (underspend)		1,197	0	0	0	

Midlothian Integration Joint Board – Non-Delegated

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Community Safety	Posts deleted to deliver the savings target were filled until the end of June. Other favourable variances reduced the projected overspend.	49	37	42	4	The Community Safety retained team element has now transitioned into the redesigned Community Safety and Justice Team within Adult Social Care.
Net Overspend		49	37	42	4	

Customer and Housing Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Housing Benefit Overpayments recoveries	The volume and value of unpaid accounts to clients that have been overpaid has increased from the position a year ago. There is a high level of bad debt provision associated with recovery.	0	0	0	286	The bad debt provision is calculated annually as part of the year end closedown procedures.
Homelessness – Savings Target Unachieved	Proposals are proceeding to convert a property in Jarnac Court into temporary HMO accommodation and other initiatives are being investigated to reduce the requirement for Bed and Breakfast accommodation. These were not in place in 18/19 resulting in an overspend against budget.	260	260	250	250	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. The Tenancy Support contract for prevention and support services is being reviewed for cost effective options.
Housing Benefits Overpayments recovered through DWP subsidy.	Changes to DWP rules have resulted in a considerably smaller value than expected of Housing Benefit Overpayment subsidy.	0	0	0	247	Despite rule changes starting in April 2018 there was no significant reduction in income until the final quarter of the year. This will impact on 2019/20 also.
Homelessness accommodation	Demand for placements exceeds budget.	246	203	169	164	The budget provided for an average 36 B and B places per week. Average occupancy is currently 54

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						places. Out of area placements are no longer taking place. Localised work is ongoing to reduce specific spend on B and B places.
Homelessness storage	Storage facilities provided for homeless households furniture and goods.	0	65	54	63	<p>This cost was previously charged to homeless clients but recovery was negligible from vulnerable households and costs are now mainstreamed into the Homeless budget. The increase in provision of temporary housing stock has also contributed to the increase in demand relative to budget.</p> <p>Work has been undertaken to appoint a new supplier for storage and removal of goods in relation to temporary accommodation. The new contract will be awarded in line with approved budget and service provision will be reduced in line with this.</p>
Housing – Savings Target unachieved	Savings proposals are being developed but will not be fully implemented in 2018/19.	57	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. Work to deliver this saving is likely to be part of corporate automation transformation or with regard to work around introduction of a choice-based letting model.
Housing Benefit Subsidy	Housing Benefit subsidy of approximately £24m was provided for in the budget for 2018/19. Actual subsidy received was £51k less than this.	0	0	0	51	The Housing Benefit budget is demand led and the final figure for subsidy is not available until after the end of the financial year.
Travelling Peoples site	Essential unbudgeted expenditure.	0	0	0	20	When upgrades and improvements to the site are required the impact on the Revenue budget will need to be considered.
Revenues Service – Planned Savings	A Revenues service review is planned but will not deliver the full value of planned savings of £0.400 million in	21	21	20	12	Shared Service options are being investigated. Revenues Service Review will begin in 2019/20.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
	2018/19. Additional one-off monies from DWP partially offsets this.					
Gross Overspend		584	606	550	1,150	
<i>Offset by:</i>						
Homelessness Service Charge income	Service charge income for Pentland House is now allocated to the Homelessness Service rather than to the Housing Revenue Account.	0	0	0	(222)	Following a review of accounting treatment income now flows to the General Fund. Performance against the 2019/20 budget will also benefit from this change.
Customer Services Vacancies	Following the recent review of the service posts remained unfilled for longer than planned.	(80)	(68)	(58)	(30)	Management action is in place to minimise any impact on frontline service provision.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Customer and Housing Services budget.	4	(15)	(25)	9	
Net Overspend		508	523	467	907	

Resources

Commercial Operations

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Roads Maintenance	<p>The recovery plan presented to Council on 2nd October 2018 indicated that maintenance expenditure would be restricted to statutory repairs and those required as a consequence of a risk-based assessment. Actions necessary to implement this and deliver the target of £0.250 million did not take place.</p> <p>Due to a lower than typical winter-related workload during normal working hours the opportunity was taken to instead utilise the workforce on minor works. This resulted in the repairs budget being exceeded by £185,000.</p>	0	(250)	(377)	185	<p>Projections on delivery of the Recovery Plan at Q3 were based on an assessment made by the service but were in absence of any detailed costing information from systems due to backlogs.</p> <p>Action is now being prioritised to review the cost-base, business processes and budget management responsibilities within the service with the aim of ensuring that these together can ensure both effective service delivery and effective budget management in 2019/20 and beyond.</p>
Review of travel arrangements associated with the grey fleet.	A budget reduction of £150,000 in 2017/18 was approved but only partial savings are projected.	150	115	115	115	The Recovery Plan presented to Council on 2 nd October 2018 indicated that the projected overspend reported at Q1 could be reduced by £40k over the remainder of 2018/19. £35k of this was delivered.
Street Lighting	Consumption and supply charges are similar to last year but distribution charges are considerably higher.	108	110	113	61	Capital works to install more energy efficient lighting has helped to mitigate distribution price increases.
Land Services	An external project identified on the work programme with a value of £300,000 has been delayed due to external developer factors.	0	0	79	59	

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Review of Sports Pitches	A budget reduction of £10,000 was approved in 2017/18 with a further £50,000 added in 2018/19.	60	60	30	30	Some savings have been achieved and service review consultation is ongoing.
Supplier Management	A savings target of £50,000 was approved. To date no savings have been delivered.	50	50	50	50	Services are exploring options to achieve this saving.
Charges for Boxes and Bins	Housing Developers are charged for boxes and bins with an income budget of £50k being included in the 2018/19 budget.	0	0	0	50	Income of £54k has been received from Developers but none of the bins and boxes that the service expected to be issued during 2018/19 have been thus income relates to 2019/20.
Savings Targets	Financial Discipline savings of £0.100 million were approved in setting the 2018/19 budget with £0.050 allocated to Commercial Operations. To date only a small element has been realised.	0	48	48	48	Projections at Q1 assumed that the target would be achieved in 2018/19.
Trade Waste Charges	An income generation target of £40,000 was approved for 2018/19. However, price increases have resulted in the customer base reducing and consequently less income being generated than expected.	27	29	32	39	The Recovery Plan presented to Council on 2 nd October 2018 identified a £10k reduction in the projected overspend at Q1 as a consequence of targeting existing and new customers to offer new and enhanced services. This has not resulted in any additional income.
Charge for Commercial Waste at Stobhill Community Recycling Centre	An income generation target of £35,000 was approved for 2018/19. Implementation slipped but it was originally anticipated that the target would be partially met in 2018/19.	25	25	35	35	The Recovery Plan presented to Council on 2 nd October 2018 identified a £5k reduction in the projected overspend at Q1 as a consequence of targeting new customers. This target has not been achieved.
Bulky Uplift Income	The income budget for Bulky Uplifts is £96k of which £14k relates to an additional target for 2018/19.	0	0	0	20	
Sales force spend to generate	An income budget of £25,000 was approved for 2018/19.	25	25	25	18	Sale of surplus plant at auction generated some one-off income.

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Winter Maintenance	The number of occasions of footways and roads gritting as a consequence of weather forecasts was marginally greater than provided for in the budget.	0	0	0	16	
Advertising on Council Vehicles	An income generation target of £15k was approved for 2018/19. There are interested parties but this proposal will not now be implemented until 2019/20.	0	15	15	15	PIN notice response from advertisers being progressed for advertising on vehicles and site locations.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Commercial Services budget.	(20)	39	48	(22)	Minimal impact on frontline service.
Gross Overspend		425	266	213	719	
<i>Offset by:</i>						
Commercial Operations Service Review	A budget reduction of £250,000 was approved in 2017/18 and a further £150,000 was added in 2018/19. £229,000 has been realised to date leaving an outstanding target of £171,000. Staff vacancies have been offset against this target in the current year whilst reviews progress.	21	(124)	(109)	(117)	The Recovery Plan reported to Council on 2 nd October 2018 anticipated an improvement of £138k in the position reported at Q1 as consequence of freezing vacancies.
Fleet Services Running costs	The cost of repairs to council fleet and to external hires was lower than budgeted.	0	0	0	(66)	Regular investment in the Council's fleet has reduced repairs costs.
Parking fines / parking charges	Income from parking fines and paid parking has generated more than provided for in the budget.	0	(88)	(76)	(65)	Decriminalised parking was introduced in the early part of the financial year. Projections for Q2 and Q3 were based on historic information. It is difficult to assess whether this relates to a seasonal fluctuation or from changing behaviour from parking enforcement.
Waste Disposal Charges	Tonnages are lower than expected and prices associated with newly	(50)	(54)	(172)	(128)	Volume of tonnage can be volatile.

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	tendered contracts are lower than anticipated.					
Bus Shelter Maintenance	Demand for repairs was lower than budgeted.	0	0	0	(36)	
Net Overspend / (Underspend)		396	0	(144)	307	

Finance and Integrated Service Support

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Employee Performance Factor	The performance factor for the service is £478,000. The application of a vacancy freeze has helped to reduce the projected shortfall identified earlier in the year.	253	203	129	9	The recovery plan presented to Council on 2 nd October 2018 indicated that only filling critical posts would improve the projection at Q1 by £45k. The final position shows an improvement of £244k.
Integrated Service Support Review	The ISS savings to be achieved in 2018/19 total £1.127 million, £0.347 million from savings targets brought forward and a further £0.780 million from an increase in the savings targets agreed as part of the 2018/19 budget. Savings of £736,000 have been secured with a delivery plan in place to secure the shortfall in 2019/20.	157	300	300	391	The recovery plan presented to Council on 2 nd October 2018 indicated that planned ISS savings for 2019/20 could be accelerated to bring the 2018/19 position back within budget. A detailed assessment was subsequently undertaken which concluded that savings for the year might amount to £0.827 million. The final position is a saving of £0.736 million. A detailed delivery plan is in place to address the shortfall and help secure financial balance for the service in 2019/20.
Procurement Savings	A target of £0.350 million for procurement savings was set for 2017/18 which reflected slippage in targeted savings for previous years.	108	61	100	101	The recovery plan presented to Council on 2 nd October 2018 indicated that the procurement delivery plan would be prioritised in order to maximise opportunities to secure the remaining

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						<p>outstanding target. Projections at Q3 reflected an updated assessment of the likely realisation of savings. Two newly awarded tenders have seen cost reductions that cannot not be yet be translated into budget reductions. In addition savings have been secured on contracts which contribute to the Integrated Joint Board recovery plan.</p> <p>Continuing inflationary pressures are such that it is challenging to secure budget reductions as contracts are being re-tendered.</p> <p>Contract savings have also been made which impact on the Capital Account and the Housing Revenue Account.</p>
Central Postages and printing costs	The volume of postages and printing exceeds budget.	69	10	(15)	9	The recovery plan presented to Council on 2 nd October 2018 indicated there would be a reduction of £70k from the projected spend at Q1 coming from more rigorous restrictions on staff access to printing and postage. The final outturn shows a reduction of £60k demonstrating positive action and behavioural changes.
Bank Charges	The shift towards electronic payments has led to increased transaction costs.	35	35	44	51	A review of bank charges is underway with the aim of negotiating lower rates with service providers. There has been a growth in the use of credit and debit cards, with a corresponding increase in charges.
Supplies and Services	Planned underspend on the non-staffing budget to offset shortfall in ISS Savings.	0	(100)	(38)	(67)	The recovery plan presented to Council on 2 nd October 2018 indicated a reduction in expenditure of £50k with expenditure limited to contractual obligations and critical service delivery. The Final Outturn shows a reduction in expenditure of £67k..
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the	7	5	0	(19)	

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
	Finance and Integrated Service Support budget.					
Gross Overspend		629	514	520	475	

Properties and Facilities Management

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Energy Costs	Price inflation for gas and electricity purchase exceeds what was provided for in the budget. For some sites price inflation for electricity is as much as 16% and gas is 25%.	0	199	344	197	Projected consumption in 2018/19 is marginally lower than anticipated. A new Energy Policy introduced to support a drop in overall consumption.
	Carbon Reduction Commitment	0	0	0	(99)	2018/19 allowances are not submitted until July 2019 but the amount provided is less than budget. The scheme ceases at the end of 2018/19.
	Council approved a saving of £140,000 in February 2018 as a consequence of a new heating policy. At Q1 it was anticipated that the policy would be implemented in time to generate savings in 2018/19, the majority of which would accrue during the winter months. A consultation exercise on the new policy is now underway thus implementation will be later than expected.	0	140	140	140	Energy prices have significantly increased during this year and has made savings unachievable despite a drop in consumption.
	Savings proposals were approved in 2017/18 for Salix energy projects	0	40	40	40	SALIX improvements have been completed but reduced energy costs are still to follow.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
	(£25k) and introduction of energy management controls (£20k).					
Janitorial Services	Approved savings for Janitorial Services in 2018/19 totalled £347,000 involving merging staff with Leisure Staff and sharing Janitors in Primary Schools. Current proposals will deliver a full year saving of £294,000 with a part year saving in 2018/19 of £171,000.	176	120	120	120	<p>A delay in recruiting to the new structure resulted in a few posts being vacant during Q2 thus reducing the projected overspend further than the £18k reported in the Recovery Plan presented to Council on 2nd October 2018.</p> <p>A merged role has been created and the facilities service review will further reduce staff costs during this financial year and contribute to the Recovery Plan position. This is currently being monitored to ensure the appropriate staff cover is in place for evening and weekend facility opening. In the meantime vacancies have been frozen.</p>
Non Domestic Rates	Charges have been incurred in 2018/19 for some land and buildings that were previously exempt.	0	108	120	83	These are additional charges outwith the control of the Council. The appropriateness of these charges is being reviewed with any ongoing charges reflected in future years' budgets.
Reduced Lifeguard cover	Proposals are still being developed so implementation will be delayed.	100	100	100	100	Reduction in lifeguard cover is a limited option, although the remit of coaches during swimming lessons may partially mitigate the projected overspend.
Closure of Newbattle Pool and Mayfield Leisure Centre	A £542,000 saving was approved in respect of the closure of the facilities. This was delayed pending opening of the new Newbattle Centre.	90	122	127	132	Demolition is complete at both premises.
EWiM planned building closures	Evolving plans for buildings that were planned to be sold or demolished through approved EWiM projects have resulted in anticipated revenue savings not materialising.	80	98	149	179	The planned disposal has not occurred as other Council services continue to operate from or plan to redevelop these buildings and as a result cannot dispose of them. Unbudgeted costs in 2018/19 relate to Dundas Buildings, Eskdail Court and Penicuik Town Hall.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
						The Q2 position did not account for Non Domestic Rates at Dundas as it was expected that relief would be granted. Further work indicates this is unlikely to be the case.
Reduced Housing Voids Standards	No progress has been made in delivering this saving.	80	80	80	80	Costs properly chargeable to the Housing Revenue Account are being reviewed.
Concessionary Charging Policy	Council agreed to increase charges for over 60's using the Golden Years Scheme to the equivalent of the bronze rate for Tonezone. £100,000 was approved in respect of this scheme. The Golden Years pass price increase was initially implemented on a phased basis which led to a projected overspend in 2018/19.	76	25	24	24	Council on 2 nd October 2018 approved price increases effective from 1 st December 2018 which reduced the projected overspend shown at Q1.
Sport and Leisure income targets and group session charges.	As part of the 2018/19 budget Council approved an increase to income targets for Sport and Leisure. Based on uptake information for casual use and for group sessions. There is be an under recovery in 2018/19.	62	102	89	74	There has been some improvement in uptake for group sessions. Initiatives to increase income have been launched such as reduced membership joining fees to attract greater footfall during the popular period following New Year.
Energy Costs – Energy Performance Contract	Council in June approved a proposal to enter into an Energy Performance Contract with a contractor to deliver energy conservation measures and cost savings.	60	60	60	60	The project was appraised over a ten year period and there was a marginal net impact on the revenue budget during this period. Beyond ten years there are expected to be savings of approximately £150,000 per annum. It is anticipated that some cost reductions have been achieved during 2018/19, which are included in the Energy Costs figure above. Data to support this and to separate out the impact is still under review.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Property and Facilities Management Service Review	A budget reduction of £60,000 was approved in 2017/18 with a further £90,000 added in 2018/19. £93,000 has been achieved to date.	57	27	57	57	The review is ongoing. The recovery plan presented to Council on 2 nd October indicated that part year savings of £30k may be achieved through targeted VSER. This will not now be delivered until 2019/20.
Maximise use of PPP schools	Budget savings of £50,000 have been approved. To date there have been no savings delivered.	50	50	50	50	Additional income was expected from the recently upgraded astro surface at Dalkeith Campus. This has not materialised.
Supplier Management	A savings target of £50,000 was approved. No savings have been delivered.	50	30	50	50	Options are being explored to deliver this saving.
Savings Targets	Financial Discipline savings of £0.100 million were approved in setting the 2018/19 budget with £0.050 allocated to Property and Facilities Management. To date only a small element has been realised.	0	47	47	47	Projections at Q1 assumed that the target would be achieved in 2018/19.
Non-school catering	Income targets are projected to under achieve with a projected deficit of £20k for community cafes and £19k for vending and office services.	0	48	86	39	Whilst some of the cafes are generating a surplus income is falling short of targets. One café is running at an overspend of £30k.
Wrap Around Care	An income proposal of £25,000 was approved for the provision of wrap around care during summer and Easter holidays. Proposals were not sufficiently developed to allow schemes to run during the summer break so this will not be achieved in 2018/19.	25	25	25	25	Planned implementation in 2019/20.
Other non-material variances		0	11	(5)	(31)	
Gross Overspend		906	1,432	1,703	1,367	

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Repairs and Maintenance	Non HRA repairs will be restricted to wind, water-tight and emergency repairs for the remainder of 2018/19.	0	(300)	(295)	(264)	The recovery plan presented to Council on 2 nd October 2018 explained that the workforce would concentrate on housing projects rather than non-housing repairs.
Catering Staffing	The service have experienced difficulty in recruiting to vacant posts and retaining staff within the school catering service. This has resulted in an underspend of £114k.	0	(193)	(191)	(114)	Some posts have been filled but difficulties remain in recruiting and retaining staff.
	School meal uptake has been lower than budgeted resulting in underspend in food costs offset by an underachievement of income.	0	0	0	(99)	Meal uptake is regularly reviewed. Changes entitlements to free meals can impact on income.
Net Overspend		906	939	1,217	890	

Other

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional Information / Action taken
Central Costs	The volume of public liability insurance claims rose considerable over the winter months and have resulted in settlements to claimants early in 2018/19 in excess of budget.	267	243	250	374	Total claims made in Q4 in 2017/18 was 110 compared to 60 in 2016/17. 53 new claims were made in the last quarter of the year, 5 of which hold a reserve value in excess of £10k.
	Additional audit fee from EY for phase 1 work carried out in respect of their appointment by Audit Scotland as External Auditor associated with the investigation on Roads Contract management.	27	39	39	39	One-off.
	Additional audit fees above those set out in the annual audit plan as a result additional time incurred by the audit team due to additional work being required to satisfy the audit objectives given the resultant increase in the risk profiles.	0	10	10	10	
	Services commissioned from EY for Phase 2 investigative work.	52	52	72	81	One-off.
	Services commissioned in accordance with Standing Order 19.2 to support investigations and associated costs.	45	80	112	120	One-off.
	The bad debt provision relating to sundry debt is calculated on an annual basis and has increased since	0	0	0	77	Gross sundry debt has increased during 2018/19.

	2017/18. The Council has some shared interest in Shawfair with the City of Edinburgh Council and following a review of financial arrangements is due a share of net income.	(152)	(152)	(152)	(152)	One-off income.
Loan Charges	Revised methodology for apportioning interest costs associated with external borrowing between General Fund and HRA has resulted in a considerably reduced cost to the General Fund.	(1,131)	(1,269)	(1,269)	(1,332)	External advice from the Council's Treasury consultants recommended that the Council consider revising the methodology used to apportion interest costs associated with borrowing. The rationale for this was founded upon the relative certainty of the HRA Capital Plan compared to the General Services Capital Plan and longer term borrowing decisions that have made in line with this.
Savings Targets	An outstanding target from previous years of £0.177 million for the Customer Services Transformation strand was carried forward into 2018/19. There was no delivery in 2018/19. An additional target of £0.173 million for fees and charges was agreed in setting the 2018/19 budget. Implementation of this has slipped.	117 142	117 173	117 173	177 174	
Scottish Government Grant	Additional grant to partially offset costs associated with the severe winter.	(149)	(149)	(149)	(545)	One-off funding.
Council Tax Income	A continued growth in Band D equivalents results in a higher than budgeted Council Tax yield.	(250)	(500)	(442)	(439)	The continued growth in Band D equivalents is factored into Council Tax income budgets for future years.