

Overall Position:

- There is a forecast overspend for 2018-19 of £2.041m as at the end of December 2018. The main overspend is in relation to Social Work, where there is an overspend of £2.998m due to unidentified IJB savings allocated to Social Work as well as the net impact of service demand. There are also overspends of; £0.350m in relation to Education ASN due to a significant increase in demand, £0.083m in relation to a shortfall in savings for the Catering and Cleaning project, £0.080m in relation to additional staff costs within pupil transport, £0.047m relating to the airports PSA contract and £0.050m in public conveniences due to a reduction in income. These overspends are offset by an underspend across the Council within fleet due to a delay in replacing the vehicles of £0.614m, over recovery of income within D&I in relation to building warrants, planning fees, crematorium and private landlord registration, an underspend of £0.111m in relation to CHORD project manager costs which are being funded from capital, an underspend of £0.281m within superannuation as the budget provision for auto enrolment is no longer required, an underspend in the apprenticeship levy of £0.090m, an underspend on utilities across the Council of £0.124m, vacancy savings within Education of £0.100m and an underspend within Customer Services Directorate in relation to NPDO insurance and Hub Project.
- There is a year to date underspend of £4.177m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. The year to date variances mainly relate to the timing of income and expenditure. There is a year to date underspend within Third Party Payments in Customers Services in relation to Hub Schools £0.778m, NPDO £0.608m and Housing Benefit £0.635m – this is all in relation to delays on invoicing and mismatch with the actuals and profile. Within Social Work there is an underspend of £1.667m and this in relation to a delay in the receipting/payment of supplier invoices – this is being followed up.

Key Highlights as at December 2018:

The forecast overspend has increased since the November monitoring period by £0.344m, from £1.697m to £2.041m

- Within Customer Services there is a further forecast underspend of £0.122m relating to HUB North Scotland contractual deduction and delays.
- There has been further overspends forecast within Social Work of £0.199m since November. This is largely due to higher than expected demand on services and slippage in the delivery of savings.
- There is a further overspend within D&I in relation to an under recovery of public convenience income due to turnstiles not being in operation. There were also overspends within EQI assessments and Street Lighting consultant costs but these were offset by an underspend in vacancy savings.
- An underspend of £0.124m has also been reported for the cost of utilities across the Council.
- A £0.371m overspend in relation to the proposed pay award has been processed based on the current offer.

Key Financial Successes:

The performance against budget for the financial year 2017-18 was an overall underspend of £2.598m (1.04%). There were some one-off factors contributing to this underspend, however, good budget control and financial management have ensured that the Council did not overspend.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Achieving a favourable year-end balanced position and achieving savings targets in light of council wide risks to expenditure.	Robust monitoring of the financial position to ensure that any budget issues are fed back into the budget monitoring process.

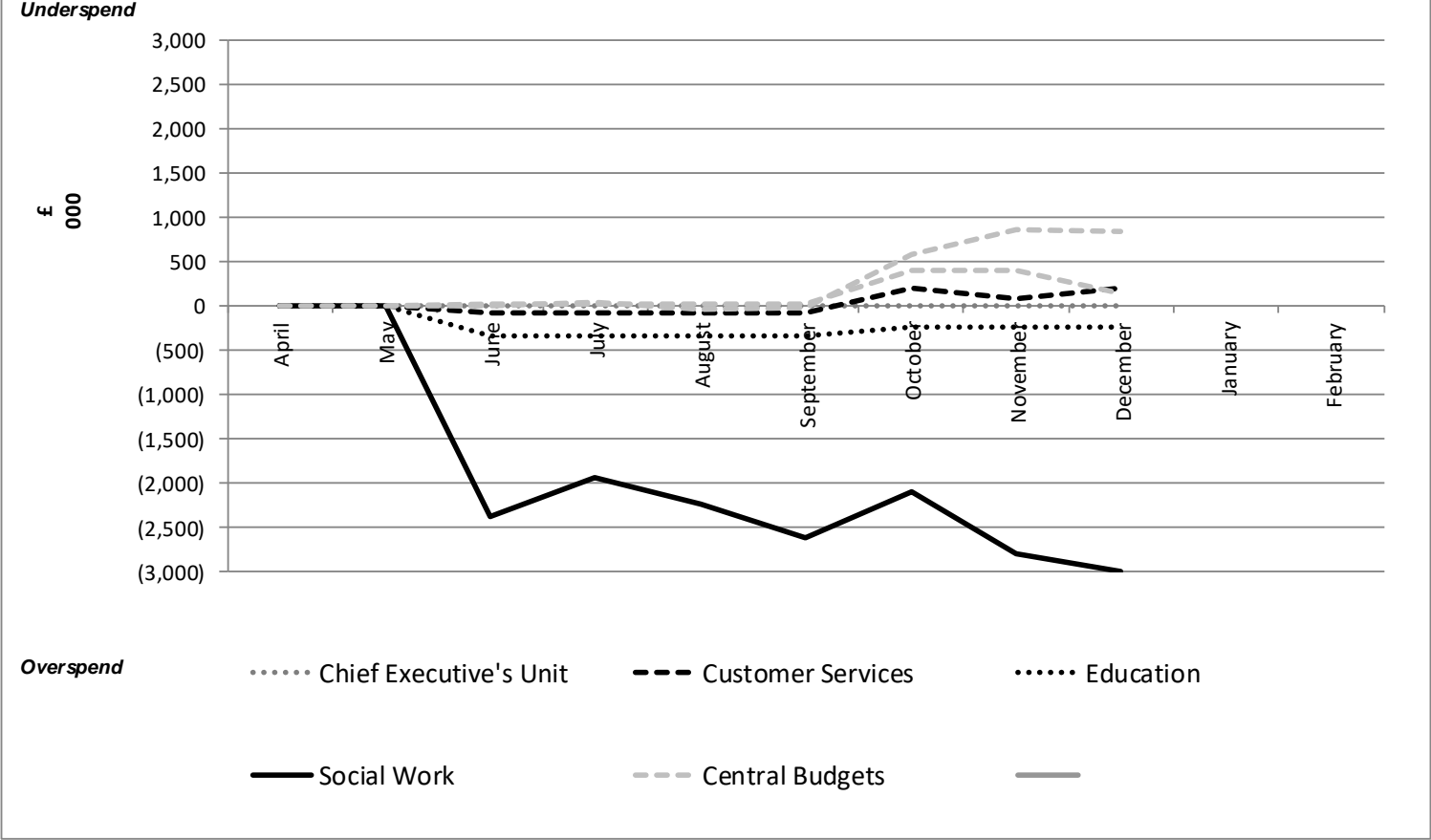
<p>Monitoring the expenditure within Social Work and more widely the IJB position as any overspend will transfer back to partner bodies, in the first instance.</p>	<p>Work more closely with the CFO of the IJB to ensure that early indication of financial outturn is known and corrective action is agreed as appropriate to reduce the risk to the Council. Review of Scheme of Integration, particularly risk sharing arrangements to reduce any risk to the Council.</p>
<p>Identifying further savings and delivering services more efficiently with less resources.</p>	<p>Continually refine/develop systems to accurately calculate forecast outturns and the future budget outlook.</p>
<p>Maintaining or improving the level of service income recovered, for example planning, building standards and car parking.</p>	<p>Actively monitor income recovery and ensure Council fees and charges policies are reviewed.</p>
<p>Managing spend in service areas which are demand led and, to some extent, outwith service control, for example Winter Maintenance.</p>	<p>Use risk based approach to budget monitoring to focus additional attention to these areas.</p>
<p>Ongoing requirement to fund unavoidable increases in areas like employee costs, utility costs etc.</p>	<p>Ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.</p>

Forecast Outturn Position

There is a forecast overspend for 2018-19 of £2.041m as at the end of December 2018 and the main variances are noted below.

Current Forecast Outturn Variance with change from previous month						
Department	Annual Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £000	Change £000	Explanation
Chief Executive's Unit	2,500	2,500	0	0	0	No forecast outturn variance.
Customer Services	45,482	45,277	205	83	122	Forecast underspends are due to £0.045m underspend in fleet retained budget due to a delay by the central fleet team in replacing fleet, £0.322m in directorate for NPDO schools insurances savings and HUB DBFM savings. These underspends are offset by an anticipated shortfall in savings re the Catering and Cleaning Innovation project of £0.083m and £80k increased employee costs in relation to public transportation service.
Development and Infrastructure Services	34,538	33,690	848	868	(20)	The forecast variance mainly relates to an underspend in the fleet budget due to a delay in replacing vehicles, an over-recovery of vacancy savings, an estimated greater level of income than budget in relation to building warrants, planning fees, proviatre landlord registration and crematorium. This is offset by an overspend in PSO contract for Air Services, an overspend in Street Lighting consultant costs, the under recovery of car parking income and additional Building Standards Fee Income and Private Landlord Registration income.
Education	77,356	77,597	(241)	(241)	0	The overspend relates to a significant increase in demand within ASN support, offset by an underspend in pupil support vacancies and also vacancies within the Directorate. The ASN pressure will continue to be monitored closely going forward with every effort being made to mitigate this spend.
Social Work	56,231	59,229	(2,998)	(2,799)	(199)	The overspend is mainly due to an unidentified savings figure of £1.330m included in the budget as well as the net impact of service demand and estimated slippage on the delivery of agreed savings.
Central Budgets	25,473	25,328	145	392	(247)	The underspend relates budget provision for Superannuation Auto Enrolment that is no longer required (£281k), a forecast underspend on the apprenticeship levy (£90k), an underspend in utility costs Council wide (£124k) and a reduction in the requisition for the Valuation Joint Board (£21k). These underspend have been offset by a forecast overspend in relation to the pay award being greater than budget. The estimated overspend in relation to the pay award is based on the current offer on the table to SJC workers. It is assumed that Scottish Government funding will cover the teachers increase.
Total	241,580	243,621	(2,041)	(1,697)	(344)	

Movement in the forecast outturn position for each Department from the start of the financial year



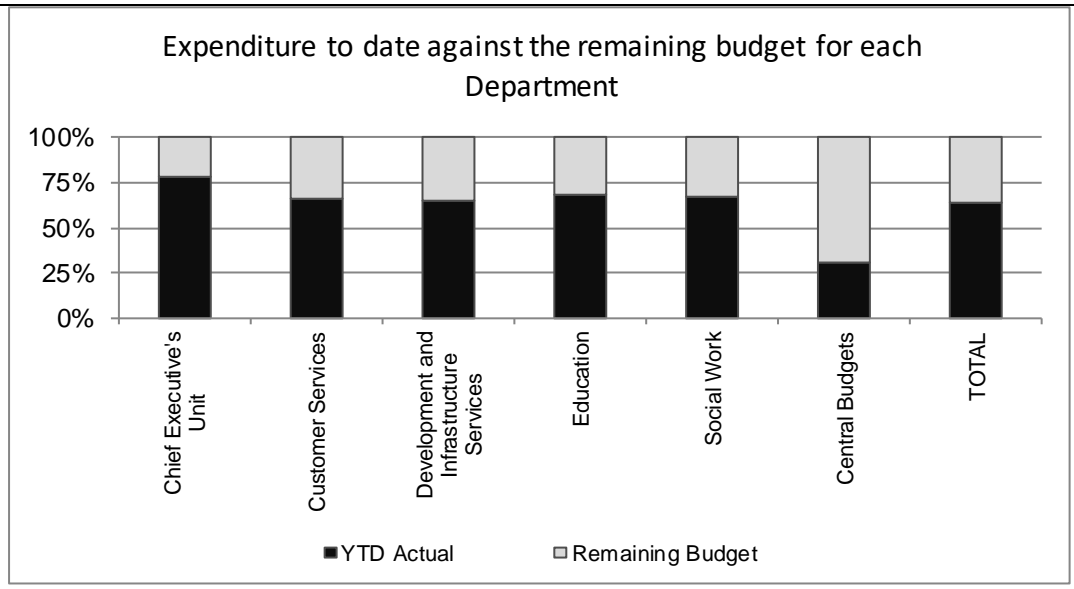
Further information on the departmental forecast variances is included later on in the report.

Year to Date Position

The year to date position as at the end of December 2018 is an estimated underspend of £4.177m and the main variances are noted below.

The current year to date variance position for each Department:

Department	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Explanation
Chief Executive's Unit	1,960	1,788	(172)	Small variances, mainly profile related.
Customer Services	30,137	32,851	2,714	The main variance is within Third Party Payments in relation to Hub Schools £0.778m and NPDO £0.608m where there is a delay in the invoices and also with Housing Benefit Private £0.635m.
Development and Infrastructure Services	22,509	22,878	369	There are a number of profiling variances that contribute to this overall year to date position. Any year to date position that gives rise to a forecast outturn position has been reported.
Education	53,082	53,266	184	The year to date overspend is mainly profiled related.
Social Work	37,691	39,358	1,667	The YTD variance reflects lower than budgeted activity in care home placements for older people and delays in the receipt and/or payment of supplier invoices across the service.
Central Budgets	7,789	7,204	(585)	Small variance, mainly profile related.
Total Net Expenditure	153,168	157,345	4,177	



Further information on the departmental year to date variances is included later on in the report.

OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 31 DECEMBER 2018

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual	YTD Budget	YTD Variance	Variance	Annual Budget	Forecast Outturn	Forecast Variance	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
<u>Departmental Budgets</u>								
Chief Executive's Unit	1,960	1,788	(172)	(9.6%)	2,500	2,500	0	0.0%
Customer Services	30,137	32,851	2,714	8.3%	45,482	45,277	205	0.5%
Development and Infrastructure Services	22,509	22,878	369	1.6%	34,538	33,690	848	2.5%
Education	53,082	53,266	184	0.4%	77,356	77,597	(241)	(0.3%)
Social Work	37,691	39,358	1,667	4.2%	56,231	59,229	(2,998)	(5.3%)
Total Departmental Budgets	145,379	150,141	4,762	3.2%	216,107	218,293	(2,186)	(1.0%)
<u>Central Budgets</u>								
Other Operating Income and Expenditure	2,081	1,946	(135)	(6.9%)	3,756	3,632	124	3.3%
Joint Boards	964	1,030	66	6.4%	1,374	1,353	21	1.5%
Non-Controllable Costs	4,744	4,228	(516)	(12.2%)	20,343	20,343	0	0.0%
Total Central Budgets	7,789	7,204	(585)	(8.1%)	25,473	25,328	145	0.6%
TOTAL NET EXPENDITURE	153,168	157,345	4,177	2.7%	241,580	243,621	(2,041)	(0.8%)
<u>Financed By</u>								
Aggregate External Finance	(107,667)	(107,667)	0	0.0%	(191,827)	(191,827)	0	0.0%
Local Tax Requirement	(46,634)	(46,634)	0	0.0%	(47,674)	(47,674)	0	0.0%
Contributions to General Fund	0	0	0	0.0%	2,408	2,408	0	0.0%
Supplementary Estimates	0	0	0	0.0%	0	0	0	0.0%
Earmarked Reserves	0	0	0	0.0%	(4,487)	(4,487)	0	0.0%
Total Funding	(154,301)	(154,301)	0	0.0%	(241,580)	(241,580)	0	0.0%
Deficit/(Surplus) for Period	(1,133)	3,044	4,177		0	2,041	(2,041)	

SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 31 DECEMBER 2018

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
Subjective Category								
Employee Expenses	97,557	97,804	248	0.3%	141,225	141,106	119	0.1%
Premises Related Expenditure	10,698	10,572	(125)	(1.2%)	14,837	14,813	24	0.2%
Supplies and Services	16,071	14,397	(1,674)	(11.6%)	18,275	21,627	(3,351)	(18.3%)
Transport Related Expenditure	8,529	8,309	(220)	(2.7%)	17,587	16,913	674	3.8%
Third Party Payments	105,337	107,156	1,819	1.7%	145,286	146,034	(748)	(0.5%)
Capital Financing	(193)	0	193	#DIV/0!	15,770	15,770	0	0.0%
TOTAL EXPENDITURE	237,999	238,238	241	0.1%	352,980	356,263	(3,282)	(0.9%)
Income	(239,131)	(235,195)	3,936	(1.7%)	(352,980)	(354,221)	1,241	(0.4%)
Deficit/(Surplus) for Period	(1,132)	3,043	4,177		0	2,042	(2,041)	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

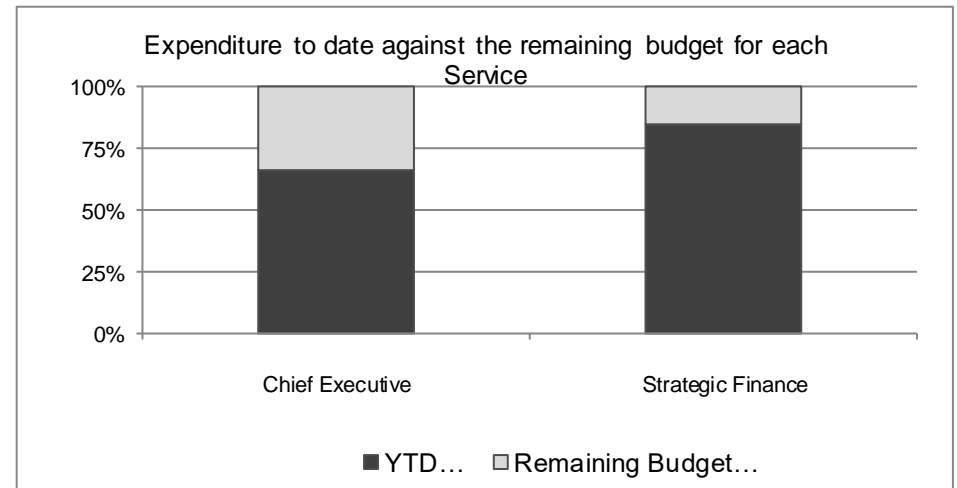
CHIEF EXECUTIVE'S UNIT HIGHLIGHTS – AS AT 31 DECEMBER 2018

- The department is currently forecasting spend to be in line with budget.
- The department has a year to date overspend of £0.173m (9.7%) which is mainly profile related.

Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget	Forecast Outturn	Current Forecast Variance	Previous Forecast Variance	Change
	£000	£000	£000	£000	£000
Chief Executive	846	846	0	0	0
Strategic Finance	1,653	1,653	0	0	0
Totals	2,499	2,499	0	0	0

Year to Date Position



Key Financial Successes:

The department are currently forecasting that spend will be in line with budget for 2018-19. All Service Choices savings options have been delivered. The department outturn position at the end of 2017-18 was an underspend of £0.070m due to effective management and monitoring of the budget.

Key Financial Challenges:

To continue to deliver high quality support service function during a time of continued budget cuts, particularly as the majority of the costs within Chief Executive's Unit are employee costs.

Proposed Actions to address Financial Challenges:

To ensure that the team are operating as efficiently and effectively as possible to enable continued support to departments with reduced resources.

CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2018

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs	206	207	1	0.5%	296	296	0	0.0%	Outwith reporting criteria.
BO15 - Argyll and Bute is open for business	Community Planning	71	77	6	7.8%	135	135	0	0.0%	Outwith reporting criteria.
BO33 - Information and support are available for our communities	Community Development and Grants to Third Sector	284	303	20	6.6%	415	415	0	0.0%	Outwith reporting criteria.
Chief Executive Total		561	587	27	4.6%	846	846	0	0.0%	
BO05 - Information and Support are available for everyone	Money Skills Argyll	185	0	(185)	#DIV/0!	0	0	0	0.0%	Due to a timing difference between expenditure and income.
BO28 - Our processes and business procedures are efficient, cost effective and compliant	Departmental Support, Corporate Accounting, Treasury & Internal Audit	1,215	1,199	(15)	(1.3%)	1,653	1,653	0	0.0%	Outwith reporting criteria.
Strategic Finance Total		1,400	1,199	(200)	#DIV/0!	1,653	1,653	0	0	
GRAND TOTAL		1,961	1,786	(173)	(9.7%)	2,499	2,499	0	0.0%	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 31 DECEMBER 2018

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	1,614	1,594	(20)	(1.3%)	2,345	2,345	0	0.0%	Outwith reporting criteria.
Premises	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria.
Supplies and Services	59	40	(18)	(45.0%)	56	56	0	0.0%	A small variance that is profile related.
Transport	20	23	4	17.4%	31	31	0	0.0%	Outwith reporting criteria.
Third Party	394	173	(221)	(127.8%)	236	236	0	0.0%	Due to Money Skills Argyll expenditure which is offset by income variance below, in addition to a timing difference between expenditure and income.
Income	(126)	(44)	81	(184.1%)	(170)	(170)	0	0.0%	Due to Money Skills Argyll income which is offset by expenditure variance above, in addition to a timing difference between expenditure and income.
Totals	1,961	1,786	(174)	(9.7%)	2,498	2,498	0	0.0%	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

CHIEF EXECUTIVE'S UNIT – RED VARIANCES AS AT 31 DECEMBER 2018

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	

A red variance is a forecast variance which is greater than +/- £50,000.

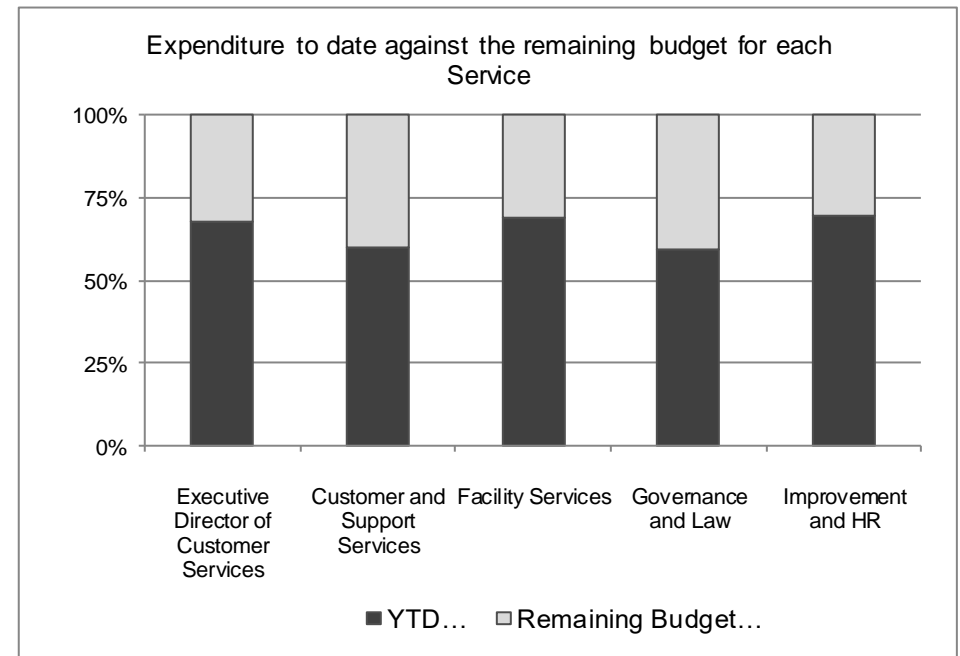
CUSTOMER SERVICES – AS AT 31 DECEMBER 2018

- The department is currently forecasting an underspend of £0.204m (0.4%). Forecast underspends are due to a £0.077m underspend in fleet retained budget due to a delay by the central fleet team in replacing fleet, Hub North Scotland deductions and delays of £0.122m and £0.200m in directorate to reflect smaller underspends across the Service. This is offset by an anticipated shortfall in savings in the Catering and Cleaning Innovation project of £0.048m, £0.035m due to lower than recommended charge rate for milk, £0.080m for additional staff costs within pupil transport and a £0.032m overspend in pool cars.
- The department has a year to date underspend of £2.715m (8.3%). The main variance is in relation to NPDO - £0.613m, Hub Schools – 0.778m, Housing Benefits - £0.738, Public Transport £0.113m and ICT £0.117m due to invoicing delays.

Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget	Forecast Outturn	Current Forecast Variance	Previous Forecast Variance	Change
	£000	£000	£000	£000	£000
Executive Director of Customer Services	19,471	19,149	322	200	122
Customer and Support Services	8,699	8,699	0	0	0
Facility Services	12,486	12,608	(123)	(123)	0
Governance and Law	1,914	1,909	5	5	0
Improvement and HR	2,912	2,912	0	0	0
Totals	45,482	45,277	204	82	122

Year to Date Position



Key Financial Successes:

The 2017-18 year-end outturn position was an underspend of £1.306m. This was mainly as a result of over-recovery of vacancy savings, lower than expected insurance and utility cost savings arising as a result of the annual renegotiation of insurance costs which forms part of the contract management arrangements which are in place for the NPDO, lower than planned expenditure on the Catering Innovation Project which was delayed and lower than expected expenditure on school transport due to reduced contract and fuel costs.

A number of the service choices savings have also been secured to date.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Impact of Welfare reforms.	Input ongoing to multi agency working group to ensure robust arrangements are put in place.
Delivering the proposed Facility Services budget reductions identified in the Transformation programme.	Provide the Transformation Board with robust information upon which decisions can be made and develop any savings proposals as necessary.
Impact of numbers/uptake in demand led service areas like transport, benefits and licensing.	Continually refine/develop systems to accurately calculate forecast outturns and the impact on the future financial outlook.
Support longer term service re-design project for Catering and Cleaning services to ensure efficiencies and financial savings are secured for the Council. Success dependant on buy-in from Argyll & Bute Health and Social Care Partnership.	Effective working with consultants and support with implementation of preferred service delivery method.
New legislative/policy requirements not fully funded by Scottish Government which put additional burdens on the Council. For example, additional demands from IJB, requirement to register all property in land register by 2019 and unknown impact of new education arrangements on all support services.	Analysis of new obligations and whether they incur additional costs not met through increased grant.

CUSTOMER SERVICES – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2018

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs, NPDO, Special Projects & Estates	13,153	14,688	1,535	10.5%	19,471	19,149	322	1.7%	Year to date variance within NPDO and Hub DBFM schools is mainly due to invoicing being behind profile, For the NPDO this is in relation to utility invoicing as no water or LPG invoices have been received year to date. For Hub DBFM this is in relation to the Monthly Service payment which is 2 months behind profile. Profile will be updated accordingly. While the majority of the variances are due to delayed invoicing which should be received by year end, with regards to the NPDO there have also been insurance savings of £200k and Hub DBFM have incurred contractual deductions to date of £93k and delays in handover to date of £29k. these variances are reflected in a forecast underspend of £322k.
Executive Director of Customer Services Total		13,153	14,688	1,535	10.5%	19,471	19,149	322	1.7%	
Central/Management Costs	Central/Management Costs	154	148	(6)	(4.1%)	207	207	0	0.0%	Outwith reporting criteria
BO04 - Benefits are paid promptly and accurately	Benefits, SWF & Welfare Reform	1,257	2,045	788	38.5%	1,598	1,598	0	0.0%	Underspend in Benefits Administration. £67k of which is additional grant money received. £738k - Housing Benefits private - profiling error budget will be reprofiled.
BO05 - Information and Support are available for everyone	Customer Service Centres & Registrars	903	907	5	0.6%	1,385	1,385	0	0.0%	Outwith reporting criteria
BO23 - Economic Growth is supported	NDR Disc Relief, Creditors & Procurement	717	723	6	0.8%	1,275	1,275	0	0.0%	Outwith reporting criteria
BO27 - Infrastructure and assets are fit for purpose	ICT Applications & Infrastructure	1,663	1,861	198	10.6%	3,648	3,648	0	0.0%	ICT Infrastructure - The YTD underspend of £117k relates to a £202k annual recharge to Libraries and Education but the actual invoice has not been paid yet - due March 19. Also some profiling. ICT Applications 26k underspend in staff costs to be used to fund handover to new employee. £26k underspend in Print and Mail Room due to removal of franking machines, plus smaller budget profiling variances across the Service.

BO28 - Our processes and business procedures are efficient, cost effective and compliant	Local Tax, Debtors, Debt Recovery, Customer Service Centres & Registrars	550	536	(14)	(2.6%)	586	586	0	0.0%	Outwith reporting criteria
Customer and Support Services Total		5,244	6,220	977	15.7%	8,699	8,699	0	0.0%	
BO09 - Our assets are safe, efficient and fit for purpose	Shared Offices, Property, Pool Cars, Public Transport and Cleaning.	8,326	8,514	187	2.2%	11,990	12,029	(40)	(0.3%)	Property design £137k underspend Ytd - employee costs and spend/income budget profile. Public Transport £113k underspend YTD - mainly school operator payments & extra income from Highland council. Offset by an over spend of £123K in Public Transport in House due to £114k in employee cost due to extra hours/ASN. The forecast underspend relates to the retained fleet budget due to a delay in replacing fleet within the central fleet management team also £80k forecast against Public Transport in House due to increasing employee costs. Shared office accommodation £23k - central repairs timing
BO18 - Improved lifestyle choices are available	School Meals	87	179	92	51.4%	213	296	(83)	(39.0%)	YTD £120k underspend in Sundries due to profiling/timing of spend. £83k forecast overspend anticipated due to shortfall in savings re Catering and Cleaning Innovation project - distribution hub £48k construction costs and payback and drinks provision £35k lower than recommended charge rate for milk creating shortfall.
Central/Management Costs	Central/Management Costs	164	189	25	13.2%	283	283	0	0.0%	Property services admin support employee costs ytd underspend £21k
Facility Services Total		8,577	8,882	304	3.4%	12,486	12,608	(123)	(1.0%)	
BO10 - Quality of life is improved by managing risk	Civil Contingencies & Anti Social Behaviour	80	77	(3)	(3.9%)	123	123	0	0.0%	Outwith reporting criteria
BO17 - The support needs of children and their families are met	Childrens Panel	10	10	0	0.0%	34	34	0	0.0%	Outwith reporting criteria
BO23 - Economic Growth is supported	Licensing	(168)	(189)	(21)	11.1%	(123)	(123)	0	0.0%	Main factor is 11.7k Legal Fees for a licensing case, it is possible this may be covered in year by meeting income budgets in licencing. Remainder is smaller variances across licencing and licencing standards.
BO28 - Our processes and business procedures are efficient, cost effective and compliant	Democratic Serives, Governance & Legal Services	1,081	1,072	(9)	(0.8%)	1,680	1,680	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	136	133	(4)	(3.0%)	200	195	5	2.5%	Outwith reporting criteria
Governance and Law Total		1,139	1,103	(37)	(3.4%)	1,914	1,909	5	0.3%	

BO06 - Quality culture, archives, libraries and museums are provided to promote wellbeing	Gaelic Language Plan	7	7	0	0.0%	12	12	0	0.0%	Outwith reporting criteria
BO28 - Our processes and business procedures are efficient, cost effective and compliant	HR Services	491	475	(17)	(3.6%)	693	693	0	0.0%	Outwith reporting criteria
BO29 - Health and safety is managed effectively	Health & Safety	202	197	(4)	(2.0%)	295	295	0	0.0%	Outwith reporting criteria
BO30 - We engage with our customers, staff and partners	Communications	164	165	1	0.6%	260	260	0	0.0%	Outwith reporting criteria
BO31 - We have a culture of continuous improvement	Service Improvements	563	560	(3)	(0.5%)	797	797	0	0.0%	Outwith reporting criteria
BO32 - Our workforce is supported to realise its potential	Learning & Development	398	370	(28)	(7.6%)	586	586	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	198	185	(13)	(7.0%)	269	269	0	0.0%	Outwith reporting criteria
Improvement and HR Total		2,023	1,959	(64)	(3.3%)	2,912	2,912	0	0.0%	
GRAND TOTAL		30,136	32,852	2,715	8.3%	45,482	45,277	204	0.4%	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

CUSTOMER SERVICES – SUBJECTIVE SUMMARY AS AT 31 DECEMBER 2018

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	14,054	13,988	(67)	(0.5%)	20,329	20,409	(80)	(0.4%)	YTD overspend due to additional staffing with payroll team £24k, costs of first aid trainer and investigating officers which have still to be recharged to departments £25k and £12k over spend due to profiling within staff training.
Premises	1,397	1,442	45	3.1%	2,363	2,363	0	0.0%	Outwith reporting criteria
Supplies and Services	2,123	2,469	346	14.0%	4,793	4,676	117	2.4%	Forecast underspend of £21k in Directorate, £117k ICT due to invoice not received for Pathfinder North, £73k reprographics due to removal of franking machine Kilmory Year to date position due to profiling of invoices and recharges for IT. £107k under spend within catering due to profiling of invoices.
Transport	555	574	19	3.3%	5,998	5,953	46	0.8%	Outwith reporting criteria
Third Party	41,240	43,364	2,124	4.9%	56,809	56,687	122	0.2%	Underspend in payment to other bodies Hub Schools £778k and NPDO £608k due to delays in invoicing, Housing Benefit Private £635K and public transport £100k differences are due to profiling errors.
Capital Financing	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria
Income	(29,232)	(28,986)	246	(0.9%)	(44,811)	(44,811)	0	0.0%	YTD variance of £100k in housing benefit - Private due to profiling which will be updated accordingly. Benefits administration - £67k additional grant income. £12k YTD underspend due to additional income for shared office accomodation due to new contracts and within public transport there is a YTD underspend of £33k due to additional income from Highland Council.
Totals	30,137	32,851	2,713	8.3%	45,481	45,277	205	0.5%	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

CUSTOMER SERVICES – RED VARIANCES AS AT 31 DECEMBER 2018

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
School Meals	213	296	(83)	(39.0%)	£83k forecast overspend anticipated due to shortfall in savings re Catering and Cleaning Innovation project - distribution hub £48k construction costs and payback and drinks provision £35k lower than recommended charge rate for milk creating shortfall.
Central/Management Costs, NPDO, Special Projects & Estates	19,471	19,149	322	1.7%	Forecast saving within Directorate.
Pupil Transport Overspend	735	815	(80)	(10.9%)	Additional staff costs within pupil transport.
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	

A red variance is a forecast variance which is greater than +/- £50,000.

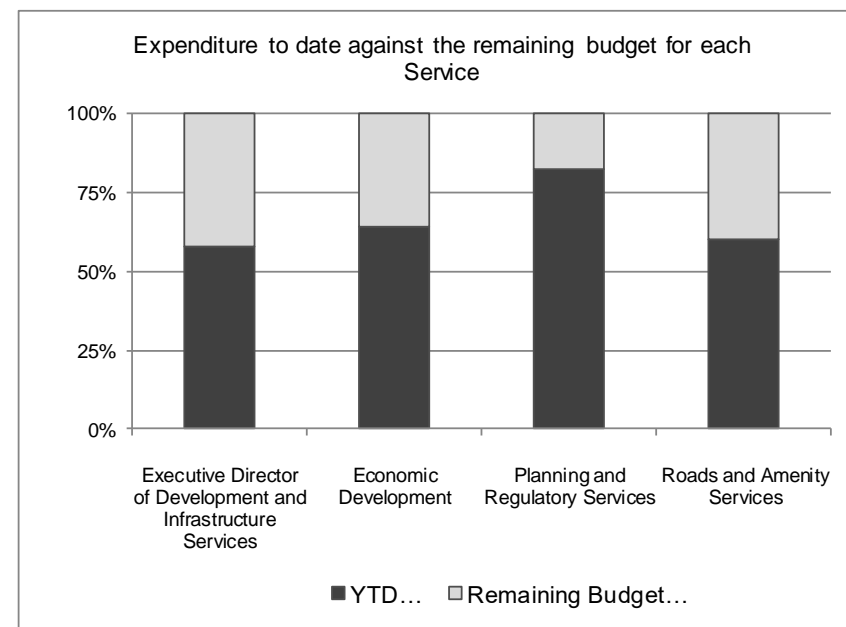
DEVELOPMENT AND INFRASTRUCTURE HIGHLIGHTS – AS AT 31 DECEMBER 2018

- The department is currently forecasting an underspend of £0.848m (2.5%). The forecast variance mainly relates to an underspend in the fleet budget due to a delay in replacing vehicles, CHORD project manager salaries funded by capital therefore resulting in an underspend in revenue, additional Building Standards Fee Income and Road Permit income which are all partially offset by an overspend in PSO contract for Air Services and a reduction in income at public conveniences due to turnstiles not being in operation.
- The department has a year to date underspend of £0.370m (1.6%) against budget.

Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget	Forecast Outturn	Current Forecast Variance	Previous Forecast Variance	Change
	£000	£000	£000	£000	£000
Executive Director of Development and Infrastructure Services	420	376	44	0	44
Economic Development	4,732	4,663	69	69	0
Planning and Regulatory Services	7,156	6,996	160	160	0
Roads and Amenity Services	22,231	21,656	575	639	(64)
Totals	34,539	33,691	848	868	(20)

Year to Date Position



Key Financial Successes:

The Department's outturn for 2017-18 was an overspend of £0.087m and this was due a variety of factors including a severe winter period which was partially offset by an over recovery on vacancy savings.

Key Financial Challenges:

Department / Service ongoing ability to meet future savings / efficiency requirements.

Proposed Actions to address Financial Challenges:

Monitoring of trend / expenditure levels / service configuration and the Service Packages Policy Options savings process.

<p>Potential shortfall in income within Car Parking and Decriminalised Parking Enforcement (DPE).</p>	<p>Closely monitoring of income levels, regular performance management reviews and reporting of the financial implications through budget monitoring process.</p>
<p>Dangerous buildings, there is no budget for this expenditure and the council have no control over the demand for the service.</p>	<p>Building Standards, Legal Services and Strategic Finance are working closely to manage debt recovery and to consider other options to minimise corporate risk exposure.</p>
<p>Due to the nature of the various components of Waste Management there are ongoing challenges with:</p> <ul style="list-style-type: none"> • Island haulage costs • Uncertainty with recycling income/ gate fee costs due to the volatility of the market • Challenges in the legislative changes around the disposal of Biodegradable Municipal Waste 	<p>To closely monitor all service components of Waste Management and review Waste Strategy in conjunction with our contractual partner Renewi (previously Shanks).</p>
<p>Winter Maintenance costs are difficult to estimate as they are very much dependant on the weather. It should be noted that winter treatments have started earlier than usual in the financial year and if this trend continues an adverse forecast variance is likely.</p>	<p>Close monitoring of Winter Maintenance and reporting of the financial implications through budget monitoring process. The Council agreed the winter policy, setting out the intervention level and locations to be treated. The numbers of treatments are determined by weather conditions. The current budget provision provides for 58 full equivalent runs. There is a sophisticated weather monitoring system in place consisting of several weather stations, this is supported by a forecasting and metrological service which is collaboratively procured by West of Scotland local authorities.</p>

DEVELOPMENT AND INFRASTRUCTURE – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2018

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs	244	245	1	0.4%	420	376	44	10.5%	The forecast variance relates to vacancy savings.
Executive Director of Development and Infrastructure Total		244	245	1	0.4%	420	376	44	10.5%	
BO06 - Quality culture, archives, libraries and museums are provided to promote wellbeing	Events and Festivals	170	166	(3)	(1.8%)	226	226	0	0.0%	Outwith reporting criteria
BO15 - Argyll and Bute is open for business	Airports & Strategic Transportation	1,299	1,418	119	8.4%	2,328	2,259	69	3.0%	The YTD variance relates to the payment to Scottish Fire & Rescue re retained firefighters for cover at island airports still to be agreed and payment now outstanding for over 1 year pending resolution. The forecast variance is due to the PSO contract being extended for 1 year but the budget was reduced as a result of the Policy Options savings. Some of the shortfall has been offset from vacancy savings in Transportation Policy. There will also be an underspend within the CHORD cost centres as the salaries are recharged to the capital projects each month.
BO22 - Adults are supported to realise their potential	Business Gateway	267	239	(28)	(11.7%)	326	326	0	0.0%	External trainer costs are higher than budget but this will be offset by income still to be received..
BO23 - Economic growth is supported	Projects, TIF & European Team	1,050	1,061	11	1.0%	1,414	1,414	0	0.0%	Outwith reporting criteria
BO27 - Infrastructure and assets are fit for purpose	Economic Development Intelligence	100	99	(1)	(1.0%)	151	151	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	146	161	15	9.3%	287	287	0	0.0%	Outwith reporting criteria
Economic Development Total		3,032	3,144	113	3.6%	4,732	4,663	69	1.5%	

BO01 - The health of our people is protected through effective partnership working	Private Water Supplies	46	57	11	19.3%	4	4	0	0.0%	The year to date variance is caused by a timing difference between expenditure and grant income.
BO03 - Prevention and support reduces homelessness	Homelessness and Housing Support Services	1,470	1,491	21	1.4%	2,235	2,235	0	0.0%	Outwith reporting criteria
BO05 - Information and support are available for everyone	Trading Standards	356	353	(2)	(0.6%)	504	504	0	0.0%	Outwith reporting criteria
BO12 - High standards of Public health and health protection are promoted	Environmental Health	525	619	94	15.2%	1,026	1,011	15	1.5%	YTD reflects additional income from Water Supply Appraisals and fish export certificates. The forecast variance relates to Appraisal of water supplies.
BO13 - Our built environment is safe and improved	Building Standards & Environmental Safety	(221)	(17)	204	(1200.0%)	43	(82)	125	290.7%	Building Standards and Private Landlord Registration income both ahead of profile and a forecast variance has been entered to reflect this.
BO15 - Argyll and Bute is open for business	Development Policy	354	412	58	14.1%	610	610	0	0.0%	Employee underspends to be used for Apprentice/Trainee later in year.
BO23 - Economic growth is supported	Development Management	(15)	69	84	121.7%	218	198	20	9.2%	Planning income ahead of profile and this is closely monitored on a monthly basis. A small forecast variance has been entered.
BO25 - Access to and enjoyment of the natural and built environments is improved	Corepath Plan	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria
BO26 - People have a choice of suitable housing options	Housing	1,786	1,777	(9)	(0.5%)	738	738	0	0.0%	Outwith reporting criteria
BO27 - Infrastructure and assets are fit for purpose	Marine & Coastal	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria
BO31 - We have a culture of continuous improvement	Strategic Housing Fund	1,305	1,308	3	0.2%	1,308	1,308	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	307	298	(9)	(3.0%)	470	470	0	0.0%	Outwith reporting criteria
Planning and Regulatory Total		5,913	6,367	455	7.2%	7,156	6,996	160	2.2%	

BO14 - Our transport infrastructure is safe and fit for purpose	Road & Lighting, Roads Design, Network & Environment & Marine Services	2,725	2,871	146	5.1%	6,091	5,772	319	5.2%	BO14 - The main contributing factor to the YTD variance is the Roads & Lighting Operational Holding Account which relates to budget profiling due to its unpredictable nature caused by many factors e.g. weather, reactive v planned works, timing of capital works and timing of contractors invoices. There is a lag between expenditure and income being recorded from capital works. It is also worth noting that Winter treatments have started earlier than normal and that this may lead to an overspend in winter maintenance later in the year. The forecast variance relates to the underspend on the fleet retained budget as a result of a delay in replacing vehicles.
BO15 - Argyll and Bute is open for business	Marine Management	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria
BO24 - Waste is disposed of sustainably	Waste Management	7,440	7,709	269	3.5%	11,888	11,741	147	1.2%	The YTD variance relates to a timing difference caused by the payments for landfill tax and waste PPP recycles. The forecast variance relates to the underspend on the fleet retained budget.
BO25 - Access to and enjoyment of the natural and built environments is improved	Amenity Services	2,618	2,293	(326)	(14.2%)	3,555	3,494	61	1.7%	Income due back from insurance as a result of fire at Millpark Oban. Central repairs and supplies and services ahead of profile. External hires continue to cause concern and will be monitored closely. The forecast variance relates to the underspend on the fleet retained budget and an under recovery of income from Public Conveniences..
BO27 - Infrastructure and assets are fit for purpose	Fleet	60	(91)	(152)	167.0%	(75)	(131)	56	(74.7%)	The forecast variance relates to the underspend on the fleet retained budget.
Central/Management Costs	Central/Management Costs	475	339	(136)	(40.1%)	772	780	(8)	(1.0%)	The variance in Central Management costs is caused partly by the recharge from depots covering some uncontrollable costs which are excluded from the departmental budget monitoring. No variance is anticipated at year end.
Roads and Amenity Total		13,318	13,121	(199)	(1.5%)	22,231	21,656	575	2.6%	
GRAND TOTAL		22,507	22,877	370	1.6%	34,539	33,691	848	2.5%	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

DEVELOPMENT AND INFRASTRUCTURE – SUBJECTIVE SUMMARY AS AT 31 DECEMBER 2018

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	16,563	16,881	318	1.9%	24,693	24,618	75	0.3%	YTD variance within Roads due to vacancies that will be used to cover savings targets plus the use of Consultants; There is an accrual in relation to standby payments which has still to be settled. The remainder is a number of smaller variances which are largely offset by a reduction in income. The forecast variance relates to a vacancy in Transportation Policy which is being used to partially offset the overspend on the PSO contract for Airports plus vacancy savings.
Premises	1,790	1,873	83	4.4%	3,065	3,065	0	0.0%	YTD underspend due to profile of Street Lighting Electricity budget and Depot Apportionment budget which are partially offset with central repair costs being ahead of profile. Any savings on street lighting electricity will be used to fund prudential borrowing for the LED replacement project.
Supplies and Services	6,519	4,997	(1,522)	(30.5%)	6,413	6,413	0	0.0%	Supplies and services are ahead of profile due to quarry and materials purchases within the Roads and Lighting holding account as a result of additional capital work. This will be offset by additional income in the coming months. Additional expenditure incurred as a result of fire at Millpark depot, Oban will be recovered from insurance. Within Amenity Services the full year budget has been committed and minimal spend expected over next 3 months.
Transport	7,064	7,094	30	0.4%	10,447	9,833	614	5.9%	The forecast variance of £614k relates to underspends on the fleet retained budget.
Third Party	23,998	22,351	(1,647)	(7.4%)	31,278	31,455	(177)	(0.6%)	The YTD budget relates to payments to third party contractors being higher than budget due to the increase in capital works being carried out on the roads. This will be offset by additional income. Additional expenditure with Lighting on Consultants which is offset with vacancies within Roads. The Forecast variance relates to Argyll Air Services PSO contract (£93k over) has been extended for 1 year but policy options savings have been removed from budget and overspend in Flood Prevention of £40k.

Capital Financing	(82)	0	82	#DIV/0!	670	670	0	0.0%	YTD variance within Piers and Harbours for income received to pay financing costs - this will be offset at year end when actual charges are costed.
Income	(33,343)	(30,318)	3,023	(10.0%)	(42,028)	(42,364)	335	(0.8%)	The major reason for this variance is the increase in income to the operational holding account as a result of the increase in capital works being carried out on the road network which offsets the increased expenditure above. Income from Planning fees and Building Standards ahead of profile. Road bond income received in advance of work being carried out. Additional income received for Roads Permits Forecast variances processed for additional Planning and Building Fee Income, Road Permit Income, Private Landlord Registration and Appraisal of Water Supplies.
Totals	22,509	22,878	367	1.6%	34,538	33,690	847	2.5%	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

DEVELOPMENT AND INFRASTRUCTURE – RED VARIANCES AS AT 31 DECEMBER 2018

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Airports - PSO Contract	629	722	(93)	(14.8%)	PSO contract has been extended for 1 year pending an Air Services review but the budget has been reduced as a result of the Policy Option savings applied from 1st April 2018
Fleet retained Budget	644	30	614	95.3%	Delay in replacing vehicles will result in an underspend in the fleet retained budget
Road Permit Income	(17)	(87)	70	(411.8%)	Additional Road Permit Income received for RCC Inspections
Building Standards Income	(923)	(1,023)	100	(10.8%)	Additional Building Warrant Income
Public Conveniences	(300)	(250)	(50)	16.7%	Reduction in Income due to turnstiles in PC's not working
Cardross Crematorium	(418)	(468)	50	(12.0%)	Additional income due to increase in cremation numbers
CHORD Salaries funded by Capital	153	42	111	72.6%	Capital funded projects cover cost of Project Manager salaries

A red variance is a forecast variance which is greater than +/- £50,000.

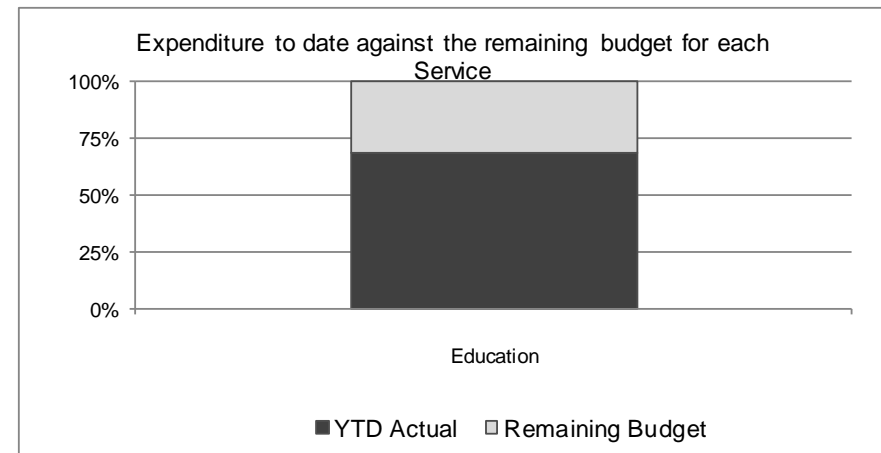
EDUCATION HIGHLIGHTS – AS AT 31 DECEMBER 2018

- The department is currently forecasting an overspend of £0.241m (0.3%) in relation to a significant increase in demand within ASN support, offset by an underspend in pupil support vacancies and also vacancies within the Directorate. The ASN pressure will continue to be monitored closely going forward with every effort being made to mitigate this spend.
- The department has a year to date underspend of £0.185m (0.4%) against budget. The year to date underspend is mainly profiled related and the timing of payments made to partner providers. This is offset by an overspend in Education Licences.

Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget	Forecast Outturn	Current Forecast Variance	Previous Forecast Variance	Change
	£000	£000	£000	£000	£000
Education	77,354	77,595	(241)	(241)	0
Totals	77,354	77,595	(241)	(241)	0

Year to Date Position



Key Financial Successes:

The department have delivered all their service choices savings, with the exception of demand led services in relation to ASN support and residential schools placement and the Psychological Services associated with these.

The 2017-18 year-end outturn position for Education, excluding earmarkings to be carried forward and the Bad Debt Provision Adjustment in relation to Housing moving to DIS, was an overspend of £0.199m which was exactly the figure projected as a forecast variance in the months prior to year end. This accuracy was due to the effective management and monitoring of the budget position.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Ensuring the Education service can continue to contribute to Council saving programmes whilst adhering to Scottish Government national initiatives (i.e. maintaining Pupil Teacher ratio across the Education service).	Ongoing robust financial monitoring and forecasting with the provision of supporting management information to ensure deliverable saving options are presented.
Evaluating and managing the financial impact of new legislation (i.e. Children and Young People Act, Education (Scotland) Bill).	Full participation in consultation process to assist in the identification of potential cost pressures as early as possible.
Impact of the Education Governance Review, particularly in relation to the Fair Funding consultation, and how this informs potential changes to funding arrangements for the Education Service.	Respond to Fair Funding consultation, engage with SG through COSLA and ensure implications for resources and financial management arrangements are clearly identified.
Continued increased demand on the Service for ASN Support.	Continue to review the ASN allocations and monitor vacancies elsewhere within the Service where unspent budget could be used to contribute towards these unavoidable costs.
Delivery plan of 1140 hours expansion in ELC due to a change in the timing of the distribution of funding. While the level of funding remains at what was expected, the period in which the funding will be received has been altered.	Spend will be re-profiled in accordance with the timing of funding allocations and hence the phasing in element of the delivery plan will need to be adapted accordingly.

EDUCATION – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2018

Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	244	277	33	11.9%	404	354	50	12.4%	Year to date underspend and forecast variance as a result of vacant posts inherited from Community Services Directorate.
Additional Support Needs (ASN)	6,380	6,297	(83)	(1.3%)	8,874	9,174	(300)	(3.4%)	Forecast overspend of £350k for ASN assistants due to significant increase in demand. This is being monitored closely, with every effort being made to mitigate the overspend. The overspend is offset slightly by a forecast underspend of £50k in respect of Pupil Support Teacher vacancies.
Early Years	3,790	3,983	194	4.9%	6,887	6,887	0	0.0%	Year to date underspend relates mainly to outstanding budget adjustments required in pre-five units and the timing of payments made to partner providers. The budget adjustments within pre-five units will be processed in January by the AFAs and the budget profile for partner provider payments will also be refined in the January period.
Primary & Secondary Education	39,107	39,431	323	0.8%	55,506	55,506	0	0.0%	Year to date underspend relates mainly to school budgets via a combination of vacancy savings and the profiling of non-employee budgets. Under the Scheme of Devolved School Management (DSM) schools are permitted flexibility at the year-end therefore no forecast variance is required to be processed.
Youth Services	390	382	(9)	(2.4%)	650	650	0	0.0%	Outwith Reporting Criteria.
Adult Learning	361	377	16	4.2%	616	616	0	0.0%	Outwith Reporting Criteria.
Support for Parents	21	13	(9)	(69.2%)	55	55	0	0.0%	Year to date overspend relates mainly to budget profiling and will be refined in the next reporting period.
Education Initiatives (GIRFEC, SEEMIS, Languages 1+2, Music) Education Support Team, Quality Improvement Team, Schools Development Team	2,763	2,482	(281)	(11.3%)	4,345	4,336	9	0.2%	Year to date overspend relates mainly to a number of Education Licences required (i.e. PPL, PRS, Copyright) as well as costs relating to school repairs and maintenance. Budget requires to be identified to fund this expenditure and this will be monitored closely throughout the year. Also contributing is the Teacher Cover reallocation process which is carried out retrospectively, a month in arrears. The forecast underspend reported is due to delays in replacing fleet vehicles which will now be done in line with the fleet management strategy.
Leadership & Professional Learning	24	25	1	4.0%	17	17	0	0.0%	Outwith Reporting Criteria.
	53,080	53,267	185	0.4%	77,354	77,595	(241)	(0.3%)	
	53,080	53,267	185	0.4%	77,354	77,595	(241)	(0.3%)	

EDUCATION – SUBJECTIVE SUMMARY AS AT 31 DECEMBER 2018

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	44,608	44,969	361	0.8%	63,279	63,529	(250)	(0.4%)	Year to date underspend relates mainly to school vacancy savings. Under the Scheme of Devolved School Management (DSM) schools are permitted flexibility at the year-end therefore no forecast variance is required to be processed. The forecast overspend reported relates to an increased demand for ASN support partially offset by a projected underspend for Pupil Support Teacher vacancies and inherited vacant posts from Community Services Directorate.
Premises	2,291	2,177	(112)	(5.1%)	3,069	3,069	0	0.0%	Year to date overspend relates mainly to school repairs and maintenance costs. Budget requires to be identified to fund this expenditure and the level will be monitored closely throughout the year.
Supplies and Services	5,618	5,279	(339)	(6.4%)	8,414	8,414	0	0.0%	Year to date overspend relates mainly to School cost centres and is largely budget profile related. This overspend is not a true reflection of the expected year end position.
Transport	245	199	(46)	(23.1%)	318	310	9	2.8%	Year to date overspend relates mainly to School cost centres and is largely budget profile related. The forecast underspend reported is due to delays in replacing fleet vehicles which will now be done in line with the fleet management strategy.
Third Party	5,756	5,875	120	2.0%	8,316	8,316	0	0.0%	Year to date underspend is largely budget profile related and will be refined within the next reporting period.
Capital Financing	0	0	0	0.0%	0	0	0	0.0%	Outwith Reporting Criteria.
Income	(5,435)	(5,234)	202	(3.9%)	(6,040)	(6,040)	0	0.0%	Year to date underspend relates mainly to school cost centres and is largely budget profile related.
Totals	53,083	53,265	186	0.4%	77,356	77,598	(241)	(0.3%)	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

EDUCATION – RED VARIANCES AS AT 31 DECEMBER 2018

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	404	354	50	12.4%	Forecast underspend as a result of vacant posts inherited from Community Services Directorate.
Additional Support Needs (ASN)	8,876	9,176	(300)	(3.4%)	Forecast overspend of £350k for ASN assistants due to significant increase in demand. This is being monitored closely, with every effort being made to mitigate the overspend. The overspend is offset slightly by a forecast underspend of £50k in respect of Pupil Support Teacher vacancies.

A red variance is a forecast variance which is greater than +/- £50,000.

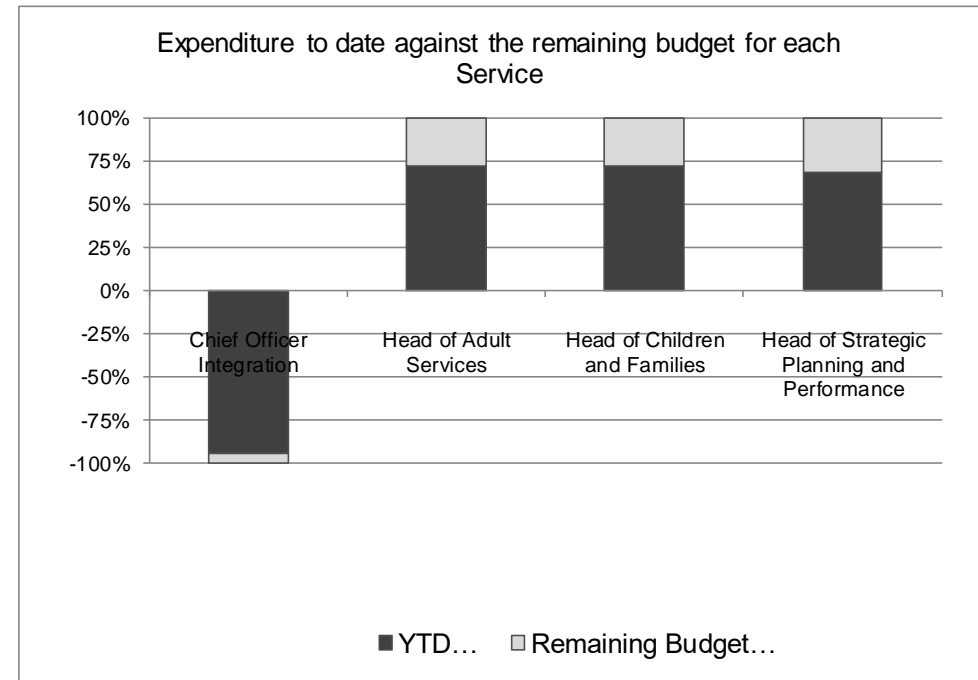
SOCIAL WORK – AS AT 31 DECEMBER 2018

- The department is currently forecasting an overspend of £2.998m (5.3%) which is mainly due to an unidentified savings figure of £1.330m included in the budget as well as the net impact of service demand and estimated slippage on the delivery of agreed savings.
- The department has a year to date underspend of £1.667m (4.20%) against budget.

Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget	Forecast Outturn	Current Forecast Variance	Previous Forecast Variance	Change
	£000	£000	£000	£000	£000
Chief Officer Integration	(11,817)	(10,994)	(824)	(786)	(38)
Head of Adult Services	54,226	55,726	(1,500)	(1,420)	(80)
Head of Children and Families	13,439	14,118	(679)	(597)	(82)
Head of Strategic Planning and Performance	383	379	5	4	1
Totals	56,231	59,229	(2,998)	(2,799)	(199)

Year to Date Position



Key Financial Successes:

Identified approximately £0.500m towards a total of £1.6m in unidentified savings towards the end of 2017/18. Whilst the service were still overspent, the overspend was reduced.

Key Financial Challenges:

Address the £2.345m unidentified savings figure included in the 2018/19 budget.

Proposed Actions to address Financial Challenges:

Completion of a budget challenge exercise to identify underspends which can be used to reduce unidentified savings figure and ongoing work between management, operational and finance staff to identify opportunities for additional deliverable savings.

Successful delivery of £3.659m of identified savings by the end of 2018/19.	Implementation of a robust performance management mechanism to track the delivery of the savings options.
Development and delivery of future service redesigns which will be necessary to contain service expenditure within the allocated resource.	Support from finance to assist strategic managers to look beyond the short term to identify and plan the changes which will be needed to address the expected ongoing budget challenge over the next 3 to 5 years.

SOCIAL WORK – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2018

Service	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Officer Integration	(11,161)	(11,194)	(33)	0.3%	(11,817)	(10,994)	(824)	7.0%	The YTD variance is outwith reporting criteria. The forecast variance is a combination of the unidentified savings total and estimated slippage on identified efficiency savings partially offset by estimated additional vacancy savings, slippage on the Community Services Investment Fund expenditure and the recognition that additional funding provided for superannuation costs related to auto-enrolment are unlikely to be required.
Head of Adult Services	38,909	40,453	1,544	3.8%	54,226	55,726	(1,500)	(2.8%)	The YTD underspend reflects a combination of lower than expected service demand, staffing vacancies, budget profiling and timing issues in relation to the receipt, processing and payment of supplier invoices affecting assessment and care management, dementia day services, home care and care home placements for older people and supported living and community based services for people with learning disability and mental health issues. The forecast overspend mainly reflects higher than expected demand and slippage in the delivery of savings against residential placements and supported living services for people with learning disabilities.

Head of Children and Families	9,680	9,838	158	1.6%	13,439	14,118	(679)	(5.1%)	The YTD underspend arises due to a number of under and over spends across the service. The main underspends relate to a combination of lower than expected demand and service costs and the timing of payments for the Child Protection Committee, Contact and Welfare, Service Strategy and Regulation, School Hostel and Fostering budgets partially offset by an overspend on the External Residential Placements budget which arises due to a combination of service demand and slippage on the delivery of savings. The forecast overspend is mainly related to demand pressures and estimated slippage on efficiency savings against external residential placements, the costs associated with engaging agency staff in the Area Teams and slippage on the delivery of savings against Children and Families Management. These overspends are partially offset by forecast underspends against Fostering and Criminal Justice which arise due to vacant posts and lower than expected service activity as well as slippage due to delays in the introduction of new overnight staffing arrangements in the Children Houses and School Hostels.
Head of Strategic Planning and Performance	263	261	(2)	(0.8%)	383	379	5	1.3%	Outwith reporting criteria.
GRAND TOTAL	37,691	39,358	1,667	4.2%	56,231	59,229	(2,998)	(5.3%)	

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The Variance is the difference between budget and actual or forecast outturn.

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SOCIAL WORK – SUBJECTIVE SUMMARY AS AT 31 DECEMBER 2018

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	18,425	18,799	374	2.0%	27,465	27,089	376	1.4%	The YTD underspend arises due to a number of underspends across the service. The most significant relate to Criminal Justice, older people assessment and care management, central provision for increased superannuation costs arising from auto-enrolment, the education hostels and addiction services. The forecast underspend relates mainly to the latest estimated outturn for vacancy savings, surplus funding provided to meet the expected cost of auto-enrolment in the pension scheme and vacancies in the progressive care centres.
Premises	699	648	(52)	(8.0%)	1,014	1,114	(100)	(9.9%)	The YTD variance reflects the current overspend on central repairs costs. The forecast overspend arises due to a number of over and under spends across the service. The main over spends relate to central repairs, utilities, rents and leases, furniture and fittings and property adaptations.
Supplies & Services	1,238	1,195	(43)	(3.6%)	(2,150)	1,321	(3,470)	161.4%	The YTD variance is outwith reporting criteria. The forecast overspend relates mainly to unidentified savings and slippage on the delivery of identified savings, small tools and equipment, adaptations and legal fees. Work is ongoing with the service to identify additional savings/underspends which could be used to cover the latest unidentified savings figure of £1.330m (reduced from £2.345m in June). Additionally, Finance staff are working closely with management to track the progress of the delivery of identified efficiency savings and update the estimated impact on the forecast outturn.
Transport	578	562	(15)	(2.7%)	820	815	5	0.6%	Outwith reporting criteria.

Third Party	32,870	33,904	1,034	3.1%	46,682	47,396	(715)	(1.5%)	The YTD underspend arises due to a number of over and underspends across the service. The main underspends relate to care home placements and home care for older people and supported living services for people with learning disabilities which arise due to a combination of lower than expected demand for services and delays in the receipt/processing/payment of supplier invoices. The forecast overspend reflects a number of over and underspends across the service. The most significant variances relate to overspends on residential care for people with learning disabilities, physical disability supported living and residential care for children and young people offset against underspends against respite and care home placements for older people and slippage on the Community Investment Fund.
Income	(16,120)	(15,749)	372	(2.4%)	(17,600)	(18,506)	906	(5.2%)	The YTD underspend arises due to a number of under and over spends across the service. The most significant underspends arise due to higher than expected income from charges to services users in the older people care homes and for community based services, higher than expected new charging order debt and surplus direct payment funds recovered from clients. The forecast under spend includes a number of areas where income generation has been better than expected. The most significant relate to non-residential care charging, fees and charges in the Council's older people's care homes and from new secured debt linked to interim funding arrangements for older people who own their own homes entering long term residential and nursing care and from charges to external bodies/grants.
Totals	37,690	39,359	1,670	4.2%	56,231	59,229	(2,998)	(5.3%)	

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An explanation is given for any variance which exceeds £50,000 or 10%.

SOCIAL WORK – RED VARIANCES AS AT 31 DECEMBER 2018

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Officer	(11,816,739)	(10,994,407)	(822,332)	7.0%	Overspend arises due to unidentified savings figure and central repairs account partially offset by estimated slippage on the Community Services Investment Fund, an underspend on additional funding for pension costs linked to auto-enrolment and a forecast over-recovery on vacancy savings. Work is ongoing to identify additional savings / underspends to cover off the unidentified savings figure of £1.330m (down from £2.345m in June).
Looked After Children	6,753,770	7,456,056	(702,286)	(10.4%)	Overspend arises mainly due to the high cost of meeting demand for expensive external care home placements and estimated slippage on efficiency savings designed to reduce this cost. This is currently partially offset by forecast underspends on the foster care and supporting young people leaving care budgets.
Child Protection	3,284,517	3,278,956	5,561	0.2%	Underspend arises due to lower than expected demand/costs in contact and Welfare services and for the Child Protection Committee partially offset by an overspend on agency staff in the Children and Families area teams.
Criminal Justice	97,339	(19,299)	116,638	119.8%	Underspend arises mainly due to vacant posts and estimated lower than budgeted spend on external services. The overall forecast is negative as the forecast spend is currently less than the specific grant payment for the year.
Children and Families Central Management Costs	2,445,588	2,497,588	(52,000)	(2.1%)	Overspend arises due to slippage on the delivery of savings partially offset by savings accruing from the delay in implementing new overnight staffing arrangements in the children houses and hostels, travel costs and from an accrual from 2017/18 which is no longer required.
Older People	34,917,428	34,354,574	562,854	1.6%	Underspend arises mainly due to lower than budgeted demand for care home placements partially offset by an overspend on the internal care homes.
Physical Disability	1,936,278	2,684,199	(747,921)	(38.6%)	Overspend arises mainly due to higher than budgeted demand as well as slippage on the delivery of efficiency savings for supported living services, higher demand for residential care placements and the purchase of equipment by the Integrated Equipment Store.
Learning Disability	14,176,053	15,570,713	(1,394,660)	(9.8%)	Overspend arises due to a combination of higher than budgeted demand for supported living and care home services and estimated slippage on savings developed to reduce both of these commitments partially offset by underspends in assessment and care management and respite.
Mental Health	2,700,963	2,585,794	115,169	4.3%	Underspend reflects current known demand for supported living services and staffing underspends on the addiction and area community support teams.

A red variance is a forecast variance which is greater than +/- £50,000.