

**REPORT TO:** East Lothian Council

**MEETING DATE:** 27 February 2018

**BY:** Depute Chief Executive (Resources & People Services)

**SUBJECT:** Financial Review 2017/18 Quarter 3

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## **1 PURPOSE**

- 1.1 To record the financial position at the end of the 3<sup>rd</sup> quarter of the financial year 2017/18. In accordance with elected member's recent decision, this report is now being brought forward to Council.

## **2 RECOMMENDATIONS**

- 2.1 Members are recommended to note the financial performance of services at the end of December 2017.

## **3 BACKGROUND**

### **Budget Summary**

- 3.1 At its meeting of 21 February 2017, the Council approved a budget for 2017/18 and an outline budget for two subsequent years. In addition, the Council meeting on 27 June 2017 approved a number of additional budget adjustments for 2017/18.
- 3.2 The 2017/18 General Services budget can be summarised as follows:
- Assumed levels of Scottish Government general revenue support grant of £166.852 million to support existing services
  - Assumed combined Council Tax income of £54.318 million
  - Additional Scottish Government funding of £9.377 million, to be used to support a number of specific and 'ring-fenced' areas including: Social Care, Criminal Justice, Pupil Equity Funding devolved directly

to individual schools, and additional grant provided to support the delivery of Early Learning and Childcare – 1140 hours expansion

- Planned general service expenditure of £209.924 million
- The utilisation of £2.530 million of General Reserves
- The requirement to deliver £2.1 million of recurring efficiencies across Business Groups.

### **Budget Adjustments**

3.3 The Quarter 3 position shows a number of service budget movements relating to ongoing service review activity, with the position to the end of December reflecting the following additional budget adjustment, details of which has been captured within the RSG figure highlighted in 3.2 above.

- Additional RSG of £0.785 million of new funding has been received to support Temporary Accommodation pressures. This budget has been allocated between Community Housing (£0.435 million) and Housing Benefit expenditure within Corporate Income (£0.350 million). The ability to deliver this commitment and allocation of budgets will be monitored closely.

3.4 The LG Finance settlement announced in mid-December, provided further clarity on outstanding funding streams relating to 2017/18 amounting to £0.471 million and it is recommended that these will be reflected in the ledger as set out below. Any recurring element of these funding streams has been reflected within 2018/19 Revenue Support Grant projections.

- Additional funding of £0.114 million has been received to support the 2017/18 Teachers Pay Award from January 2018, and this will be allocated directly to Education.
- Additional resources has been received to support the delivery of Discretionary Housing Payments, and it is recommended that £0.034 million is directed to support this.
- New funding of £0.006 million has been reflected within the settlement to deliver sensory impairment requirements, and it is recommended that this budget is allocated to the Adult Wellbeing Service.
- A further £0.287 million has been received in relation to a range of existing funding streams, all of which have estimated resource already provided within the current budget to meet expenditure commitments. These relate to; some additional resources to support the Council Tax Reduction Scheme, a reduction in lieu of Building Warrant Fee Income previously highlighted to Council in June 2017, funding to support the protection of Teacher numbers and Probationary Teachers, and a change to an historic funding grant. Given the growing number of service areas facing increased risk of overspend, it is recommended that this flexibility be retained corporately.

## General Services Summary for Quarter Three – 2017/18

- 3.5 As at the end of December, the financial ledgers record an underspend against General Services budget of £0.7 million (0.4%), compared with an underspend of £0.078 million reported at Quarter 2. A summary of the financial position across each of the Business Groups at the end of December 2017 is detailed at **Appendix 1**.
- 3.6 An overall financial risk assessment has been assigned to each of the service areas based on a review of current expenditure and known financial pressures, the basis of the risk assessment is set out in **Appendix 2**. Two service areas, Children's Wellbeing and Adult Wellbeing, have continued to be categorised as High Risk suggesting there is a high degree of certainty that the services will not operate within approved budgets. Seven service areas: Additional Support for Learning (ASL), Primary Client Budget, Planning, Asset Planning & Engineering, Property Maintenance, Facility Trading Activity, Roads (covering both Roads Services and Roads Network) have been categorised as Medium Risk, indicating that there is significant potential that these service areas will incur an overspend against approved budget during the year. Community Housing has now been categorised as Low Risk largely due to the additional funding provided to support Temporary Accommodation and Homelessness pressures. Those Service Managers responsible for areas which have been categorised as High or Medium risk have clear objectives and accountability to ensure financial commitments can be delivered within available resources. Given the financial position across the General Services budget, the Finance team will work with all service areas to closely review and monitor expenditure commitments between now and the end of the financial year.
- 3.7 Within the report we also provide an assessment of progress in implementing the planned efficiency measures/savings/increased income for the 2017/18 financial year. Based upon evidence presented by services, each Business Group has been assigned a category reflecting our assessment of progress being made against the planned 2017/18 efficiency savings. Most Business Groups are currently on target to achieve their planned efficiencies in year, the exceptions being Adult Wellbeing and Property Maintenance where the delivery of efficiencies will not all be delivered and have been categorised as 'Amber', suggesting that between 50% to 100% of budgeted savings are likely to be achieved by the end of the financial year. A composite efficiency programme for Adult's and Children's services has been developed and we are closely monitoring the progress of realising these savings. Furthermore, we will work with the Service Manager in Property Maintenance and Head of Service to assess further options for delivering the planned level of savings.
- 3.8 A summary of the main movements across each of the main service directorates are set out in more detail within the paragraphs below. Around £1.9 million relates to staffing underspends. All pay awards across all pay bargaining groups has now been awarded for 2017/18, with the average increase for Local Government staff estimated to be around 1.25% against

a budgeted pay award of 1%. In December, a pay award for Teachers was agreed for 2017/18 which will see a 1% increase from April 2017 and a further 1% increase from January 2018. Funding for this additional 1% uplift has been provided by the Scottish Government and will be applied from Period 10 onwards.

3.9 Despite the underspending on staffing budgets, these savings are being offset by a wide range of pressures on operational service areas and lower than budgeted income level projections, as Managers balance their overall service commitments within available budgets. More details around the key variables within service areas are set out within the narrative below.

3.10 At the end of December 2017, the **Resources and People Services** were reporting an overall underspend of £1.501 million (2.0%).

3.11 The **Education Group** covering: Pre-school, ASL, Primary, Secondary and School Support is currently reporting a collective underspend against service budgets of £0.927 million (1.4%).

- The Pre-school budget is reporting an underspend position of £0.268 million most of which is caused by staffing underspends. The budget includes the additional funding of £0.432 million to support the roll out of the 1140 hours.
- There are continuing and growing pressures on ASL budget, with the position as at December reporting an overspend against budget of £0.257 million, and projections suggesting that this may rise by the end of the financial year. Pressures continue to relate to the number of children in External Placements as well as wider transportation costs.
- Primary and Secondary schools budgets include both internal management or 'client' budgets as well as individual Devolved School Management budgets. A range of pressures exist in the Primary 'client' budget relating to facilities, transportation and number of classes. Most of the Primary and Secondary schools are currently expected to manage their resources within approved budgets including DSM carry forward levels, however there are currently two out of the six secondary schools that are showing indications of pressures. As expected of other Service Managers, the Head Teachers of these schools are working on plans to rectify the position. The budgets for Primary and Secondary schools includes the allocation direct to schools for the Pupil Equity Funding (PEF). We are working with Education colleagues to fully understand the cost commitments in relation to PEF and any potential carry forward commitments during the academic year. The PPP budget is reporting an underspend against budget of £0.214 million, in part caused by a period of vacancy and reduced insurance costs.
- The Schools Support budget is reporting an underspend of £0.151 million, caused by a number of vacant posts which have now been

filled, as well as lower than anticipated running costs in relation to the Future Technologies Centre.

- Across Council Resources, all of the service areas are reporting an underspend position to a total value of £0.574 million at end of December. This position is largely caused by some staff vacancies and prolonged recruitment difficulties in some areas although recently some posts have now been filled.

3.12 Within the **Health & Adult Care Directorate**, there remains significant financial challenges within both Children's and Adult services, and both areas remain categorised as being at High Risk of overspending during the year. As at December 2017, the Directorate was reporting an overspend against approved budgets amounting to £1.360 million (3.0%) and increase of approximately £0.5 million from the position reported at end of September.

- With respect to Children's, the service is reporting an increased overspend position from £0.300 million as at Q2 to £0.558 million (5.6%) as at Q3. Continuing pressures relate to a number of children placed in external residential care, External Fostering placements and high cost packages of care for children with disabilities. These collective pressures are partially offset by underspends in staffing (£0.112 million) and wider operational budgets including internal fostering budgets reflecting difficulties experienced in recruitment of foster carers across East Lothian. Efforts are being made to contain expenditure and in accordance with Standing Orders, a Cost Recovery Plan was developed. Despite this, it remains highly unlikely that the service will be able to contain commitments within approved budgets.
- With respect to Adult Wellbeing, the service has seen further increase in the reported overspend position from that of £0.553 million as at September 2017 to £0.802 million (2.2%) at end of December 2017. Most of this relates to services delivered to the elderly as well as learning disability clients. In particular, there have been increased costs of providing residential care, respite care and marginally lower than budgeted income levels although there are some signs of recovery in this respect. The service budgets for 2017/18 were balanced on the requirement to deliver the unachieved 2016/17 efficiency programme. A detailed and updated efficiency plan has been identified and work is on-going around the monitoring of this plan to ensure the savings can be delivered on a recurring basis. Some of these pressures are in part offset by staff savings which across the service amount to around £0.345 million. Whilst it remains likely that the Adult Services will continue to overspend during this year, there is some evidence that the service efficiency plans are mitigating increasing levels of overspending.
- Across both service areas, the Director of Health & Social Care, Heads of Service and the Health & Social Care Management Team continues to prioritise the recovery plan they produced in 2017 to bring the

financial position back in line with available resources. The Transformation Programme Team is also providing extensive support to the Health and Wellbeing teams to ensure the delivery of efficiencies and effective processes.

3.13 The **Partnerships & Services for Communities** budgets are reporting an underspend against planned budget of £0.536 million (1.5%) as at December 2017. As highlighted in paragraph 3.6, five service areas within this Directorate have been categorised as 'Medium Risk' – Planning, Property Maintenance, Asset Planning & Engineering, Facilities Trading Activity and Roads.

- The Planning service is currently reporting a small underspend against budget at December of £0.012 million (1.0%). There remains a risk in relation to the anticipated levels of planning income expected between January and March. As highlighted within the 2016/17 year-end financial review, the Scottish Government announced an increase to the statutory fee limits for planning applications effective from June 2017. This increase in projected fee income enabled an increase in staff required to meet the increasing demand, and budgets were flexed accordingly.
- The Property Maintenance service has a reported overspend against its planned surplus of £0.084 million as at December 2017. An increased level of surplus was planned for 2017/18. The service is struggling to achieve this and management have been asked to identify options to bring the level of planned surplus in line with budget. At this stage, it looks unlikely that the planned level of surplus will be achieved.
- The Asset Planning & Engineering service area covers a wide number of service requirements including; Building Standards, Strategic Asset Planning, income relating to Investment Properties, Estates as well as the revenue maintenance costs relating to the Council's general fund assets. Most of the operational areas are reporting an underspend position of £0.220 million, largely due to staffing underspends and increased income generation, however repairs and maintenance costs are currently reporting an overspend of £0.267 million. Much of this is due to statutory compliance work relating to a wide range of areas including; Asbestos, Electrical Testing, Legionella and Water Quality Works. Some of these pressures are being offset in part by re-prioritising existing scheduled planned work and underspends on other areas, but it remains likely that this area will overspend during the year.
- The Facilities Trading service has reported an overspend position of £0.039 million. These pressures relate to increased staff costs largely relating to Janitorial Services largely within schools. The Head of Service and Service Manager continue to engage with Head Teachers in order to address these areas of overspending to try and ensure that the service can deliver within the planned budget.

- The Roads Service (covering both Network and Services) are reporting a collective overspend as at end of September of £0.267 million. Some of this overspend (£0.127 million) is attributed to Coastal Car Parking with net income levels lower than planned budget. Delays have been experienced in generating income for the roads trading activity, and the Service Manager Roads will continue to review this closely and ensure that planned activity can be delivered within this financial year.
- 3.14 Most of the **Corporate Income** budgets are performing in line with expectations although gross Council Tax levied continues to be marginally lower than anticipated with a reported under-recovery against planned budget of £0.100 million.
- 3.15 Whilst the overall Quarter 3 financial ledger is reporting an improved position relative to that previously reported for Quarter 2, the overall position remains finely balanced and therefore challenging. The key messages highlighted at Quarter 2 remain valid, with a strong recommendation that all Council Managers are asked to ensure that they deliver their service commitments within their approved budget levels and where possible preserve areas of underspend.

### **Housing Revenue Account Summary for Quarter Three – 2017/18**

#### **Revenue**

- 3.16 At the end of December 2017, the Housing Revenue Account was reporting a net underspend against budget of £1.863 million (17.5%). Most of this variance relates to a combination of staff vacancies (£0.290 million), repair costs (£0.651 million), debt charges (£0.382 million) as well as wider under spends on most of the operational revenue budgets (£0.070 million). It is expected that the HRA revenue budget will deliver an operational underspend during 2017/18.

#### **Capital**

- 3.17 Details of the **Housing Revenue Account** capital budgets and expenditure as at 31 December 2017 are included at **Appendix 3**. The total capital budget approved for the HRA was £23.421 million including fees and mortgage to rent purchase, with £21.4 million available to deliver the Modernisation and New Affordable Housing Programmes. To the end of December 2017 the actual spend was £14.5 million representing 62% of the total budget.
- 3.18 The **Modernisation Programme** has expenditure to date of £7.098 million or over 63% of the planned programme. Many of the contracts are well under way and it is expected that the programme will deliver at or around budgeted levels by the end of the financial year.
- 3.19 The **Affordable Housing Programme** has expenditure to date of £7.359 million (73% of planned programme). This year's programme continues to focus on two main strategic sites (Pinkie Phase 3 and Russell Walk

North Berwick), and it is anticipated that both will complete end of February 2018. In addition, 14 Open Market Acquisitions have been made, with a further 10 identified and due to complete by end of March. If all of these projects are delivered during the year, the service expects that the New Affordable Housing Programme will deliver broadly in line with planned budget, with a small anticipated increase in Housing Grant subsidy secured from Scottish Government.

- 3.20 Despite two Mortgage to Rent applications having being received, as at December these applications have not been processed therefore the full costs has not yet been reflected within the financial ledger. It remains unlikely that the full budget allocation will be spent within this financial year.
- 3.21 The Housing Capital Programme will continue to be directed by HRA Programme Board which meets on a regular basis to oversee the operational deliver and strategic direction of the programme.

### **General Services Capital Budgets**

- 3.22 As part of the preparation to support the 2018/19 General Fund Capital budget there has been further re-profiling of the 2017/18 budget. For the majority of projects any underspend that is required for future years has been treated as a carry forward and was included within the 2018/21 budget approved by Council on 13 February 2018.
- 3.23 The Gross Capital expenditure re-profiled budget has reduced from £38.9 million to £37.6 million. There is a projected under-spend of £6.3m of which £5.7m will be carried forward to future years.
- 3.24 **Appendix 4** sets out the 2017/18 re-profiled budgeted expenditure to the end of December with actual expenditure totalling £16.8 million. The Quarter 2 budget for the year is presented for comparison with the re-profiled budget (gross) for Quarter 3.
- 3.25 We will continue to monitor the programme closely, however the Table below provides a summary of the current status and variances of key capital projects.

| <b>Project</b>              | <b>Narrative</b>                                                                                                                                                                    |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Port Seton Community Centre | Extended consultations has resulted in delays to the design programme. Contracted works for 17-18 expected to out-turn to budget. Majority of budget has been re-profiled to 18-19. |
| Whitecraig Community Centre | Works to be re-tendered due to original tender coming in above budget. Project re-profiled accordingly with efforts being made to achieve earlier site start                        |



|                                                      |                                                                                                                                                                                                                                              |
|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Support for Business/<br>Town centre<br>regeneration | Delayed due to longer than anticipated conveyancing lead times. Other opportunities to purchase land are being pursued. However, no spend is likely this financial year. Town Centre Regeneration is expected to outturn at £165k this year. |
| Dunbar Grammar                                       | Delay in start of project and budget has been re-profiled accordingly.                                                                                                                                                                       |
| Ross High School                                     | No expenditure expected 17-18. Carry forwards of ground survey fees into 18-19.                                                                                                                                                              |
| Windygoul Primary                                    | Project complete, with saving of £298k against overall budget realised.                                                                                                                                                                      |
| Prestonpans Early Learning and Childcare Centre      | Construction complete. Final payment and retention still outstanding. Centre opened on 28 November 2017.                                                                                                                                     |
| Wallyford Primary                                    | Delays in site purchase have resulted in delays to the commencement of the project. Contractor now on site and build in progress. Project expected to be delivered on time and within overall budget provision.                              |
| Pinkie St Peters Primary                             | Retention payment expected to be released in 17-18.                                                                                                                                                                                          |
| Synthetic Pitches                                    | Service working within reduced budget following transfer of budget provision to Ormiston Pavilion.                                                                                                                                           |
| Pavilions                                            | Transfer of budget from synthetic pitches to cover increased budget requirement for Ormiston Pavilion project.                                                                                                                               |
| Polson Park                                          | Budget brought forwards from 19/20 to meet initial demolition costs of pavilion.                                                                                                                                                             |
| Amenities - Machinery & Equipment - replacement      | No budget provision for 17-18.                                                                                                                                                                                                               |
| Cemeteries                                           | Nil spend expected this year due to protracted negotiations with landowners. Budget re-profiled.                                                                                                                                             |
| Coastal Car Parks/Toilets                            | Construction works delayed, and the underspend of £439k will be added to the approved budget of £11k for 18-19.                                                                                                                              |
| Parking Improvements                                 | Due to unforeseen access issues and project delays only minor work is anticipated to be carried out in 17-18, with the remainder carried forward into 18-19.                                                                                 |

|                                               |                                                                                                                                                                      |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Brunton Hall - Improved Community Access      | Budget re-profiled into 18-19.                                                                                                                                       |
| Replacement - CRM Project (Customer Services) | Due to changes in procurement process, project has been delayed. Project scheduled for 18-19 and budget re-profiled accordingly.                                     |
| Replacement - Corporate booking system        | Due to changes in procurement process, project has been delayed. Project scheduled for 18-19 and budget re-profiled accordingly.                                     |
| Meadowmill Depot                              | Groundworks expected to commence 18-19. Demolition expected to start this month at lower cost than originally budgeted. Ground survey fees carried forward to 18-19. |
| Accelerating Growth – Enabling Infrastructure | Outturn expected to be lower than budgeted for current year. Underspend re-profiled to future years.                                                                 |

#### **4 POLICY IMPLICATIONS**

- 4.1 There are no direct policy implications associated with this report although on-going monitoring and reporting of the Council's financial performance is a key part of the approved Financial Strategy.

#### **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report has been considered and given there is no change in policy direction, there is no requirement to undertake any further impact assessment.

#### **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – as described above
- 6.2 Personnel - none
- 6.3 Other – none




#### **7 BACKGROUND PAPERS**

- 7.1 Council 21 February 2017 – Item 1 – Council Financial Strategy 2017/18 – 2019/20
- 7.2 Council 21 February 2017 – Item 4a – Budget Proposals – Administration

- 7.2.1 Council 27 June 2017 – Item 4 – 2016/17 End of Year Financial Review
- 7.2.2 Members Library Report 102/17 – Financial Review 2017/18 – Quarter 1
- 7.2.3 Cabinet 14 November 2017 – Item 2 – Financial Review 2017/18 – Quarter 2
- 7.2.4 Council Budget 2018-2023 – 13 February 2018

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|----------------------|----------------------------|
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| <b>DATE</b>          | 15 February 2018           |

## REVENUE BUDGET PERFORMANCE at DECEMBER 2017

|                                                    | <u>Budget for<br/>the year</u> | <u>Actual for the<br/>period</u> | <u>Budget<br/>for the<br/>period</u> | <u>(Surplus) /<br/>Deficit for<br/>period</u> | <u>(Surplus)<br/>/ Deficit</u> | <u>Financial Risk<br/>Assessment</u> | <u>Progress with<br/>efficiency<br/>savings</u>                                       |
|----------------------------------------------------|--------------------------------|----------------------------------|--------------------------------------|-----------------------------------------------|--------------------------------|--------------------------------------|---------------------------------------------------------------------------------------|
| <b>Resources &amp; People Services</b>             |                                |                                  |                                      |                                               |                                |                                      |                                                                                       |
| Pre-school Education & Childcare                   | 6,675                          | 5,551                            | 5,819                                | (268)                                         | -4.6%                          | Low                                  |    |
| Additional Support for Learning                    | 7,992                          | 6,733                            | 6,476                                | 257                                           | 4.0%                           | Medium                               |                                                                                       |
| Schools - Primary                                  | 35,706                         | 25,134                           | 25,387                               | (253)                                         | -1.0%                          | Medium                               |                                                                                       |
| Schools - Secondary                                | 38,114                         | 26,349                           | 26,861                               | (512)                                         | -1.9%                          | Low                                  |                                                                                       |
| Schools Support Services                           | 2,185                          | 1,385                            | 1,536                                | (151)                                         | -9.8%                          | Low                                  |                                                                                       |
| Financial Services                                 | 1,608                          | 1,004                            | 1,216                                | (212)                                         | -17.4%                         | Low                                  |                                                                                       |
| Revenues & Benefits                                | 1,893                          | 1,072                            | 1,183                                | (111)                                         | -9.4%                          | Low                                  |                                                                                       |
| IT Services                                        | 1,950                          | 1,328                            | 1,355                                | (27)                                          | -2.0%                          | Low                                  |                                                                                       |
| Legal & Procurement                                | 520                            | 543                              | 581                                  | (38)                                          | -6.5%                          | Low                                  |                                                                                       |
| Human Resources & Payroll                          | 1,289                          | 950                              | 1,024                                | (74)                                          | -7.2%                          | Low                                  |                                                                                       |
| Licensing, Admin and Democratic Services           | 3,601                          | 2,650                            | 2,762                                | (112)                                         | -4.1%                          | Low                                  |                                                                                       |
|                                                    | <b>101,533</b>                 | <b>72,699</b>                    | <b>74,200</b>                        | <b>(1,501)</b>                                | <b>-2.0%</b>                   |                                      |                                                                                       |
| <b>Health &amp; Social Care Partnership</b>        |                                |                                  |                                      |                                               |                                |                                      |                                                                                       |
| Children's Wellbeing                               | 13,350                         | 10,438                           | 9,880                                | 558                                           | 5.6%                           | High                                 |   |
| Adult Wellbeing                                    | 49,632                         | 36,503                           | 35,701                               | 802                                           | 2.2%                           | High                                 |                                                                                       |
|                                                    | <b>62,982</b>                  | <b>46,941</b>                    | <b>45,581</b>                        | <b>1,360</b>                                  | <b>3.0%</b>                    |                                      |                                                                                       |
| <b>Partnerships &amp; Services for Communities</b> |                                |                                  |                                      |                                               |                                |                                      |                                                                                       |
| Community Housing                                  | 2,078                          | 1,805                            | 1,875                                | (70)                                          | -3.7%                          | Low                                  |  |
| Customer Services                                  | 3,120                          | 2,876                            | 2,867                                | 9                                             | 0.3%                           | Low                                  |                                                                                       |
| Community & Area Partnerships                      | 8,419                          | 6,177                            | 6,274                                | (97)                                          | -1.5%                          | Low                                  |                                                                                       |
| Arts                                               | 677                            | 295                              | 308                                  | (13)                                          | -4.2%                          | Low                                  |                                                                                       |
| Corporate Policy & Improvement                     | 939                            | 926                              | 943                                  | (17)                                          | -1.8%                          | Low                                  |                                                                                       |
| Planning                                           | 1,150                          | 1,239                            | 1,251                                | (12)                                          | -1.0%                          | Medium                               |                                                                                       |
| Asset Planning & Engineering                       | 2,228                          | 2,882                            | 2,836                                | 46                                            | 1.6%                           | Medium                               |                                                                                       |
| Economic Development & Strategic Development       | 3,128                          | 2,156                            | 2,332                                | (176)                                         | -7.5%                          | Low                                  |                                                                                       |
| Facility Trading                                   | (124)                          | (1,393)                          | (1,432)                              | 39                                            | -2.7%                          | Medium                               |                                                                                       |

|                                    |                |                |                |              |               |
|------------------------------------|----------------|----------------|----------------|--------------|---------------|
| Facility Services                  | 3,467          | 2,853          | 2,940          | (87)         | -3.0% Low     |
| Landscape & Countryside Management | 4,938          | 4,707          | 4,815          | (108)        | -2.2% Low     |
| Healthy Living                     | 3,621          | 2,339          | 2,372          | (33)         | -1.4% Low     |
| Property Maintenance               | (713)          | (291)          | (375)          | 84           | -22.4% Medium |
| Roads Network                      | 4,466          | 3,181          | 3,060          | 121          | 4.0% Medium   |
| Roads Trading                      | (777)          | (378)          | (524)          | 146          | -27.9% Medium |
| Transportation                     | 1,352          | (293)          | (125)          | (168)        | 134.4% Low    |
| Waste                              | 7,440          | 5,335          | 5,535          | (200)        | -3.6% Low     |
|                                    | <b>45,409</b>  | <b>34,416</b>  | <b>34,952</b>  | <b>(536)</b> | <b>-1.5%</b>  |
| <b>Total of all departments</b>    | <b>209,924</b> | <b>154,056</b> | <b>154,733</b> | <b>(677)</b> | <b>-0.4%</b>  |



#### Corporate Management

|                                   |                  |                  |                  |             |              |
|-----------------------------------|------------------|------------------|------------------|-------------|--------------|
| Revenue Support Grant (inc. NNDR) | (166,852)        | (106,343)        | (106,343)        | -           | 0.0% Low     |
| Specific Grants                   | (3,137)          | (1,570)          | (1,570)          | -           | 0.0% Low     |
| Council Tax                       | (54,318)         | (54,730)         | (54,830)         | 100         | -0.2% Medium |
| Social Care Fund                  | (6,240)          | (4,598)          | (4,598)          | -           | 0.0% Low     |
| Council Tax Reduction             | 5,000            | 4,935            | 5,000            | (65)        | -1.3% Low    |
| Other                             | 17,998           | 8,827            | 8,956            | (129)       | -1.4% Low    |
| Apprenticeship Levy               | 503              | 345              | 335              | 10          | 3.0% Low     |
| Joint Board Requisitions          | 647              | 480              | 480              | -           | 0.0% Low     |
| HRA Transfer                      | (995)            | -                | -                | -           | 0.0% Low     |
| Transfer to Reserves              | (2,530)          | -                | -                | -           | 0.0% Low     |
|                                   | <b>(209,924)</b> | <b>(152,654)</b> | <b>(152,570)</b> | <b>(84)</b> | <b>0.1%</b>  |

#### Total General Services

|  |   |       |       |       |        |
|--|---|-------|-------|-------|--------|
|  | - | 1,402 | 2,163 | (761) | -35.2% |
|--|---|-------|-------|-------|--------|

HRA - (12,521) (10,658) (1,863) 17.5% Low

#### TOTAL ALL COUNCIL

|  |   |          |         |         |       |
|--|---|----------|---------|---------|-------|
|  | - | (11,119) | (8,495) | (2,624) | 30.9% |
|--|---|----------|---------|---------|-------|

| Financial Risk | Factors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Implications                                                                                                                                                                                                                                                                                                                                         |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>High</b>    | <ul style="list-style-type: none"> <li>- The Business Group has been assessed as likely to overspend in the financial year</li> <li>- There has been a history of overspending within Units / Groups</li> <li>- There are new or revised funding arrangement and / or legislature changes with financial significance</li> <li>- Trading Accounts are in deficit for the year.</li> <li>-Grant schemes, on which the Council is reliant are either unconfirmed or have not been confirmed</li> <li>-The service is demand led and the Council has restricted control over the level and form of service</li> <li>- New Services are planned</li> </ul> | <ul style="list-style-type: none"> <li>-Cabinet &amp; Members Library reports with financial implications are not passed under delegated powers</li> <li>-Directors / Heads of Service will be asked to prepare a financial recovery plan</li> <li>-The Head of Council Resources may take enforcement action to ensure budgetary control</li> </ul> |
| <b>Medium</b>  | <ul style="list-style-type: none"> <li>- There is significant potential that Business Group could overspend in the financial year</li> <li>- There have been previous incidences of some overspending within Units / Groups</li> <li>- There are new or revised funding arrangement and / or legislature changes with financial significance</li> <li>- Trading Accounts are having difficulty meeting financial targets</li> <li>-Grant schemes, on which the Council is reliant are either unconfirmed or have not been confirmed</li> </ul>                                                                                                         | <ul style="list-style-type: none"> <li>-Members library reports are only passed when financial implications are addressed</li> <li>-Directors / Heads of Service will be asked to identify actions necessary to ensure expenditure is within budget by the year-end.</li> </ul>                                                                      |
| <b>Low</b>     | <ul style="list-style-type: none"> <li>-Finances are generally under control for the current financial year</li> <li>-Stable legislature, trading and funding environment</li> <li>-The service is supply led - i.e. the Council can decide the level and form of service</li> <li>-Finances in previous financial years have been controlled</li> <li>-Grant schemes are stable and not anticipated to change significantly</li> </ul>                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>-Members library reports are approved promptly under delegated powers</li> </ul>                                                                                                                                                                                                                              |

## HOUSING CAPITAL SPEND & FINANCING AS AT 31 DECEMBER 2017

|                                          |                         | <b>Appendix 3</b>     |                             |
|------------------------------------------|-------------------------|-----------------------|-----------------------------|
|                                          | <b>Budgeted (£000s)</b> | <b>Actual (£000s)</b> | <b>Over/(Under) (£000s)</b> |
| Mortgage to Rent                         | 750                     | 0                     | (750)                       |
| Modernisation Spend (also see below)     | 11,297                  | 7,098                 | (4,199)                     |
| Gross Affordable Homes spend             | 10,120                  | 7,359                 | (2,761)                     |
| Fees                                     | 1,254                   | 0                     | -                           |
| <b>Gross Total Housing Capital Spend</b> | <b>23,421</b>           | <b>14,457</b>         | <b>(8,964)</b>              |

### Modernisation Programme - Detailed

|                                          |               |              |                |
|------------------------------------------|---------------|--------------|----------------|
| <b>Work in Progress</b>                  | 0             | 668          | 668            |
| Disabled Adaptations                     | 800           | 391          | (409)          |
| Central Heating                          | 2,200         | 1,071        | (1,129)        |
| Electrical Re-wiring                     | 1,180         | 968          | (212)          |
| Structural surveys                       | 60            | 51           | (9)            |
| Fencing Programme                        | 200           | 206          | 6              |
| Energy Efficiency                        | 200           | 132          | (68)           |
| Kitchen Replacement Prog.                | 1,600         | 1,019        | (581)          |
| Project Works                            | 450           | 397          | (53)           |
| Roofing / Roughcasting / external fabric | 550           | 111          | (439)          |
| Stair Improvement Programme              | 50            | -            | (50)           |
| Sheltered Housing                        | 100           | 13           | (87)           |
| Roads / Walkway pre-adoption works       | 150           | -            | (150)          |
| Dispersed Alarms                         | -             | 4            | 4              |
| Local Initiatives:Projects               | 200           | 49           | (151)          |
| Window & Door Replacement Prog.          | 250           | 146          | (104)          |
| Bathroom Replacement                     | 2,020         | 1,332        | (688)          |
| Extensions                               | 250           | 90           | (160)          |
| Lead Water Pipes                         | 10            | 19           | 9              |
| Asbestos Works                           | 450           | 139          | (311)          |
| IT Projects                              | 5             | -            | (5)            |
| Open Market Acquisition Remedial Works   | 375           | 256          | (119)          |
| Service Improvements                     | 100           | 36           | (64)           |
| Unallocated Budget                       | 97            | -            | (97)           |
| <b>TOTAL</b>                             | <b>11,297</b> | <b>7,098</b> | <b>(4,199)</b> |

**GENERAL SERVICES CAPITAL SPEND AS AT 31 DECEMBER 2017**

**Appendix 4**

| Name of Project                                   | Quarter 2                      | Quarter 3                      | Actual for the period | Forecast Spend |
|---------------------------------------------------|--------------------------------|--------------------------------|-----------------------|----------------|
|                                                   | Reprofiled Budget for the year | Reprofiled Budget for the year |                       |                |
|                                                   | £000                           | £000                           | £000                  | £000           |
| Herdman Flat                                      | 200                            | 200                            | -                     | -              |
| Property Renewals                                 | 900                            | 900                            | 692                   | 900            |
| Prestongrange Museum                              | 55                             | 55                             | 17                    | 55             |
| Port Seton Community Centre                       | 33                             | 131                            | 121                   | 131            |
| Whitecraig Community Centre                       | 527                            | 13                             | 4                     | 13             |
| Community Intervention                            | 500                            | 500                            | 213                   | 250            |
| Support for Business / Town Centre Regeneration   | 600                            | 700                            | 87                    | 165            |
| Future Technologies Centre                        | 43                             | 43                             | 8                     | 14             |
| Early years Expansion - 1140 hours                | 618                            | 413                            | -                     | 413            |
| Dunbar Grammar                                    | 4,000                          | 4,000                          | 1,021                 | 3,600          |
| Dunbar Primary - Lochend Campus                   | 65                             | 65                             | 19                    | 21             |
| North Berwick High School                         | 850                            | -                              | -                     | -              |
| Law Primary                                       | 5,809                          | 5,809                          | 4,050                 | 5,809          |
| Kings Meadow Primary - temp prov'n Letham Primary | 131                            | 131                            | 117                   | 128            |
| Letham Primary - New Build                        | 230                            | 147                            | 128                   | 147            |
| Ross High School                                  | 20                             | 20                             | -                     | -              |
| Ormiston Primary                                  | 35                             | -                              | -                     | -              |
| Windygoul Primary                                 | 352                            | 352                            | 54                    | 54             |
| Prestonpans Infant School                         | -                              | -                              | 5                     | 5              |
| Prestonpans Early Learning and Childcare Centre   | 550                            | 550                            | 514                   | 550            |
| Wallyford Primary                                 | 8,240                          | 8,240                          | 2,771                 | 5,500          |
| Pinkie St Peter's Primary                         | 8                              | 8                              | 1                     | 65             |
| Vehicles                                          | 1,350                          | 1,350                          | 1,026                 | 1,350          |
| Synthetic pitches                                 | 80                             | 80                             | 41                    | 44             |
| Pavilions                                         | 705                            | 705                            | 639                   | 705            |
| Sports Centres                                    | 200                            | 200                            | 63                    | 200            |
| Mains Farm Sports Pitch & Pavilion                | -                              | 10                             | -                     | 10             |
| IT Program                                        | 1,500                          | 1,500                          | 904                   | 1,483          |
| IT - Elected members                              | 25                             | 25                             | 12                    | 42             |
| Core Path Plan                                    | 149                            | 149                            | 115                   | 149            |
| Polson Park                                       | -                              | 25                             | -                     | 25             |
| Amenties - Machinery & Equipment - replacement    | -                              | -                              | 39                    | 39             |
| Waste - Machinery & Equipment - replacement       | 40                             | 40                             | 16                    | 40             |
| Cemeteries                                        | 440                            | 440                            | -                     | -              |
| Coastal Car Parks/Toilets                         | 150                            | 439                            | 14                    | 14             |
| Coastal / Flood Protection                        | 210                            | 210                            | 78                    | 258            |
| Promenade Improvements - Fisherrow                | 23                             | 23                             | -                     | -              |
| Cycling Walking Safer Streets                     | 141                            | 141                            | -                     | 141            |
| Roads - core and externally funded projects       | 5,743                          | 5,494                          | 3,804                 | 5,494          |
| Parking Improvements                              | 500                            | 500                            | -                     | 26             |
| Waste - New Bins                                  | 90                             | 90                             | 102                   | 121            |
| Brunton Hall - Improved Community Access          | -                              | 30                             | -                     | -              |



|                                                  |                 |               |               |                 |
|--------------------------------------------------|-----------------|---------------|---------------|-----------------|
| Replacement - CRM Project (Customer Services)    | 225             | 225           | -             | -               |
| Replacement - Corporate booking system           | 32              | 32            | -             | -               |
| Carberry Landfill Gas management                 | 250             | 250           | 137           | 137             |
| Prestonpans Shared Facility                      | 20              | 20            | -             | 18              |
| Meadowmill Depot                                 | 28              | 50            | 1             | 38              |
| Accelerating Growth - Enabling Infrastructure    | 1,600           | 1,600         | 31            | 1,250           |
| Haddington Corn Exchange                         | 50              | 50            | 1             | 1               |
| Town Centre Toilets re-furbishment/New Provision | -               | 100           | -             | -               |
| <b>sub-total before year end allocations</b>     | <b>37,317</b>   | <b>36,055</b> | <b>16,845</b> | <b>29,405</b>   |
| <b>Capital Plan Fees/Internal Recharges</b>      | <b>1,604</b>    | <b>1,604</b>  | <b>-</b>      | <b>1,604</b>    |
| <b>TOTAL</b>                                     | <b>38,921</b>   | <b>37,659</b> | <b>16,845</b> | <b>31,009</b>   |
| <b>Total Income</b>                              | <b>(25,359)</b> |               |               | <b>(25,233)</b> |
| <b>Net Expenditure</b>                           | <b>13,563</b>   |               |               | <b>5,776</b>    |