

Financial Monitoring 2013/14 – General Fund Revenue – Material Variances**Education, Communities and Economy****Children and Families**

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Non-residential services commissioned for children with disabilities	Overspend on respite, day care and direct payments for commissioned services for children with disabilities due to high levels of demand for services.	137	142	158	120	The service is reviewing the children with disabilities service with the aim of bringing this overspend under control.
Other non-material variances	Miscellaneous variances in remaining areas of Children and Families.	8	(5)	(18)	(12)	No impact on frontline service.
Gross Overspend		145	137	140	108	
<i>Offset by:</i>						
Multi Agency Resource Group (MARG) placements	Control over demand is leading to an underspend for residential schools and external care home placements.	(561)	(595)	(747)	(740)	This has been reflected in future years budget projections.
Family Placements	Level of externally purchased agency foster care placements and adoption placements was lower than budgeted.	(274)	(276)	(137)	(121)	This is reflected in the 2014/15 approved budget.
Non-residential services commissioned for children without disabilities	Control of demand is leading to an underspend for taxi services, aftercare placements and alternative methods of provision of supervised contact.	(109)	(137)	(222)	(256)	This is reflected in the 2014/15 approved budget.
Childrens Homes staffing	Additional posts were added to the budget to staff the new four bedded Children's homes. Placement numbers were lower than capacity	(64)	(88)	(107)	(104)	Recruitment to new posts is now complete.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
	so recruitment to new posts was delayed.					
Employee Performance Factor	Vacant posts or periods of vacancy within service management, Hawthornden Childrens Service, throughcare / aftercare and Child Protection are more than offsetting the performance factor.	0	(47)	(51)	(59)	Service Reviews are underway within Children's Resources and Public Protection which will resolve the position with these posts.
Net Underspend		(863)	(1,006)	(1,124)	(1,172)	

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
Mobile Library	Planned saving was overstated so is unable to be delivered in full.	20	17	17	20	No impact on frontline service.
Employee Performance Factor	Vacant posts within Performance and Planning and Staff Support Services.	5	10	(15)	(16)	No impact on frontline service.
Gross Overspend		25	27	2	4	
<i>Offset by:</i>						
Community Leisure and Development	Delays in recruitment to casual youth worker posts.	0	(21)	(45)	(30)	Recruitment to youthworkers posts now complete.
Community Leisure and Development Resources	Slippage in planned programmes.	0	0	(40)	(25)	The process by which these budgets are allocated will be reviewed in 2014/15.
Other (underspends) / overspends		(31)	(36)	(28)	1	No impact on frontline services.
Net Underspend		(6)	(30)	(111)	(50)	

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
Employee Performance Factor	Initial low staff turnover resulted in the projection of an under achievement in the performance factor. However, new vacancies and part time working arrangements that started during the year ensured that the performance factor was met.	97	34	10	(43)	No impact on frontline service.
Gross Overspend / (underspend)		97	34	10	(43)	
<i>Offset by:</i>						
Planning and Building Standards Fee Income	Higher than budgeted income from development management and building standards fees.	0	(137)	(221)	(186)	Conditions in the housing and commercial development markets are showing signs of recovery. The impact of this is reflected in the 2014/15 budget.
Edinburgh Science Triangle Project	Budget was carried forward into 2013/14 with an expectation that further expenditure on this project would be necessary. This was not the case.	0	0	0	(29)	This phase of the project is complete subject to final approval by the Scottish Government.
Other non-material variances	A variety of non-material variances across all sections.	(10)	(1)	(1)	(73)	No impact on frontline service. Variances will be reviewed to assess whether budgets can be removed or reduced in 2014/15 and in future years.
Net Overspend / (Underspend)		87	(104)	(212)	(331)	

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	Additional routes set up since the budget was set and movement due to the finalisation of contracts for the new school year.	53	20	20	22	The travel team continue to work with contractors to ensure best value.
	Planned changes to opening times of day centres to improve efficiency of fleet utilisation agreed as part of 2013/14 budget setting not yet implemented.	38	35	35	35	Changes to the opening times of day centres to allow sharing of school transport will be introduced in 2014/15.
PPP Contracts	Movements in the insurance market have led to a one-off refund being received from the PPP contractors. This is offset by higher than budgeted utilities costs.	(53)	(53)	(53)	3	No impact on frontline service.
ICT Contract Renewal Costs	Increase in contract costs from short term contract renewals for network services for schools.	20	20	20	0	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. An underspend in equipment purchases offset this overspend.
Gross Overspend		58	22	22	60	
<i>Offset by:</i>						
Devolved School Management	A reduction in Teachers Average Salaries from budget mainly due to the use of newly qualified teachers and unused ad hoc teachers budgets.	(158)	(173)	(41)	(171)	No impact on frontline service.
Income generated at Saltersgate	Unbudgeted income from other local authorities for pupil placements at Saltersgate.	0	0	0	(47)	Two additional from outwith Midlothian children attended Saltersgate.

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	Staff turnover and vacant posts have resulted in an over achievement of the performance factor.	22	(4)	10	(21)	No impact on frontline service.
Vocational Transport	Fewer pupils placed in Edinburgh Colleges.	(28)	(28)	(28)	(29)	Reflected in 2014/15 Approved Budget.
Payments to Private Nurseries	Pupil numbers are lower than budgeted.	(15)	(15)	(24)	(26)	Reflected in 2014/15 Approved Budget.
Scottish Qualification for Headship training	Fewer teachers have enrolled than budgeted.	(10)	(10)	(10)	(1)	Reflected in 2014/15 Approved Budget.
Audiology service	Service has been absorbed within the hearing service.	(5)	(4)	(4)	(1)	No impact on frontline service.
Other non-material variances		0	0	0	(30)	No impact on frontline service. Variances will be reviewed to assess whether budgets can be removed or reduced in 2014/15 and in future years.
Net Underspend		(136)	(212)	(75)	(266)	

Health and Social Care

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 (Highbank £13k and Newbyres Village £202k) due to the requirement to use locum staff and overtime to cover gaps in the rota.	191	167	206	215	Vacant posts at Newbyres will be recruited to and this will reduce the need to use agency staff at a higher cost. Some vacant posts are now being covered by Switch employees on placement. Part of the overspend at Newbyres is due to a requirement for additional staff at night and for essential maternity cover.
	Overspend on other running costs including protective clothing, hygiene related supplies and first aid (Highbank £26k and Newbyres £30k).	43	75	58	56	Scrutiny of spend against budget is ongoing in light of the changing needs of residents.
Home Care / Rapid Response Team	Overspend on overtime required to cover sickness absence and to ensure adequate staff resources are available to deal with referrals.	173	166	97	103	Sickness absence has to be covered to ensure service continuity and has been a particular issue within the rapid response team.
	Overspend on staff travel of due to the increase in referrals to the service over the last 2 years.	70	73	71	67	There is continuing pressure on the service from hospital discharges but progress is being made on reducing the use of overtime.
	Other variances	22	(5)	25	(2)	
Cherry Road, Community Action Team and Adult Resource Team	Employee performance factor not fully achieved due to essential cover being provided for frontline posts.	47	42	64	69	Maintaining staffing levels helps reduce pressure on the resource panel budget.
	Other running costs	0	33	14	7	

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Regeneration	Overachievement of income within youth employment programmes.	20	50	(67)	(96)	Income budgets have been reviewed in detail as part of the 2014/15 budget setting process.
	Income budgets relating to programmes of work which have now ceased.	0	31	31	31	
Joint Equipment Store	Usage of the store has been higher than anticipated at the time of setting the 2013/14 budget.	13	56	56	35	This budget has been reviewed as part of the 2014/15 budget setting process.
Other variances	Across the remainder of the service.	148	80	119	(10)	No impact on frontline service.
Gross Overspend		727	768	674	475	
<i>Offset by:</i>						
Client and other authority income	Contributions from clients towards their care packages are higher than anticipated.	(119)	(155)	(268)	(453)	Income budgets have been reviewed as part of the 2014/15 budget setting process.
Community Care Resource Panel	Assessed needs are less than budgeted.	189	197	328	(143)	<p>Resource Panel spend in 2013/14 amounted to £28m and projections during the year are based on commitment information within the Frameworki system. The improved position between Q's 3 and 4 is a consequence of:</p> <ol style="list-style-type: none"> 1) Changes in underlying commitments, particularly on older people; 2) An exercise looking at block contract arrangements within the Learning Disability service which has reduced costs by £160k from the projection at Q3. <p>The Resource Panel allocates resources where a critical or substantial need has been identified. Scrutiny of all applications is ongoing to ensure effective spend to meet assessed needs.</p>

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
						Savings from the Home Support review and the closure of Pentland House, which contribute to the Older Peoples Service Review savings, are less than originally targeted for 2013/14 due to a budget of £127k for displaced staff following them into the switch programme.
Non-staffing element of Learning and Development Budget	Spend has been constrained to counter pressures elsewhere in the service.	(144)	(121)	(140)	(128)	No impact on frontline service and offsets cost of essential cover for front-line staff with mandatory training requirements.
Management and administration	Vacant posts.	(138)	(128)	(136)	(147)	No impact on frontline service.
Adult support and protection	Scottish Government funding provided specifically for Adult Support and Protection. Some of spend is in the form of care packages and is met from the resource panel budget.	(100)	(100)	(102)	(162)	No impact on frontline service.
Criminal Justice	Spend is less than budget due to an element of Scottish Government funding being used to fund management and administration of this service.	(83)	(148)	(100)	(113)	No impact on frontline service.
Net Overspend / (Underspend)		332	313	256	(671)	

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.	(3)	(7)	(4)	(12)	No impact on frontline service.
Net Underspend		(3)	(7)	(4)	(12)	

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 difficulty in moving on existing clients from Bed and Breakfast accommodation (B and B) due to: - Lower turnover of available permanent housing reflecting progress with phase 2 of the new social housing programme; - Longer-term occupancy in B and B due to under occupancy limitations introduced into the social rented sector as part of welfare reform.	190	193	248	196	The budget provided for an average 77 B and B places per week. However, under occupancy issues increased this average to 91 places. Action is being taken to reduce this with alternative options being developed across all available tenures.
		140	140	140	140	A service review target of £140k for homeless accommodation was agreed as part of the 2013/14 budget. This will not be achieved in this area but will be achieved in the Housing Revenue Account, particularly though the reduced cost of void properties. Although there are no cash savings to the General Fund, improvements made have contributed to reducing the potential overspend.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Community Safety	Overspend against budget for payments to Police Scotland for Midlothian Community Action Team.	120	120	120	120	The agreed one-off budget reduction of £120k in 2012/13 was applied to 2013/14 as well. This budget is re-instated in the approved 2014/15 budget.
Furniture for temporary accommodation properties	Costs associated with furnishing leased properties from Registered Social Landlords.	0	16	26	61	Currently accommodation is leased from RSL's as they are exempt from under occupancy charge.
Other non-material variances		20	16	(14)	0	No impact on frontline service.
Gross Overspend		470	485	520	517	
<i>Offset by:</i>						
Contaminated Land	Budget was carried forward into 2013/14 for works at Loanhead Gas Works site and for Radon sampling. The estimated cost of these works is now less than anticipated.	0	0	(132)	(113)	
Private Sector Housing Grants	Grants issued to date are lower than expected.	0	(50)	(30)	(53)	This is a demand led budget so open to significant fluctuation if there is a significant change in the volume or value of applications.
Environmental Health and Trading Standards staffing	Joint working between Midlothian and East Lothian Council to provide a shared service for Enforcement Officers.	(27)	(39)	(65)	(66)	No impact on frontline service.
Net Overspend		443	396	293	285	

Resources

Commercial Operations

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Waste Service Income	Income from Trade Waste customers is lower than budgeted.	75	37	38	45	Due to a lower than anticipated number of businesses using this service. An increase in income from bin rental has reduced the Q1 projected variance.
	Bulky uplift income	10	10	6	6	Lower than anticipated users of this service.
Vogrie Country Park income	Golf course use is lower than anticipated.	21	23	18	17	A number of promotions have been run but income remains below target.
	Parking income has not achieved the income target.	21	19	17	17	
Street Lighting Electricity	The unit price for electricity is higher than expected when the budget was set.	0	0	0	31	Demand pressure from new housing developments is being felt and will be factored into future years budget projections.
Roads Services	Low staff turnover has resulted in an under achievement of the performance factor.	10	37	31	17	No impact on frontline service. There is a lower than anticipated number of new road openings and a drop in the number of defect inspections necessary which has reduced external fee income. The statutory fee level has also reduced.
	Under achievement of income from defects inspections.	0	0	25	25	
Other variances		0	0	0	20	No impact on frontline service.
Gross Overspend		137	126	135	178	
<i>Offset by:</i>						
Waste Services Staffing	Vacancies that arose in the early part of the financial year that have taken time to fill.	0	(130)	(187)	(187)	Recruitment process is ongoing.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Waste Disposal Costs	Residual waste landfilled is less than budgeted.	(46)	(46)	(46)	(36)	Additional recycling options were introduced in October 2012 which has impacted on residual waste volumes. Tonnages will continue to monitored closely.
	Garden Waste collected from April to June exceeded budget by 129 tonnes. Since July volumes have reduced.	5	(4)	(4)	(12)	
	Rebate prices for recyclate are higher than budgeted.	(24)	(35)	(107)	(122)	Recycling rebate prices are based on international markets and are very volatile.
Waste Services vehicle Hires	Introduction of new vehicles through the Fleet Replacement programme has resulted in less need for external hires.	0	0	(30)	(39)	No impact on frontline service. Future years budgets will be reviewed.
Waste Bin replacement	Blue bins have replaced recycling boxes and are sturdier.	0	0	(30)	(19)	No impact on frontline service. Future years budgets will be reviewed.
Burials	Income from burials was higher than budgeted.	0	0	0	(61)	No impact on frontline services.
Winter Maintenance	Mild weather over the winter resulted in an underspend of £260k on Winter Maintenance. During this period additional road maintenance was carried out at a cost of £202k.	0	0	0	(58)	
Landscaping income generation	Income generating projects.	0	0	0	(55)	No impact on frontline service. Future years budgets will be reviewed.
Sherrifhall Park and Ride Non Domestic Rates	The rateable value has been reduced on appeal resulting in a refund of rates.	0	0	(21)	(21)	2014/15 budget has been adjusted accordingly.
Net Overspend / (Underspend)		72	(89)	(290)	(432)	

Customer Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Running costs at the former Hopefield Primary School	The former Hopefield Primary School is being used as an archive.	65	64	61	56	No budget was provided as it was anticipated this facility would not be in operational use.
Revenues systems	Software support costs exceed budget provision.	15	15	15	11	No impact on frontline service.
Communications	Loss of income from advertising.	10	10	4	3	The reduction in the number of editions of Midlothian News has led to a loss of income from advertising that was not anticipated when the budget was set.
Cost of Benefits	Benefit overpayments exceed the upper threshold for attracting subsidy which results in a loss of subsidy that can be claimed.	0	0	145	124	In previous years overpayment levels were below the lower threshold ensuring that full subsidy on these overpayments was received. Backlog in work due to vacancies has contributed to the volume and value of overpayments. Agency staff have been recruited to address this backlog.
	Timing differences between benefits paid and recovered from DWP and impact of local discretionary schemes.	0	0	0	89	
Gross Overspend		90	89	245	283	
<i>Offset by:</i>						
Housing Benefit overpayment recoveries	Overpayments of benefits granted between 2008/9 and 2013/14 are being recovered in the Open Revenues system but have not been recorded in Corporate systems. The consequence of this is an understatement of income in the Revenues service.	0	0	0	(811)	An action plan is being developed to ensure that all data held on Revenues systems is accurately and completely recorded in corporate systems.
Council Tax Benefit	Payments reduced significantly in 2013/14 from levels seen in previous years. This is a trend seen across Scotland.	0	0	0	(338)	Future years budgets will be reviewed.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
IT Maintenance	Work undertaken on PC asset replacement and Multi Functional Devices has resulted in reduced revenue expenditure across areas of the IT maintenance budget.	0	0	0	(212)	Reduction in maintenance costs as a result of expansive replacement programme will reduce as replaced assets start to age.
Employee Performance Factor	At Q1 low staff turnover resulted in a projected under achievement of the performance factor. However, some new vacancies and time taken to fill them has reversed this position as the year progressed.	16	(30)	(14)	(178)	Restructure of Communications section has been delayed resulting in longer term vacancies. Inability to recruit to temporary Revenues Officer posts has resulted in longer term vacancies. Agency staff have been recruited for a short period to tackle a backlog in work. High turnover of staff within the Contact Centre resulted in short term vacancies.
Non Domestic Rates	Statutory penalty imposed for non-payment of rates.	0	0	0	(116)	Future year budgets will be reviewed to reflect current income levels.
Debt collection penalty income	Additional income from debt recovery process.	0	0	0	(40)	Future year budgets will be reviewed to reflect current income levels
Scottish Water Collection Fee	Impact of incentive payment received from Scottish water for collection and disbursement of charges.	0	0	0	(38)	Future year budgets will be reviewed to reflect current income levels
Other non-material variances		7	11	17	(36)	No impact on frontline service.
Net Overspend / (underspend)		113	70	228	(1,486)	

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
Central Postages	The volume and cost of postages exceeds budget.	26	39	44	53	Despite changing suppliers and securing better prices the volume and mix of postages continues to exceed budget. Work continues to address this.
Other variances		0	0	0	12	No impact on frontline service.
Gross Overspend		26	39	44	65	
<i>Offset by:</i>						
Staffing	Due to vacancies across the service.	(26)	(39)	(44)	(147)	Vacancies held pending implementation of Integrated Service Support Review.
Net Underspend		0	0	0	(82)	

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
Energy costs	Energy consumption is higher than budgeted, particularly in a few properties.	62	62	62	130	Efforts continue to minimise energy consumption across the council and particular focus is being placed on properties where there is significantly greater consumption than budgeted.
Facilities Management	Additional staffing costs from having more staff than posts due to implementation of Janitorial Review.	41	41	41	51	Situation is now resolved and will not impact on future years budgets.
	Building Cleaning Staffing – the approved budget reduction to reduce the summer holidays deep clean in school kitchens from 2 weeks to 1 week has not yet been implemented leading to an overspend in the current year.	13	13	13	13	Consultation with staff impacted upon by this change is on-going.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Asset Management / EWiM	Unbudgeted costs in respect of phase 1 of the EWiM project.	44	44	44	59	Slippage in expected closure dates for Ironmills Road and for Loanhead Social Work Offices has contributed to the additional costs.
	Balance of savings target planned to be achieved from EWiM phase 2.	0	0	0	31	A report on Asset Management / EWiM was presented to Council on 25 th March 2014.
Gross Overspend		160	160	160	284	
<i>Offset by:</i>						
Employee Performance Factor	Vacancies across all service areas have resulted in an over achievement of the Employee Performance Factor	(71)	(84)	(82)	(306)	The main areas for the underspend are Snowsports, sports development, maintenance and construction. Future years budgets will be reviewed in light of this underspend.
Repairs and Maintenance	A lower than budgeted incidence of reactive repairs work.	0	0	0	(218)	A short term benefit is being seen from continued capital investment, particularly in the school estate.
Snowsports Centre Income	A combination of increased capacity from opening the upper slope and launching the new tubing run have resulted in increased income from lessons and from special events.	0	0	0	(144)	Rebranding and revised product lines have contributed to increased income.
Sport and Leisure Income	Shortfall in achieving income targets at all centres other than Lasswade which has significantly over achieved its target.	133	110	90	(43)	Removal of the market supplement initially resulted in the cancellation of some classes and subsequently impacted on membership levels. However this has been offset by very encouraging attendance figures at the new Lasswade Centre.
Other non-material variances		0	0	0	(5)	No impact on frontline service.
Net Overspend / (Underspend)		222	186	168	(432)	

Other

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional Information / Action taken
Loan Charges	Since setting the 2013/14 budget the cost of borrowing to finance the General Services Capital Plan has reduced due to a significant reduction in borrowing required to finance capital expenditure.	(642)	(648)	(654)	(776)	This is a consequence of slippage in the General Services Capital Plan. Projects that have slipped will now fall into 2014/15 so borrowing costs are only delayed.
Investment Income	Dividend receivable from Lothian Buses for the Council's shareholding is expected to be higher than budgeted.	0	0	(80)	(88)	This has been reflected in the 2014/15 approved budget.
	Higher than budgeted rental income from commercial properties due to a lower than expected number of void properties.	0	0	0	(50)	
Procurement	A target of £544k for procurement savings was set in 2013/14. This target is not met in full.	150	150	245	388	<p>The Procurement Contract Delivery Plan 2013-17 has been agreed by Business Transformation Board and progress is being made towards savings targets although there is some slippage in some areas in 2013/14 which has reduced potential savings.</p> <p>Significant savings have been achieved that have seen reduced expenditure in both The Housing Revenue Account and the Capital Account.</p>
Business Services Review	A target of £373k for the Business Services Review was set in 2013/14. This target will has not been met.	373	373	373	373	The Business Services Review has now been consumed into the Integrated Service Support project which will deliver savings in 2014/15.
Council Tax and Community Charge Income	A continued growth in Band D equivalents results in a higher than budgeted Council Tax yield.	(120)	(210)	(300)	(330)	The continued growth in Band D equivalents has been factored into Council Tax income budgets for 2014/15 and beyond.

