

Financial Monitoring 2020/21 – General Fund Revenue – Material Variances

Management and Members

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Vacancies and performance factor	Projected underspend due to vacancies and cost of Members.	(30)	(27)	
Net Underspend		(30)	(27)	

Place Directorate

Corporate Solutions

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Savings Targets / Vacancies	<p>The approved savings target for the year totalled £0.550 million. Removal of vacant posts from the establishment has delivered £0.290 million permanently thus leaving £0.260 million of the target to be found as below:</p> <ul style="list-style-type: none"> The balance associated with the Integrated Service Support Delivery Plan of £0.192 million; Realising savings of £0.040 million from a reduction in the contact centre staffing establishment from securing a reduction in failure demand relating to Waste Services; A savings target for Revenues efficiencies 	(142)	(455)	<p>Delivery plans are in place and will be completed during this financial year;</p> <p>Improvement actions continue in conjunction with Waste Services to reduce the level of calls in respect of missed bins etc and further improvements will be supported by the replacement of the existing CRM system.</p> <p>A reduction in the staffing establishment has been achieved and consolidation of these savings by formally reducing the staffing</p>

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
	<p>of £0.028 million which will be met by releasing posts from the establishment.</p> <p>Vacancies across Services to a value of £0.715 million are projected with most being held pending implementation of reviews and subsequent removal of posts from the establishment.</p>			<p>establishment will be completed by the end of the financial year.</p> <p>Services continue to be delivered reflecting a range of improvements to business processes.</p>
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Service.	(7)	(5)	
Net Underspend		(149)	(460)	

Place

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Management Review	There is an outstanding Management Review Target of £0.891m. It is anticipated that vacancies held pending the review will mitigate this by £0.651m.	291	240	<p>First phase of the tiered Management Review proposals and the formal Management of Change process has commenced in consultation with the staff in scope and unions.</p> <p>A subsequent phase will follow in the new calendar year to address remaining service structure savings.</p> <p>Delivery date: Phase 1 implementation forecast by Q3 2020/21</p>
Waste Disposal	<p>Increased residual waste tonnages result in a projected overspend on disposal costs of £0.461m.</p> <p>Although bulky uplifts have recommenced it is anticipated that overall tonnages will be lower this year offsetting by £0.154m the projected overspend on residual waste disposal.</p> <p>Other forecast tonnage and price variations account for the remaining £0.064m.</p>	0	371	<p>Tonnage figures across waste streams are different in 2020/21 from usual patterns due to a combination of Covid impacts in the reduced recycling by households; increased waste generated from households during restrictions and workforce availability in delivering critical services as a priority and reduced waste disposal options for glass, garden waste, bulky items and closure of household waste recycling centres.</p> <p>Additional vehicles and extra refuse collections were carried out in resuming waste services and an extension of the garden waste scheme into the new calendar year will mitigate residual tonnage and costs into Q4.</p>

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
				Growth pressures will be assessed and included in the Medium Term Financial Strategy.
Efficiency Target	A number of savings proposals not now deemed to be achievable have been incorporated instead into the Place Efficiency Target which totals £0.796m. Operational savings of £0.212 have been identified at this stage.	577	584	Savings Plans validated have been taken. Other proposals are being reviewed to achieve the remaining balance of the efficiency target. Delivery date: implementation forecast by Q3 2020/21
Fleet Services	Cost of vehicle repairs mainly relating to external works. This is partially offset by vacancies within the service.	0	61	Engagement with external contractors during Covid restrictions was necessary due to workforce availability as necessary for specialised vehicle work that cannot be carried out in-house. Vacancies have now been recruited for the skills gap and to provide statutory services.
Commercial Properties	Shortfall of rental income partially offset by some cost savings.	83	55	It is difficult at present to forecast the impact of the COVID-19 pandemic on local business's capacity to meet their rental obligations. Improved void performance in property lets reduced the deficit.
Parking	A £0.066m increase in the car parking charges budget was approved by Council. Charges were suspended due to lockdown and are expected to be impacted for some time to come.	66	66	There is no change in charges or in the roll out of chargeable car parks. Covid travel and transport restrictions have had an indirect effect on this projected income.
Land & Countryside	Income from Burials.	178	163	A review and benchmarking of the service offer found our charges are at a higher level and that more cremations are now taking place. The current level of charges cannot be sustained and will be revised as part of the Medium Term Financial Strategy.
Homelessness	Repurposing council property assets and withdrawal from B&B have been disrupted by Covid construction issues.	63	63	Additional project measures requiring Council approval were passed on 25 August. Delivery date: implementation forecast by Q2 2021/22
Traffic Signal Maintenance	Increasing number of signals to be maintained due to growth in their overall number.	35	35	Additional service infrastructure and servicing contract costs. Growth pressures will be assessed and included in the Medium Term Financial Strategy.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Service.	(6)	1	
Gross Overspend		1,287	1,639	

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
<i>Offset by:</i>				
Catering Service	Financial Discipline across the Catering service not directly attributable to COVID-19.	(100)	(100)	
Housing & Homelessness	<p>Increased provision at Eastfield supported temporary accommodation has resulting in increased service charge income of £0.136m. This is partially offset by increased concierge charges of £0.080m.</p> <p>At Q1 it was projected that the number of Bed and Breakfast places would be lower than budgeted. At Q2 projections are in line with budget.</p>	(136) (114)	(56) 3	The regulatory target date to reduce the usage of Bed and Breakfast spaces to a maximum of 7 nights stay has been rescheduled to January 2021. Plans to reduce B&B numbers are on track to be fully implement during this year.
Street Lighting Electricity	Replacement of traditional lamps with LED's is resulting in lower consumption.	0	(41)	The Financial Strategy will be updated to incorporate this.
Net Overspend		937	1,445	

Central Costs

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional Information / Action taken
Savings Targets	Progress on delivering cost reductions relating to joint working and digital efficiencies across the Council are reliant on other partners and progress has been hampered by Covid.	650	650	Work on joint working and digital service provision restarted in June with public and private sector partners and an update report is expected to be presented to Council in December 2020.
Non Domestic Rates	Emergency measures introduced for COVID-19 lessens the Non Domestic Rates burden on the Council for owned premises.	(118)	(118)	
Net Overspend		532	532	

People and Partnerships Directorate

Health and Social Care - Non-Delegated Services - Sport and Leisure, Community Safety and Welfare Rights

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Wrap around care provision - holiday club	Income target of £0.075m is not yet delivered.	75	75	Active schools staff having been working in school hubs over the summer and plans are being finalised to deliver school holiday and after school programmes.
Management Review	There is an outstanding Management Review target of £0.151m. Delayed implementation has had a negative impact.	41	41	This saving will be achieved in full in 2021/22. Three management posts have already been removed from the structure, and a full bottom up review is underway.
Other Non-Material Variances	Miscellaneous over and underspends covering the remaining areas of the Service.	5	7	
Gross Overspend		121	123	
<i>Offset by:</i>				
Leisure Services running costs	Projected underspend in running costs of £0.131m. This underspend reflects the expected service position prior to the pandemic. There is a significant divergence from budget as a result of the closure of facilities and subsequent restricted opening and this is set out in Appendix 3 to the COVID financial update report also on today's agenda	(185)	(131)	It remains challenging to project the impact of the current situation on this budget. Any changes to opening times or the ability of services to operate could result in a significant impact on this figure.
Community Safety	A projected underspend on staffing within the Resolution and Mediation Team.	(21)	(22)	
Net Underspend		(85)	(30)	

Childrens Services, Partnerships and Communities

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Children's Services				
Family Placements	COVID has seen an increase in larger families requiring additional support from the family placement team.	46	126	There has been an increase in the number of children accommodated during COVID and whilst the majority have gone into kinship care this continues to require both resources and financial support from the service going forward. Costs relating to adoptions can be difficult to project due to uncertainty of court dates for hearings and granting of adoptions and also the complex nature of the work.
Residential and Day Education Placement	There has been a slight increase in residential placements being required for our younger children (5 -10) years in particular.	89	68	This continues to be a high risk and uncertain area. Individual placements can be both uncertain and expensive. As a consequence there is a risk of forecasts changing significantly as the year progresses. Work is ongoing to consider alternative approaches for this age group but a key priority is to care for and educate young people within their own community.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the service budget.	4	(4)	No impact on frontline services
Gross Overspend		139	190	
<i>Offset by:</i>				
Non-residential services commissioned and provided for Children with and without disabilities	Taxi costs for children without disabilities. Commissioned Services.	(35) (174)	(46) (278)	A review of all taxi spend across Children's Services and Education was underway pre-COVID. However, resources were subsequently realigned to other areas of critical work. Current restrictions have reduced the spend on taxis as children and young people cannot move between schools or placements. Additional support packages for children or young people with a disability are a key part of their care plan and pilots have been taking place to ensure support required is provided within local communities. This approach is proving to be successful thus widening of this approach is being considered.
Net Underspend		(70)	(134)	

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Partnerships and Communities				
Vacancies and Performance Factor	There is a forecast overspend mainly relating to casual tutor staffing alongside non achievement of the Employee performance factor.	81	(11)	A review of all casual staff and contracts will be carried out to establish terms and conditions. Work is underway to review all staff who are directly linked with generating income and to map this out for the forthcoming year.
Income shortfall for Community and Lifelong Learning	It has not been possible to generate income at budgeted levels.	62	41	Due to current COVID restrictions it is not possible to generate income from venues.
Gross Overspend		143	30	
Communities and Lifelong Learning Running Costs	Due to some services not operating running costs will be lower than budgeted.	(88)	(58)	
Net Overspend / (Underspend)		55	(28)	
Service Net Underspend		(15)	(162)	

Education

The Covid 19 Pandemic has impacted on Education's ability and capacity to deliver a number of the savings agreed as part of the 2020/21 budget particularly those where statutory consultation is required. Schools remained closed for all of the first term of the financial year with pupils learning remotely and or attending hub facilities for key workers and those more vulnerable. Whilst the table below sets out the variations from budget the overall position projected is an underspend with further financial flexibility available, as necessary, through the use of the flexibilities provided by Government over the use of funding which would otherwise have been ring fenced for specific expenditure.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Charging for Music Tuition	A projected under recovery on SQA charging to schools for Music tuition. Impact of schools being closed during the emergency response period and inability to deliver service.	175	175	A further update will be provided once there is clarification on exam processes. The service is preparing to adapt its delivery model as a result of national advice and digital devices and risk assessments of suitable spaces within school buildings are underway.
Visually Impaired Service	New contract with Royal Blind School lower than last years arrangement but still significantly higher than the budget set based on arrangements prior to 2019/20.	79	79	The new contract with the Royal Blind School is providing more effective support to children and young people. It is our statutory duty to provide this service and as such a supplementary estimate should have been sought to increase the funding allocated when the arrangements changed.
Savings Targets	The 20/21 budget provided for £3.058m of savings for the Education Service comprising of an efficiency target of £1.751 million alongside approved savings of £1.307 million. The current year impact is mitigated by planned underspends in schools as shown below.	2,983	2,558	Given the scale of the savings targets these can only be delivered through significant changes to our education delivery model which require statutory consultation. As a result of the lockdown period the service has been unable to progress any proposals which required formal consultation with a range of stakeholders, for example, P1/P2 school day, DSM review, denominational school review. The service is planning actively a revised timeframe for taking forward saving proposals and has taken steps to mitigate the impact of not achieving the identified savings.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the service budget.	61	(60)	This includes contractual change notices relating to PPP schools.
Gross Overspend		3,298	2,752	
<i>Offset by:</i>				

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Schools	Schools are projected to underspend by £3.074 million. In accordance with current DSM rules allowing a carry forward of up to 1% for each school, £0.375 million of this would be available for carry forward to 2021/22 thus leaving an underspend of £2.699 million.	(2,988)	(2,699)	Within the £3.074 million is: 1) A 1% carry forward of £0.375 million; 2) Budget of £2.530 million not currently allocated under the DSM scheme which can be considered for contributing towards the Education Efficiency target.
Vacancies and Performance Factor	There are a number of vacancies across the Education service.	(310)	(339)	Strict vacancy control is applied with management action in place to minimise any impact on frontline service provision.
Net Underspend		0	(286)	

Other

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Loan Charges	Capital expenditure in 2019/20 was lower than forecast due to rephrasing of a number of projects. This has resulted in a reduction in General Fund principal repayments in 2020/21. Projected overspend of £0.651 million mainly due to apportionment of Loans Fund Interest costs between General Fund and HRA. In-year impact of the Loans Fund Review which rephrases debt repayments.	0	(234)	
		0	651	Loans Fund interest costs are split between HRA and General Fund based on Loans Fund Advances in each. Projections for 20/21 indicate that capital expenditure and associated Loans Fund Advances will be lower than budgeted in both funds but considerably so for HRA thus resulting in a relatively higher share in General Fund than budgeted. Forecasts of Capital Expenditure over the remainder of 20/21 are subject to considerable risk, particularly in HRA, and may impact further on this position.
			(954)	During Q2 the Council's External Auditors approved the proposal to rephrase debt charges. An update of the impact of this on the Medium Term Financial Strategy will be covered in the mid-year Treasury report to Audit Committee on 8 th December 2020 which will follow on to Council on 15 th December.
Net Overspend		0	(527)	

