

Financial Monitoring 2012/13 – General Fund Revenue – Material VariancesEducation and Children's ServicesChildren and Families

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Children's Homes Staffing	Overtime and Locum Costs to cover sickness absence.	126	148	145	152	Sickness absence issues are currently being addressed by the Head of Service and HR. Overtime now has to be approved by the Head of Service.
Agency Staff and Performance Factor	Agency staff in child protection teams and low staff turnover in other teams.	61	(13)	(26)	(47)	All Child protection and social work vacancies are filled by locum staff until permanent employees are in place to ensure that no child in Midlothian is left unallocated.  Vacancies have arisen in other teams since quarter 1 and wherever possible have been held vacant.
Other Services Commissioned for Social Work clients	Demand for placements in residential schools and care homes exceeds budget.	46	4	27	220	The service is experiencing growing demand for placements in residential schools and care homes. Access to placements is controlled by the Multi Agency Resource Group (MARG) which also reviews the requirement for placements on a regular basis. The effect of changes in demand has been addressed in the 2013/14 budget.
Other variances	This figure includes miscellaneous over and underspends covering the remaining areas of the Children and Families budget.	13	4	5	(23)	Mainly demand led services offset by some underspends elsewhere that have no impact on frontline services.
<b>Gross Overspend</b>		<b>246</b>	<b>143</b>	<b>151</b>	<b>302</b>	
<i>Offset by:</i>						
Family Placements	The level of placements is not as high	(105)	(72)	(43)	(78)	This variance has been addressed as part of the

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	as was anticipated when the budget was set.					2013/14 budget setting process.
<b>Net Overspend</b>		<b>141</b>	<b>71</b>	<b>108</b>	<b>224</b>	

### Communities and Support

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Employee Performance Factor	Low staff turnover was projected to mean Performance factor was not achieved. A favourable swing with posts held vacant was seen in the last quarter.	20	44	41	(32)	No impact on frontline service.
Community Leisure and Development	Staffing underspent by £55k due to vacancies in the CLD West team and slippage in adult learning programmes.  Remainder of underspend in budgets that were not required.	25	(30)	(1)	(97)	
Misc	Miscellaneous over and underspends across the service	2	(6)	(1)	12	No impact on frontline service.
<b>Gross Overspend</b>		<b>47</b>	<b>8</b>	<b>39</b>	<b>(117)</b>	
<i>Offset by:</i>						
Further Education Bursaries .	No applications for bursaries for children with disabilities.	(41)	(41)	(41)	(41)	No impact on frontline service.
PEEP / Bookstart Courses	Slippage in programme.	0	(47)	(40)	(35)	Delays in recruiting group leaders.
<b>Net Overspend (underspend)</b>		<b>6</b>	<b>(80)</b>	<b>(42)</b>	<b>(193)</b>	

## Education

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Home to School Transport	Contract renewals in the year which have higher than budgeted annual uplifts and extra routes required, particularly to Beeslack High School as a result of First Bus cancellation of services.	58	90	156	119	New routes were required at the start of the 2012/13 school year.  The travel team will continue to work with contractors to ensure best value.
ICT Contract Renewal Costs	Increase in contract costs from short-term contract renewals for network services to schools.	30	30	30	33	Strategic review of IT and EWiM project will determine future direction of travel for IT and will allow longer term better value contracts to be entered into.
Other non-material variances		15	15	25	21	No impact on frontline services.
<b>Gross Overspend</b>		<b>103</b>	<b>135</b>	<b>211</b>	<b>173</b>	
<i>Offset by:</i>						
Schools Devolved School Management	A reduction in Teachers average salaries from budget mainly due to the release of teachers on higher salaries and the use of newly qualified teachers.	(280)	(280)	(280)	(514)	This is reflected in the 2013/14 base budget.
Rates	Increased rateable values for Schools were appealed in previous years. Successful outcome of appeals results in a one-off underspend against budget	0	0	0	(287)	The ongoing impact on 2013/14 and future year budgets will be highlighted in future reports.
PPP Contracts	Annual contracted uplifts are less than budgeted and savings from further clarification of the utilities risk sharing mechanism.	(214)	(113)	(113)	(258)	This is reflected in the 2013/14 base budget.
Nurseries – Private and Council Run	Pupil numbers are lower than budgeted.	(226)	(246)	(246)	(256)	In November 2011 an analysis of nursery waiting lists indicated a significant increase in nursery rolls for 2012/13. The excess demand over Council nursery

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						capacity was transferred to Private Nursery Payments. This anticipated increase did materialise.  A new methodology has been introduced to manage and project nursery enrolments and this has been used to construct the 2013/14 budget.
Staff Performance Factor / variances	Vacancies unfilled.	(5)	(24)	(15)	(22)	
Hopefield Temporary Units	Units no longer required.	(55)	(55)	(55)	(73)	More efficient use of space within Hopefield was made until the new school opened.
<b>Net underspend</b>		<b>(677)</b>	<b>(583)</b>	<b>(498)</b>	<b>(1,237)</b>	

## Communities and Wellbeing

### Adult and Community Care

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Residential Homes for Older People	Overspend on employee costs within the homes (Pentland House £60k, Newbyres Village £223k offset by Highbank £15k) due to the requirement to use locum staff and overtime to cover gaps in the rota.	343	276	274	268	Pentland House will close in 2013/14 and extra care housing will open late-summer 2013. A transition plan is in place to manage the running costs of Pentland House. Plans are being made to deploy staff effectively during the transition phase to assist in other high demand areas. Work continues at Newbyres to reduce sickness absence and therefore reduce spend on agency and locum staff.
	Overspend across all homes on running costs such as cleaning materials, first aid supplies and equipment which reflects the rising levels of need of residents.	44	33	40	40	The review of the running costs has focused on food and a clear and achievable budget is in place for 2013/14. Work is ongoing around other costs such as equipment and will be met through the approved 2013/14 budget for demographic pressures.
	Overspend on provisions in all homes due to cost pressures.	24	31	26	26	
	Projected Income from residents recoveries at Pentland House is less than budget (£159k). Income at Newbyres exceeds budget by £50k.	168	158	158	109	This is a consequence of the transition phase at Pentland House.
Community Care Resource Panel	Assessed needs for elderly and learning disability care packages are more than budgeted.	387	1,094	1,000	939	The Resource Panel will continue to allocate resources where a critical or substantial need has been identified. Scrutiny of all applications is ongoing to ensure effective spend to meet assessed needs in line with eligibility criteria.  There are variations year on year such as the

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
						<p>number of Learning Disability cases through transition some of which are high cost. Better planning is now in place to minimise this risk in the future.</p> <p>A number of actions have been taken since December. The overspend reduced from that projected at quarter 3 and the full impact of these actions will be realised in 2013/14.</p> <p>The 2013/14 budget has been adjusted to reflect existing and potential demographic demand pressures.</p>
Fieldwork staffing costs	Employee performance factor not fully achieved due to essential cover being provided for frontline posts.	110	91	76	112	Use of agency staff to cover vacancies is at a minimum and vacancies are being held. There is a potential impact on waiting times.
Joint Equipment store	Increasing usage reflects impact of demographic pressures and shifting the balance of care towards people remaining in their own homes.	97	103	95	118	Demand led. Future years budgets have been reviewed.
Cherry Road, Community Action Team and Adult Resource Team	Employee performance factor not fully achieved due to essential cover being provided for frontline posts.	82	99	107	65	Maintaining staffing levels helps reduce pressure on the resource panel budget.
Home Care	Overspend on overtime	0	249	176	141	Due to issues with an external home care provider the in-house service has been facing increasing service demands and used overtime to meet these. As the external provision issues are resolved the overspend reduced.
<b>Gross Overspend</b>		<b>1,255</b>	<b>2,134</b>	<b>1,952</b>	<b>1,818</b>	
<i>Offset by:</i>						
Criminal Justice	An increase in the level of grant funding results in a projected underspend.	(113)	(88)	(120)	(126)	No impact on frontline service.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Non-staffing element of Learning and Development Budget	Activity is less than budgeted due to slippage in new initiatives.	(30)	(143)	(132)	(153)	No impact on frontline service. Budget is anticipated to be fully spent in 2013/14.
Adult Support and Protection	Current demand in relation to legal expenses.	0	(99)	(131)	(144)	No impact on frontline service.
Income	An over-recovery against budget on income from service users and contributions from other Local Authorities and Health.	0	0	0	(239)	No impact on frontline service.
Other variances	Across the remainder of the service.	(135)	(106)	(174)	(85)	No impact on frontline service.
<b>Net Overspend</b>		<b>977</b>	<b>1,698</b>	<b>1,395</b>	<b>1,071</b>	

#### Business Transformation

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Miscellaneous Supplies and Services	Net underspend.	(20)	(2)	(4)	(2)	Movement between quarters 1 and 2 due to extension on temporary arrangement to support Business Transformation. No impact on frontline service.
<b>Net Underspend</b>		<b>(20)</b>	<b>(2)</b>	<b>(4)</b>	<b>(2)</b>	

## Housing and Community Safety

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Homelessness accommodation	The number of people requiring accommodation exceeds the number budgeted due to: 1) an increased volume of presentations; 2) difficulties moving clients on from Bed and Breakfast accommodation to other types of accommodation due to a mismatch between available accommodation and the support needs and accommodation size requirements of clients.	207	204	174	272	At the time of setting the 2012/13 budget it was anticipated that there would be an average nightly requirement of around 77 bed spaces and the B and B accommodation budget was set on that basis. The average occupancy over the year was 89 places.
	Housing Benefit subsidy shortfall for people placed in Private Sector Leasing properties due to changes in benefit rules.	133	133	133	83	Housing Benefit Subsidy rules mean that not all cost of Private Sector Leased placements is recovered through subsidy. However, the net loss in subsidy is still significantly lower than the cost of placing people in Bed and Breakfast accommodation.
<b>Gross Overspend</b>		<b>340</b>	<b>337</b>	<b>307</b>	<b>355</b>	
<i>Offset by:</i>						
Private Sector Housing Grants	Demand was lower in 2012/13 than compared to previous years.	0	0	0	(60)	No impact on frontline service.
Additional Grant Income	Additional grant awarded for Air quality and Private water supply.	0	0	0	(13)	No impact on frontline service.
Vacancies	Unfilled vacancies in Environmental Health and Trading Standards	0	0	0	(78)	It is anticipated that these will be filled by July 2013.
Other non-material variances		(25)	(20)	(40)	(36)	No impact on frontline service.
<b>Net Overspend</b>		<b>315</b>	<b>317</b>	<b>267</b>	<b>168</b>	



## Corporate Resources

### Commercial Operations

<b>Description of Variance</b>	<b>Reason for Variance</b>	<b>Quarter 1 £000</b>	<b>Quarter 2 £000</b>	<b>Quarter 3 £000</b>	<b>Quarter 4 £000</b>	<b>Additional information / Action taken</b>
Waste Service Review	Movement on staffing and vehicle costs along with a less favourable market for selling recyclate.	366	379	379	288	An increase in the price obtained for co-mingled recyclate has mitigated the variance expected earlier in the year.
Waste Disposal Costs	Projected tonnage to landfill exceeds budgeted tonnage.	336	321	321	249	The methodology used to calculate projected landfill tonnages has been revised for future years budgets and demographic pressures that are now being felt have been factored into this.
Trade Waste	Income from Trade waste customers is projected to be lower than budgeted.	87	87	70	76	A report on 2013/14 prices was presented to Council on 5 <sup>th</sup> February 2013.
Winter Maintenance	Additional costs incurred in dealing with severe weather offset by a higher than budgeted surplus for the trading account due to volume of winter work.	0	0	0	282	Demand led budget dependant on weather conditions.
Roads Staffing	Low staff turnover means that the performance factor has not been achieved.	67	70	70	25	As vacancies arose they were held if possible to reduce the overspend.
Vogie Golf Course Income	Poor weather conditions have had an adverse effect on income.	38	41	38	41	Options being progressed in an effort to encourage more players.
Olympic Torch	Costs incurred in erecting and removing barriers, laying out cones, stewarding etc.	36	36	39	41	One-off costs.
Road Closure Costs	Road closures at Ramsay Cottages.	35	35	35	45	One-off costs
Vogie Parking income	The barrier at the entrance to the car park has been broken meaning there were periods when no income was collected. Adverse weather has also affected visitor numbers to the park.	20	29	28	25	A temporary repair has been carried out to fix the barrier.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Dalkeith Town Centre Car Parking	Usage of pay and display car parks is lower than anticipated.	9	9	9	9	As reported to Council on 14 <sup>th</sup> August 2012 the Director, Corporate Resources is working with the current operators regarding the contractual arrangements.
<b>Gross Overspend</b>		<b>994</b>	<b>1,007</b>	<b>989</b>	<b>1,081</b>	
<i>Offset by:</i>						
Landscaping Income	Land Services are carrying out a number of projects generating additional income.	0	(89)	(66)	(66)	This offsets the Land Services overspends shown above.
Welfare Transport staffing	Vacancies and a reduction in overtime.	0	0	0	(41)	A saving of £18,840 for a vacant post has been approved as part of the 2013/14 budget.
Bus Shelter Maintenance	Cost of repairs is less than budgeted.	0	0	0	(27)	A saving of £15,000 has been approved as part of the 2013/14 budget as a consequence of a move to a reactionary maintenance service.
Other non-material variances		0	0	0	(29)	No impact on frontline services.
<b>Net Overspend</b>		<b>994</b>	<b>918</b>	<b>923</b>	<b>918</b>	

#### Customer Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Legal Services	Demand for Legal Services for Child Protection cases exceeds budget.	140	142	142	126	Demand Led. Legal costs associated with Child protection cases have consistently been over budget in recent years reflecting demand. The 2013/14 budget has been adjusted to reflect this.
Employee Performance Factor	Insufficient vacant posts to meet performance factor.	135	26	26	(189)	A number of vacancies across all sections have contributed to reducing the projected overspend.
Revenues systems	Software support costs exceed budget provision.	30	13	13	13	Reduced costs in IT have allowed projected overspend to reduce.
Contact Centre Telephony	Software support and annual maintenance costs exceed budget provision.	0	16	16	12	Ongoing funding for these costs is being considered.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Inhibition Orders	Budgeted recovery from inhibition orders is not realised.	0	66	66	66	Income will be realised in future years and reflected in increased council tax collection.
Other non-material variances		0	24	21	36	No impact on frontline services.
<b>Gross Overspend</b>		<b>305</b>	<b>287</b>	<b>284</b>	<b>64</b>	
<i>Offset by</i>						
Housing and Council tax Benefits	Subsidy received exceeds benefits paid.	0	0	0	(196)	The primary reason for the variance is additional subsidy received on overpaid benefits.
IT new projects	Slippage in implementation of new projects	0	0	0	(43)	This has resulted in year 1 costs being lower than anticipated.
Penalty Income	Additional income from improved collection of debts offset by increased sheriff officer fees	0	0	0	(28)	Improved collection rates increase penalty income recovered.
Safeguarders Fees	Requirement to appoint safeguarders is demand led and currently shows an underspend against budget.	0	(20)	(20)	(17)	Demand led.
Out of Hours Call service	Reduced charge from East Lothian Council due to lower call volumes.	0	0	0	(6)	Demand Led
<b>Net Overspend</b>		<b>305</b>	<b>267</b>	<b>264</b>	<b>(226)</b>	

## Finance and Human Resources

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Employee Performance Factor	Insufficient vacant posts to meet performance factor.	49	66	40	42	Reduction reflects the latest projection of staffing across the service.
Central Postages	The volume and cost of postages exceeds budget.	45	58	65	61	A review is underway to critically assess the need for all postages and so avoid any non-essential expenditure.
Internal Audit Shared Service	Budgeted income for Shared Service with East Lothian Council will not be achieved in this financial year.	25	25	25	25	Work continues with East Lothian Council to progress potential areas where sharing services brings mutual benefit.
Other non-material variances		14	13	(1)	21	No impact on frontline services.
<b>Gross Overspend</b>		<b>157</b>	<b>162</b>	<b>129</b>	<b>149</b>	

## Planning and Development

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Fee Income	Fees associated with planning applications and building warrants are higher than budgeted.	(73)	(60)	(14)	(85)	Conditions in the housing and development markets remain depressed. However, there are some early indications of greater development interest.
E-Planning Project Budget	Ongoing maintenance costs for E-Planning are less than budget.	(22)	(22)	(22)	(41)	The E-Planning project has now been fully implemented in line with the original project plan allowing accurate annual maintenance costs to be established. They are reflected in future years budgets.
Vacancies	Long term vacancies.	0	(9)	(9)	(24)	Generally no impact on frontline services except for Biodiversity Officer post which impacts on specific Single Midlothian Plan objectives.
Specialist Structural Engineer works	A reduction in work needing contracted out due to economic downturn.	0	(6)	(6)	(4)	No impact on frontline services
Other non-material		0	0	0	(21)	No impact on frontline services.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
variances						
<b>Net Underspend</b>		<b>(95)</b>	<b>(97)</b>	<b>(51)</b>	<b>(175)</b>	

### Properties and Facilities Management

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Building Maintenance	The move to fixed salaries impacted upon productivity and a number of steps were taken to address this resulting in an improved position.	377	320	252	162	Whilst the position has improved close monitoring will continue.
Energy Costs	Due to increased usage during poor summer in 2012 and prolonged cold winter.	0	0	0	139	
Asset Management / EWIM	Costs of £131k have been incurred in 2012/13 that were not budgeted. This relates primarily to staff costs.	0	0	0	131	
Snowsports Centre	Shortfall in income target	0	50	50	0	A successful winter season, particularly in respect of special events, has mitigated the expected shortfall in income.
	Vacant Posts	0	(36)	(36)	(39)	No impact on frontline services.
Other Sport and Leisure	Shortfall in income target	0	0	16	57	Facility usage is less than budgeted and is being closely monitored.
Facilities	An overspend on school meal food costs has arisen due to a combination of a higher than expected unit cost per meal and an increased uptake of school meals. This is mitigated by savings in staff costs in Facilities Services	0	0	0	21	Until costs and menu composition are currently under review.
	Janitorial review was expected to	0	0	0	55	

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
	generate £55k savings in maintenance and utility costs in 2012/13 and annually thereafter. These savings have not materialised.					
<b>Gross Overspend</b>		<b>377</b>	<b>334</b>	<b>282</b>	<b>526</b>	
<i>Offset by</i>						
Sport and Leisure	Over achievement of performance factor	0	(34)	(62)	(109)	This offsets the overspend shown above. No impact on frontline services
Professional fees recharged to the Capital Account	Acceleration of the HRA Capital Plan has led to greater than anticipated fees being recovered from Capital.	0	0	0	(75)	
<b>Gross Overspend</b>		<b>377</b>	<b>300</b>	<b>220</b>	<b>342</b>	

### Other

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional Information / Action taken
Joint Boards	The variance is due to an adjustment to the Police Board requisition.	0	0	0	(27)	
Central Costs	Insurance Costs – there is an increase in the likely settlement value of known claims that have yet to be settled. This is due to an increase in volume of public liability claims and 5 new high value claims with a potential liability of £232k.	0	0	0	297	The Risk Management Group continues to review insurance claims and consider what action can be taken to prevent future claims occurring.
	Bad debt provision – there is an increase in the total value of debt outstanding older than 6 months.	0	0	0	113	The calculation of the Bad Debt provision is based on applying a collection probability to invoices that have been outstanding for more than 6 months.

Loans Charges	Since setting the 2012/13 budget the cost of borrowing to finance the General Services Capital Plan has reduced due to: 1) Long term borrowing at a lower interest rate than budgeted; and 2) Better than budgeted returns on short term investments.	(462)	(545)	(558)	(603)	The continuing low interest rate environment has made borrowing cheaper than budgeted. The medium term strategy is continually under review to allow high value long term borrowing decisions to be taken at the most opportune time. The underspend against budget in 2012/13 is a consequence of delaying higher coupon longer term borrowing in favour of short term market loans at historically low rates.
Council Tax and Community Charge Income	A continued growth in Band D equivalents results in a higher than budgeted Council Tax yield.	(120)	(150)	(180)	(177)	The continued growth in Band D equivalents has been factored into Council Tax income budgets for 2013/14 and beyond.
Procurement	A target of £693k for procurement savings was set in 2012/13 This target is not anticipated to be met in full.	325	352	352	487	The Procurement Contract Delivery Plan 2012-15 has been agreed by Business Transformation Board and progress is being made towards savings targets.  Savings of £316k have been made in 2012/13 that reduce capital and HRA budgets but are not shown in the performance against budget shown above.
Business Services Review	A target of £372k for the Business Services Review was set in 2012/13. It is projected this target will not be met in full.	225	249	249	254	Work continues to achieve the remainder of the savings target.