

Financial Monitoring 2017/18 – General Fund Revenue – Material Variances**Education, Communities and Economy****Children's Services**

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Non-Residential services commissioned and provided for children with and without disabilities	Higher than anticipated levels of demand for Respite, Direct Payments and Taxi Services commissioned for children with disabilities. There is also a projected overspend on respite services commissioned for children without disabilities.	189	The causes and trends underlying this variance will be analysed and addressed in the 2018/19 budget setting process.
Residential and Day Education Placements	The forecast requirement for residential placements is higher than anticipated and provided for in the budget. Demand for new placements, particularly expensive secure accommodation has been high for the first quarter of the financial year.	49	This represents a 2% overspend on the Multi-Agency Resource Group budget of £3 million. The budget has been substantially reduced from £3.9 million in 2016/17 reflecting Council Transformation activity. The group continues to challenge new demand to keep costs under control and has recently been successful in its work to progress children in secure placements to allow them to move to other forms of care.
Gross Overspend		238	
<i>Offset by:</i>			
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Children's Services budget.	(1)	No impact on frontline service.
Net Overspend		237	

Communities and Economy

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Midlothian Local Development Plan	The estimate of the costs of the required public examination of the LDP by Scottish Government reporter was lower than the expected final outturn. The variable being the number and complexity of unresolved objections to the LDP.	38	One-off financial pressure associated with completing the 2014 Plan.
Charging for Section 75 Agreements	Charging for Section 75 Agreements was approved by Council when setting the 2017/18 budget. Processes to allow this to happen are still under development so the 2017/18 savings target will not be achieved in full.	20	Appointment of section 75 compliance officer in July 2017 provided the resource to enable the charging arrangements to commence.
Landlord Registration Income	Landlord registrations are renewable on a 3 year cycle. Fewer registrations are due to be renewed in 2017/18 than budgeted.	19	
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Service budget.	15	
Gross Overspend		92	
<i>Offset by:</i>			
Vacancies and Performance Factor	The number of vacancies across the service exceeds the performance factor.	(64)	
Net Overspend		28	

Education

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Lifelong Learning and Employability Income	There is a projected under recovery of income as a result of lower contract values awarded and a withdrawal of funding from the Big Lottery in 2017/18.	63	There will be a focus on reducing expenditure throughout the service in order to minimise the impact of reduced income values.
Gross Overspend		63	
<i>Offset by:</i>			
PPP Contracts	Insurance costs are lower than provided for in the contract which leads to a refund from the contractor.	(182)	Windfall Income. This is the consequence an annual review for PPP2 (£83,000) and a 5-yearly review for PPP1 (£99,000).
	Contractual refund of funding paid to cover reparation of malicious damage that was not utilised.	(65)	Assumptions regarding performance reductions will be checked and updated during the development of the 2018/19 budget.
	The rate of inflation applied to contracts was lower than provided for in the budget.	(55)	Inflation assumptions will be reviewed during development of the 2018/19 budget.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Education Service budget.	(80)	No impact on frontline service.
Net Underspend		(319)	

Health and Social Care

A provision for an additional allocation for services Delegated to Midlothian Integration Joint Board - Adult Social Care

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Community Care Resource Panel	Assessed needs are currently more than budgeted. The budget amounts to around £32m, is demand led and subject to demographic pressures. Individual packages of care are sometimes in excess of £100k per annum and as a consequence projections in this area can be volatile.	792	An overspend position at the end of the previous financial year alongside additional savings targets remain a challenge to meet .However the Realistic Care, Realistic Expectations work stream continues to monitor savings delivery. A Review Team is in place and is assessing existing packages of care, with a view to reducing the existing level of commitments whilst still meeting critical and substantial need. The implementation of two new policies, Fair Access to Care and Transport will ensure transparency and equity in this process.
Home Care / Midlothian Enhanced Rapid Response and Intervention Team (MERRIT)	Additional employee costs due to the volume of care packages being provided.	391	<p>The ongoing challenges in external providers delivering sufficient capacity to meet growing needs has resulted in additional hours needing to be delivered within Homecare and MERRIT to support hospital discharge and admission avoidance. Whilst noting that this is a more expensive solution, the overspend is being offset by the unfilled contracted hours of the external providers.</p> <p>A review of care at home is in progress and is also being supported by an external procurement process that will result in additional care at home capacity from October onwards, which will reduce internal delivery costs.</p>
Care Homes for Older People	Overspend on staffing costs to cover gaps in the rota at Newbyres (£195k) and Highbank (£71k).	266	<p>The levels of sickness absence within Newbyres and Highbank is driving the overspend within the agreed budgets. This is being addressed with support from HR through absence management panels and identifying agreed action plans to support staff to return to work.</p> <p>A planned service review within Highbank will be undertaken</p>

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
			over the next two months and will support a move towards development of a new model of staffing and care delivery within agreed budgets. Further work will be done to expand the locum bureau to avoid the ongoing need for agency staff.
Non-achievement of management review saving	Delays in implementing a new management structure across Health and Social Care.	55	The revised management structure will be presented to Midlothian Partnership Forum on 16/08/17 and this will be followed by a consultation process with staff.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Adult and Social Care budget.	40	No impact on frontline service.
Gross Overspend		1,544	
<i>Offset by:</i>			
Public Protection	Scottish Government funding provided specifically for Adult Support and Protection requirements. Some spend relevant to this funding is in the form of care packages and is met from the resource panel budget.	(159)	No impact on frontline service but underspend offsets care and support costs related to protection issues.
Criminal Justice	An element of the Scottish Government funding is used to fund the management and administration of this service.	(65)	No impact on frontline service.
Cherry Road, Community Access Team, Shared Lives	An underspend on supplies and services.	(60)	No impact on frontline service.
Net Overspend		1,260	

Customer and Housing Services

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Homelessness accommodation	Specialist treatment required in the conversion works to reuse Pentland House have led to delays in the project, with completion now anticipated to be 31 st July 2017. The full saving on the Bed and Breakfast budget will therefore not be made	208	The budget provided for an average 36 B and B places per week. Average occupancy is currently 69 places.
Gross Overspend		208	
<i>Offset by:</i>			
Revenues Service Vacancies	There have been a number of vacancies and also maternity savings resulting in a projected underspend within the revenues processing team.	(74)	No impact on frontline service.
Customer Services Vacancies	There are still a number of posts to be filled following the recent review of the service, it is anticipated they will be filled imminently.	(54)	No impact on frontline service.
Community Safety Staffing	Projected saving as a result of not backfilling maternity absence.	(27)	No impact on frontline service.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Customer and Housing Services budget.	(9)	No impact on frontline service.
Net Overspend		44	

Resources

Commercial Services

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Review of travel arrangements associated with the grey fleet.	A budget reduction of £150,000 in 2017/18 was approved. At this stage it is anticipated that savings will commence in 2018/19.	150	Work is underway to develop options and plans. The financial impact of these will be picked up in due course.
Commercial Operations Service Review	A budget reduction of £250,000 in 2017/18 was approved. The review is underway but will only part deliver planned savings in 2017/18.	60	It is anticipated that the full saving will be achieved in 2018/19.
Trade Waste Charges	A 10% price increase was approved for 2017/18 and was expected to generate an additional £30,000 of income. Subsequently the customer base reduced and this will result in less income being generated than expected.	18	The service continues to look to attract new customers.
Review the number of Football Pitches	A budget reduction of £10,000 in 2017/18 was approved. At this stage it is projected that the review will not yield any savings in 2017/18.	10	Review work is underway and the financial impact of this will be picked up in due course.
Review of financial contribution to Pentland Hills Regional Park	A budget reduction of £20,000 in 2017/18 was approved. The full impact of this saving will not be achieved in 2017/18.	5	It is anticipated that the full saving will be achieved in 2018/19.
Gross Overspend		243	
<i>Offset by:</i>			
Waste Disposal Charges	Tonnages in the early part of the year are lower than expected.	(78)	Volume of tonnage can be volatile.
Roads Services Income	Income generated from new developments and TTROs is anticipated to exceed budget	(30)	Budget will continue to be monitored and will be reviewed if sustainable in the longer term.
Net Overspend		135	

Finance and Integrated Service Support

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Employee Performance Factor	The performance factor for the service is £466,000. At this time predicted vacancies and other staffing variations will not fully offset this giving rise to an overspend.	135	Only essential vacancies are filled and work continues to explore opportunities to reduce this overspend.
Central Postages and printing costs	The volume of postages and printing exceeds budget.	60	A review of activity is underway with the aim of minimising volumes and reducing reliance on paper in accordance with EWiM principles.
External Legal Fees	Continuing costs associated with residual equal pay and other staffing related cases, the continued high incidence of children's permanence cases, a rise in the costs of curators fees associated with permanence cases and occasional complex one-off cases.	30	<p>The residual legal issues relating to Equal Pay claims are intended to be brought in-house during 2017/18.</p> <p>Children's permanence cases have now been brought in-house although there will be a number of legacy cases to be completed by external solicitors.</p> <p>A registration scheme has been implemented to employ curators on a lower fee basis than previously charged.</p>
Bank Charges	The shift towards electronic payments has led to increased transaction costs.	25	A review of bank charges is underway with the aim of negotiating lower rates with service providers.
Gross Overspend		250	
<i>Offset by:</i>			
Digital Costs	The anticipated cost of equipment and support costs is lower than budgeted.	(109)	Future year budgets will be reviewed.
Disclosure Scotland Fees	Anticipated costs in 2017/18 are lower than budgeted.	(28)	Future year budgets will be reviewed.
Archiving	Anticipated costs in 2017/18 are lower than budgeted.	(25)	Costs are expected to increase in future years as the facility is used more.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Finance and Integrated Service Support budget.	(34)	
Net Overspend		54	

Properties and Facilities Management

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
EWiM planned building closures	Evolving plans for buildings that were planned to be sold or demolished through approved EWiM projects have resulted in anticipated revenue savings not materialising.	95	Ongoing costs associated with evolving plans will reported to Council in due course.
Properties and Facilities Management Service Review	A budget reduction of £60,000 in 2017/18 was approved. The review is underway but at this stage it is not anticipated that the full saving will accrue in 2017/18.	60	It is anticipated that the full saving will be achieved in 2018/19.
Public Toilet Provision	A budget reduction of £40,000 in 2017/18 was approved. At this stage it is not anticipated that the full savings will be achieved in 2017/18.	40	An options paper to deliver this saving will be presented to Council in due course.
Closure of Penicuik Town Hall	A budget reduction of £30,000 in 2017/18 was approved. This has been delayed due to grant funding approvals for external refurbishment works.	30	
Review of Facilities Management Officers	A budget reduction of £40,000 in 2017/18 was approved by Council. This will be achieved in part in 2017/18.	20	It is anticipated that the full saving will be achieved in 2018/19.
Gross Overspend		245	

Other

Description of Variance	Reason for Variance	Quarter 1 £000	Additional Information / Action taken
Loan Charges	Slippage in the plan has resulted in a lower value of borrowing than planned for. In addition borrowing both on a short term and long term basis has been sourced at lower rates than expected at the time of setting the 2017/18 budget.	(146)	
Transformation Savings – Integrated Service Support	A Target of £1.122 million of savings was set for 2017/18 which consisted of slippage from previous years and also an additional target for 2017/18. A large part of this target is on course to be delivered in 2017/18 but not all of it.	345	The shortfall in delivery will be achieved in 2018/19.
Transformation Savings - Procurement	A target of £0.350 million for procurement savings was set for 2017/18 which reflected slippage in targeted savings for previous years. It is projected that £0.100 million of this will be achieved.	250	Continuing inflationary pressures are such that it is challenging to secure budget reductions as contracts are being re-tendered. The Contract Delivery Plan is currently being refreshed and this may identify further savings in 2017/18. Contract savings have been made or are planned for 2017/18 which impact on the Capital Account and the Housing Revenue Account.
Transformation Savings – Customer Services	A target of £0.295 million of savings was set for 2017/18 which reflected slippage in targeted savings from previous years and also an additional target for 2017/18. It is projected that £0.181 million will be achieved in 2017/18.	114	The shortfall in delivery will be delayed until 2018/19 with a further update on deliverability at quarter 2.
Transformation Savings – Tactical Reductions in contracted hours	The target of £0.150 million will not been achieved in 2017/18	150	Progress in taking forward a voluntary reduction in hours initiative and promoting flexible retirement options have been delayed.
Council Tax Income	A continued growth in Band D equivalents results in a higher than budgeted Council Tax yield.	(250)	The continued growth in Band D equivalents will be factored into Council Tax income budgets for future years.