

Financial Monitoring 2015/16 – General Fund Revenue – Material VariancesEducation, Communities and EconomyChildren's Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Residential and day education placements	Increase in requirement for both residential and secure placements and likelihood that secure placements will continue longer than anticipated.	591	761	786	This represents a 21% overspend on the Multi Agency Resource Group Budget of £3.6 million. The group continue to challenge new demand to keep costs under control and work to progress children in secure to allow them to move to other forms of care.
Children with Disabilities	Increased expenditure on taxis and on Direct Payments.	0	95	193	There are an increased number of people using the direct payment method to pay for their care. Demand for use of taxis has also increased. Work is planned to investigate if there are more efficient ways of delivering transport. An improvement in the quality of information provided by Barnardos has led to better forecasting.
Family Placements	Increase in requirements for placements.	88	35	76	Demand led. The team are planning to implement new working practices to minimise the length of placements through a variety of methods.
Gross Overspend		679	891	1,055	
<i>Offset by:</i>					
Vacant Posts in Midlothian Residential Services	Posts held vacant due to review of residential services which is due to be completed in September 2015.	(224)	(253)	(289)	It has been possible to hold these positions vacant due to a lower number of placements. Recruitment is underway to a new structure.
Employee Vacancies and Performance Factor	Other vacancies throughout the service.	(54)	(86)	(76)	Recruitment is underway to these vacant posts.
Other non-material variances	Miscellaneous over and undespends covering the remaining areas of the	(17)	(2)	(75)	No impact on frontline service.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
	Childrens Services budget.				
Net Overspend		384	550	615	

Communities and Economy

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Planning Income	Reduction in projection of Planning Fees	0	0	107	Volume of work in the Planning team remains constant but there is a lower cash value associated with these than previously projected.
Environmental Health and Trading Standards Shared Services	The shared service arrangement with East Lothian council came to an end on 31 st March 2015.	88	88	88	Cost sharing with East Lothian Council no longer takes place. The 2016/17 base budget reflects current arrangements.
Economic Development	Unbudgeted expenditure for the Leader Programme.	12	12	13	One-off initial set-up costs in 2015/16. From 2016/17 this programme will be funded through grant income.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Communities and Economies service budget.	50	51	12	No impact on frontline service provision.
Gross Overspend		150	151	220	
<i>Offset by:</i>					
Vacancies and Performance Factor	Vacant posts and part-year vacancies are delivering the performance factor.	(217)	(243)	(227)	Recruitment to vacant posts is ongoing and service reviews are taking place which will result in a more efficient staffing establishment.
Building Standards Income	Fee income projections exceed budget due to volume of applications.	(23)	(63)	(195)	Changes to Building Regulations in October 2015 has resulted in a higher than anticipated volume of applications that prior to changes in order to allow work to proceed under the old regulations.
Landlord Registrations	Income is projected to be higher than budget.	(19)	(25)	(13)	Demand led.
Net Underspend		(109)	(180)	(215)	

Education

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
PPP Contracts	Insurance costs are lower than provided for in the contract which leads to a refund from the contractor.	(67)	(67)	(67)	Windfall Income.
	Assumptions regarding the rate of inflation to be applied in 2015/16 were too cautious.	(30)	(27)	(33)	This will be addressed in the 2016/17 budget setting process.
Vacancies and Performance Factor	Vacant posts and part year vacancies within the service are offsetting the performance factor.	(33)	(48)	(16)	Recruitment to vacant posts is progressing.
	The Children's Services review has resulted in part year vacancies within the Pathways service.	0	(18)	(13)	Recruitment to posts within the Pathways service has been completed.
Home to School Transport	Current estimates of demand are higher than set in the budget. The variance has increased significantly since quarter 2 as the cost of routes required for the new school year has become apparent.	0	(12)	157	The Travel Team is working to ensure that routes to school are commissioned or delivered at the most economically advantageous cost to the Council.
Service Training Budgets	The redesign of the Scottish Qualification for Headship Scheme and slippage in other training programmes.	0	0	(40)	No impact on frontline service.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Education Service budget.	2	(6)	(66)	No impact on frontline service.
Net Underspend		(128)	(178)	(78)	

Health and Social Care

Adult Social Care

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Residential Care Homes for Older People	Projected overspend mainly on staffing costs at Newbyres Village (£274k) due to the requirement to use locum staff and overtime to cover gaps in the rota.	223	261	291	<p>The projected overspend in this year is mainly as a result of additional staff on shift cover over and above the amount allowed for in the budgeted establishment. This includes day, night and activity staff and domestic staff and is a result of the level of needs of the residents. The cost of this is around £200k. This has been partially mitigated by changes made to staffing rotas.</p> <p>Managers continue to actively manage sickness absence levels at the home and this will be maintained to ensure a sustained reduction.</p> <p>Due to staff registration requirements 10 staff were suspended and these shifts required to be covered. Management are working with the Scottish Social Services Council to get a speedy resolution.</p> <p>The formal phase of the staffing review is due to start in February 2016. Appropriate staffing levels will be addressed as part of this to ensure that the budget reflects the staffing requirements of the home.</p>
Community Care Resource Panel	Assessed needs are currently more than budgeted. The budget is £28 million and 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	(362)	252	876	<p>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. A review of resource panel procedures is currently underway and this will ensure that robust management information systems remain in place. Increased capacity within reablement will be used to carry out reviews of care packages.</p>

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
	volatile.				<p>National Minimum Wage requirements have resulted in changes to the rates that we need to pay some of our providers for overnight support which has increased expenditure by £375k. Work is ongoing to mitigate the cost of this through care package reviews.</p> <p>Two young people with learning disabilities who have complex needs require support above the normal levels that are provided in order to ensure their safety and wellbeing. Projected spend includes £931k for these care packages. Work is ongoing to find more sustainable solutions to these issues which will take effect from April 2016.</p>
Home Care / Rapid Response Team	A projected overspend on employee costs including staff travel and overtime due to the volume of care packages being provided by the Home Care service.	207	174	190	The service continues to prioritise hospital discharges and will continue to maintain a track record of facilitating discharges on time. Working patterns are being reviewed to ensure that overtime and staff travel is minimised.
Non-achievement of staffing related budget	Planned budget savings from staffing reviews will not take effect until either 2016/17 or 2017/18.	201	201	179	Timescales for reviews mean savings will not be realised as early as anticipated but are on target for 2016/17 and 2017/18.
Fieldwork Staffing	Non-achievement of performance factor and use of agency staff to cover vacancies.	109	155	98	There have been staffing changes within this service and also Adult Protection referrals have increased significantly. The service has faced challenges from increased demand and the implementation of Self Directed Support. Due to the demands on the service and pressures from waiting lists all posts require to be filled with agency staff being used to cover for vacancies. As this is a frontline service with essential staffing ratios the performance factor is being removed from the 2016/17 base budget.
Gross Overspend		378	1,043	1,634	

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
<i>Offset by:</i>					
Client Income	Contributions from clients towards their care packages are higher than anticipated.	(130)	(56)	(189)	No impact on frontline service.
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.	(57)	(81)	(108)	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.	(43)	0	(50)	No impact on frontline service.
Learning and Development	Spend has been constrained to counter pressures elsewhere in the service.	(36)	(102)	(99)	No impact on frontline service and offsets cost of essential cover for front-line staff with mandatory training requirements.
Cherry Road, Community Action Team and Shared Lives	Vacant Posts	68	93	(41)	<p>These are registered services and adequate staffing levels are a requirement of the Care Inspectorate. Cherry Road supports service users with complex needs and appropriate staffing levels must be maintained. A staffing review is now complete with 2015/16 a transitional year in terms of filling posts.</p> <p>As this is a frontline service with essential staffing ratios the performance factor is being removed from the 2016/17 base budget.</p>
Other non material variances	Miscellaneous over and underspends covering the remaining areas of the Adult Social Care budget.	25	53	(5)	No impact on frontline service.
Net Overspend		205	950	1,142	

Customer and Housing Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Homelessness accommodation	Refurbishment works at Pentland and Midfield House have been delayed and anticipated reuse of these properties to replace existing B&B use is expected to commence in Summer 2016. Savings anticipated for 2015/16 will not be achieved.	151	209	249	The budget provided for an average 82 B and B places per week until 1 st August and 36 spaces thereafter once Pentland and Midfield House were available for use. Average occupancy is currently 70 places. Action is continually being taken to reduce this with alternative options being developed across all available tenures.
Private Sector Leasing	Housing Benefit Shortfalls and Voids have resulted in a projected overspend.	0	0	60	This is consistent with 2014/15 and has been identified as a pressure in the 2016/17 Base Budget. It is due to the Welfare Reform impact on eligible costs.
Housing Allocations	Switch Placement Costs as a result of service review.	0	0	45	No Impact of frontline service.
Other non material variances	Miscellaneous variances covering the remaining areas of the Customer and Housing Service budget.	(3)	(17)	16	No impact on frontline service.
Gross Overspend		148	192	370	
<i>Offset by:</i>					
Council Tax Reduction Scheme	Council Tax Benefits granted are lower than budgeted and are consistent with 2013/14 and 2014/15 positions.	(70)	(113)	(160)	Whilst the 2015/16 budget was adjusted to reflect a decreasing trend in expenditure, it is projected that payments will decrease further than originally anticipated. This has been reviewed further when developing the 2016/17 base budget.
Housing Benefit Overpayment Recoveries	Housing Benefit overpayment recoveries are anticipated to be greater than budgeted.	(53)	(53)	(133)	This is consistent with the 2014/15 outturn position and has been reviewed when developing the 2016/17 base budget. An action plan is being developed to ensure that recoveries can be regularly and accurately accounted for as Welfare Reform changes are implemented.
Vacancies and Performance Factor	Vacant posts within the Revenues service.	0	(42)	(15)	No impact on frontline service.
Net Overspend / (Underspend)		25	(16)	62	

Resources

Commercial Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Waste Disposal Charges	The sale price of recyclate has dropped significantly since the budget was prepared.	110	118	145	During 2014/15 the price per tonne for recyclate reached a peak of £27.20 which was reflected in the average budget price of £20.75. To date in the current financial year the average price has been £9.66. Prices in this market are very volatile.
Trade Waste	Customers are encouraged to reduce residual waste and recycle more. As recycling is charged at a lower price to customers this has led to a drop in income.	0	94	96	Collection costs are the same for both recyclate and residual waste. A separate report is being presented to Council on Trade Waste.
Land Services	A drop in hard landscaping one-off jobs is anticipated as a consequence of an inability to recruit and retain suitable staff.	30	30	35	Total loss of income is £150k and this is offset by savings in staff costs of £120k. A recruitment exercise has now been completed.
Gross Overspend		140	242	276	
<i>Offset by:</i>					
Fuel Costs	The budget provided for an average price of £1.12 per litre. The average price to date is £0.86 per litre.	(129)	(147)	(150)	Fuel prices have been low during the recent period but can be volatile.
Bus Shelters	Reactive repairs budget.	0	0	(60)	Due to the reactive nature of works spend can vary between years.
Street Lighting Electricity	The budget provided for an average price of 9.97 pence per kwh. The average price currently being charged is 9.09 pence per kwh.	(50)	(50)	(51)	Consumption and the prevailing price will be closely monitored as the year progresses.
Waste Vehicle Costs	Need for external hires is currently less than budget due to relatively new fleet.	0	0	(47)	Budget has been reviewed as part of 2016/17 budget development.
Net Overspend / (Underspend)		(39)	45	(32)	

Finance and Integrated Service Support

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Mi-Future	The costs of staff in SWITCH during the year are projected to exceed budget. £66k of the projected variance relates to staff on unfunded placement. The majority of the remainder relates mainly to staff whose placements are at a lower grade than their displaced post.	166	115	115	6 months budget is moved to Switch with displaced employees. The Mi-Future team continues to work towards a satisfactory resolution for each employee in SWITCH and when compared to severance costs SWITCH remains a cost effective solution.
Archive facility - the former Hopefield Primary School	The former Hopefield Primary School was being used as an archive and also for other storage until the fire on 17 th May. Alternative permanent storage arrangements with Iron Mountain have an anticipated cost of £24k in 2015/16 which is not budgeted.	77	77	24	No budget was provided as it was anticipated this facility would not be in operational use. Permanent off-site storage costs will be incorporated in the 2016/17 base budget.
Central Postages	The volume and cost of postages exceeds budget.	72	90	79	Despite changing suppliers and securing better prices the volume and mix of postages continues to exceed budget. Work continues to address this.
Protecting Vulnerable Groups and Public Sector Network disclosure checks	The volume of disclosure checks will exceed budget.	50	50	6	Work is ongoing to establish the level of retrospective checks still to be undertaken.
Employee Performance Factor	The budgeted employee performance factor is expected to be over achieved.	25	(48)	(14)	Delays in recruitment to vacant posts have resulted in a reduction to anticipated staff costs for the year.
Bank Charges	The shift towards electronic payments has led to increased transaction costs.	16	16	19	A review of bank charges is underway with the aim of negotiating lower rates with service providers.
Net Overspend		406	300	229	

Properties and Facilities Management

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Bonnyrigg Leisure Centre	Security and Rates costs for the former Leisure Centre.	51	25	25	Demolition and building works are now underway. A partial refund of rates has been received.
Property costs for former Loanhead Social Work centre	Building is now demolished. Property costs were incurred up to handover date to demolition contractor.	8	8	8	One-off costs.
Gross Overspend		59	33	33	
<i>Offset by:</i>					
Snowsports Income	Tubing party income and consequent impact on cafe.	(90)	(90)	(127)	First full year of operation has shown higher than expected income. This has been incorporated into 2016/17 budget development.
Ski Matting	Use of existing stock has led to an underspend.	0	0	(51)	On-going budget requirements will be reviewed.
Utilities	Energy prices are lower than budgeted.	0	0	(102)	Any spells of exceptionally cold weather in the remaining part of the financial year will impact on this saving.
Catering Staffing	Difficulty recruiting to vacancies	0	0	(95)	Efforts continue to recruit to vacant posts targeting entry level applicants where appropriate.
Catering Meal costs	Meal costs are lower than budgeted as a consequence of movements in meal numbers and also suppliers prices.	0	0	(87)	Menus are reviewed regularly to maintain economy, maximise nutritional value and minimise wastage.
Property Investment Account	Lower than budgeted levels of voids during the year has led to higher levels of income than anticipated.	0	0	(27)	No impact on frontline service.
Net Underspend		(31)	(57)	(456)	

Other

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional Information / Action taken
Loan Charges	Since setting the 2015/16 budget the cost of borrowing to finance the	(197)	(477)	(417)	Projects that have slipped will now fall into 2016/17 so borrowing costs are only delayed.

	<p>General Services Capital Plan has reduced due to:</p> <ul style="list-style-type: none"> (a) Re-phasing of projects which has allowed deferral of long-term borrowing; (b) Reduction in borrowing costs through lower than forecast interest rates; (c) Increase in projected investment returns through utilisation of higher yield investment products, in accordance with investment strategy. 				
Central Costs	<p>Insurance costs – higher than budgeted estimated settlement costs for existing claims.</p>	110	190	92	Detail of these claims is being reviewed and any mitigating action required will be put in place.
	<p>Insurance costs – there has been an increase in premiums as a consequence of claims experience and additional coverage for a certain class of property.</p>	72	71	71	This will be reflected as a budget pressure in future years.
Transformation Savings - Procurement	<p>A target of £350k for procurement savings was set for 2015/16 which mainly reflected slippage in targeted savings for previous years. It is projected that £165k of this will be achieved.</p>	185	185	185	<p>Procurement plans are currently being refreshed and this may identify further savings in 2015/16.</p> <p>Contract savings have been made or are planned for 2015/16 which impact on the Capital Account and the Housing Revenue Account.</p>
Transformation Savings - Maximising Attendance	<p>The target of £155k will not been achieved in 2015/16.</p>	155	155	155	Work continues to generate savings through maximising attendance.
Transformation Savings – Income Maximisation	<p>The Target of £75k will not be achieved in 2015/16.</p>	75	75	75	Progress towards efficiencies in this area will be consumed into the Delivering Excellence agenda.

Investment Income	Increased dividend income from the Council's shareholding in Lothian Buses.	0	0	(120)	This has been built into the 2016/17 base budget.
Council Tax and Community Charge Income	A continued growth in Band D equivalents results in a higher than budgeted Council Tax yield.	(230)	(250)	(250)	The continued growth in Band D equivalents will be factored into Council Tax income budgets for future years.