

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

<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>Additional information / Action taken</b>
Non-residential services commissioned for children with disabilities	Projected 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	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)	No impact on frontline service.
<b>Gross Overspend</b>		<b>145</b>	<b>137</b>	<b>140</b>	
<i>Offset by:</i>					
Multi Agency Resource Group (MARG) placements	Control over demand is leading to a projected underspend for residential schools and external care home placements.	(561)	(595)	(747)	This has been reflected in future years budget projections.
Family Placements	Level of externally purchased agency foster care placements and adoption placements currently lower than budgeted.	(274)	(276)	(137)	This is reflected in the 2014/15 approved budget.
Non-residential services commissioned for children without disabilities	Control of demand is leading to a projected underspend for taxi services, aftercare placements and alternative methods of provision of supervised contact.	(109)	(137)	(222)	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. To date placement numbers are lower than capacity so recruitment to new posts was delayed.	(64)	(88)	(107)	Recruitment to new posts is now complete.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
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)	Service Reviews are underway within Children's Resources and Public Protection which will resolve the position with these posts.
<b>Net Underspend</b>		<b>(863)</b>	<b>(1,007)</b>	<b>(1,124)</b>	

### Communities and Support

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Mobile Library	Planned saving was overstated so is unable to be delivered in full.	20	17	17	No impact on frontline service.
Employee Performance Factor	Vacant posts within Performance and Planning and Staff Support Services.	5	10	(15)	No impact on frontline service.
<b>Gross Overspend</b>		<b>25</b>	<b>27</b>	<b>2</b>	
<i>Offset by:</i>					
Community Leisure and Development	Delays in recruitment to casual youth worker posts.	0	(21)	(45)	Recruitment currently underway.
Community Leisure and Development Resources	Slippage in planned programmes.	0	0	(40)	The process by which these budgets are allocated will be reviewed in 2014/15.
Other underspends	A collection of small underspends across the service.	(31)	(36)	(28)	Various underspends which have been considered as budget savings for 2014/15.
<b>Net Underspend</b>		<b>(6)</b>	<b>(30)</b>	<b>(111)</b>	

## Planning and Development

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Employee Performance Factor	Low staff turnover has resulted in an under achievement of the performance factor. Two new vacancies during Q2 reduced the projected overspend.	97	34	10	No impact on frontline service.
<b>Gross Overspend</b>		<b>97</b>	<b>34</b>	<b>10</b>	
<i>Offset by:</i>					
Planning and Building Standards Fee Income	Higher than budgeted income from development management and building standards fees.	0	(137)	(221)	Conditions in the housing and commercial development markets are showing signs of recovery. The impact of this is reflected in the 2014/15 budget.
Other non-material variances		(10)	(1)	(1)	No impact on frontline service.
<b>Net Overspend</b>		<b>87</b>	<b>(104)</b>	<b>(212)</b>	

## Education

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £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	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	No progress on the changes to opening times as yet. The lead time on implementing this change will result in the saving being less than expected.
Employee Performance Factor	Staff turnover during Q2 results in the Performance factor being achieved.	22	(4)	10	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	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.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
<b>Gross Overspend</b>		<b>133</b>	<b>71</b>	<b>85</b>	
<i>Offset by:</i>					
Schools Devolved School Management	A reduction in Teachers Average Salaries from budget mainly due to the use of newly qualified teachers. Increased cost of teachers absence has reduced the projected underspend.	(158)	(173)	(41)	No impact on frontline service.
PPP Contracts	Movements in the insurance market have led to a one-off refund being received from the PPP contractors.	(53)	(53)	(53)	No impact on frontline service.
Vocational Transport	Fewer pupils placed in Edinburgh Colleges.	(28)	(28)	(28)	Reflected in 2014/15 Approved Budget.
Payments to Private Nurseries	Pupil numbers are lower than budgeted.	(15)	(15)	(24)	Reflected in 2014/15 Approved Budget.
Scottish Qualification for Headship training	Fewer teachers have enrolled than budgted.	(10)	(10)	(10)	Reflected in 2014/15 Approved Budget.
Audiology service	Service has been absorbed within the hearing service.	(5)	(4)	(4)	No impact on frontline service.
<b>Net Underspend</b>		<b>(136)</b>	<b>(212)</b>	<b>(75)</b>	

## **Health and Social Care**

### **Adult and Community Care**

<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>Additional information / Action taken</b>
Residential Homes for Older People	Projected overspend on employee costs within the homes (Highbank £13k and Newbyres Village £193k) due to the requirement to use locum staff and overtime to cover gaps in the rota.	191	167	206	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 essential maternity cover.
	Projected overspend on other running costs including protective clothing, hygiene related supplies and first aid (Highbank £20k and Newbyres £38k).	43	75	58	Scrutiny of spend against budget is ongoing in light of the changing needs of residents.
Home Care / Rapid Response Team	Projected overspend on overtime required to cover sickness absence and to ensure adequate staff resources are available to deal with referrals.	173	166	97	Sickness absence has to be covered to ensure service continuity and has been a particular issue within the rapid response team.
	Projected overspend on staff travel of £71k due to the increase in referrals to the service over the last 2 years.	70	73	71	There is continuing pressure on the service from hospital discharges but progress is being made on reducing the use of overtime.
	Other projected variances	22	(5)	25	
Community Care Resource Panel	Assessed needs are more than budgeted. Progress towards achievement of agreed 2013/14 Budget Savings is ongoing.	189	197	328	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.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £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 some budget for displaced staff following them into the switch programme.
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	Maintaining staffing levels helps reduce pressure on the resource panel budget.
	Other running costs	0	33	14	
Regeneration	Projected under / (over) achievement of income within youth employment programmes.	20	50	(67)	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	
Joint Equipment Store	Usage of the store has been higher than anticipated at the time of setting the 2013/14 budget.	13	56	56	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	No impact on frontline service.
<b>Gross Overspend</b>		<b>916</b>	<b>965</b>	<b>1,002</b>	
<i>Offset by:</i>					
Client and other authority income	Projected income exceeds budget.	(119)	(155)	(268)	No impact on frontline service.
Non-staffing element of Learning and Development Budget	Projected spend is less than budget.	(144)	(121)	(140)	No impact on frontline service and offsets cost of essential cover for front-line staff with mandatory training requirements.
Management and administration	Projected underspend on employee costs due to vacant posts.	(138)	(128)	(136)	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	(100)	(100)	(102)	No impact on frontline service.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
	care packages and is met from the resource panel budget.				
Criminal Justice	Projected 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)	No impact on frontline service.
<b>Net Overspend</b>		<b>332</b>	<b>313</b>	<b>256</b>	

#### Business Transformation

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Miscellaneous Supplies and Services	Net underspend.	(3)	(7)	(4)	No impact on frontline service.
<b>Net Underspend</b>		<b>(3)</b>	<b>(7)</b>	<b>(4)</b>	

#### Housing and Community Safety

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £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 due to slippage in 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	The budget provided for an average 77 B and B places per week and it is anticipated there will be an average of 84 places. Action is being taken to reduce this with alternative options being developed across all available tenures.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
	There has also been a higher than budgeted number of homeless presentations.	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 through 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.
Community Safety	Projected overspend against budget for payments to Police Scotland for Midlothian Community Action Team.	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 2014/15 budget.
Furniture for temporary accommodation properties	Costs associated with furnishing leased properties from Registered Social Landlords.	0	16	26	Currently accommodation is leased from RSL's as they are exempt from under occupancy charge.
Other non-material variances		20	16	(14)	No impact on frontline service.
<b>Gross Overspend</b>		<b>470</b>	<b>485</b>	<b>520</b>	
<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)	
Private Sector Housing Grants	Grants issued to date in 13/14 are lower than expected.	0	(50)	(30)	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)	No impact on frontline service.
<b>Net Overspend</b>		<b>443</b>	<b>396</b>	<b>293</b>	



## Resources

### Commercial Operations

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Waste Service Income	Projected income from Trade Waste customers is lower than budgeted.	75	37	38	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	Lower than anticipated users of this service.
Vogrie Country Park income	Golf course use is lower than anticipated.	21	23	18	A number of promotions have been run which may improve this figure as the year progresses.
	Parking income is not expected to achieve the income target.	21	19	17	Income has increased during periods of good weather.
Roads Services	Low staff turnover has resulted in an under achievement of the performance factor.	10	37	31	No impact on frontline service.
	Under achievement of income from defects inspections.	0	0	25	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.
<b>Gross Overspend</b>		<b>137</b>	<b>126</b>	<b>135</b>	
<i>Offset by:</i>					
Waste Services Staffing	Vacancies that have arisen in the early part of the financial year that have taken time to fill.	0	(130)	(187)	Recruitment process is underway.
Waste Disposal Costs	Residual waste landfilled is projected to be less than budgeted.	(46)	(46)	(46)	Additional recycling options were introduced in October 2012 which has impacted on residual waste volumes. Close monitoring of tonnages will continue throughout the year and have been reflected in the 2014/15 Budget.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
	Garden Waste collected from April to June exceeded budget by 129 tonnes. Since July volumes have reduced.	5	(4)	(4)	
	Anticipated rebate prices for recycle are higher than budgeted.	(24)	(35)	(107)	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)	No impact on frontline service.
Waste Bin replacement	Blue bins have replaced recycling boxes and are sturdier.	0	0	(30)	No impact on frontline service.
Sherrifhall Park and Ride Non Domestic Rates	The rateable value has been reduced on appeal resulting in a refund of rates.	0	0	(21)	2014/15 budget has been adjusted accordingly.
<b>Net Overspend</b>		<b>72</b>	<b>(89)</b>	<b>(290)</b>	

#### Customer Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £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	No budget was provided as it was anticipated this facility would not be in operational use.
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 through Q2 and Q3.	16	(30)	(14)	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.
Revenues systems	Software support costs exceed budget provision.	15	15	15	No impact on frontline service.
Communications	Projected loss of income from advertising.	10	10	4	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.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
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	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.
Other non-material variances		7	11	17	No impact on frontline service.
<b>Gross Overspend</b>		<b>113</b>	<b>70</b>	<b>228</b>	

#### Finance and Human Resources

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Central Postages	The volume and cost of postages exceeds budget.	26	39	44	Despite changing suppliers and securing better prices the volume and mix of postages continues to exceed budget. Work continues to address this.
<b>Gross Overspend</b>		<b>26</b>	<b>39</b>	<b>44</b>	
<i>Offset by:</i>					
Staffing	Due to vacancies across the service.	(26)	(39)	(44)	No impact on frontline service.
<b>Net</b>		<b>0</b>	<b>0</b>	<b>0</b>	

## Properties and Facilities Management

<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>Additional information / Action taken</b>
Sport and Leisure Income	<p>Shortfall in achieving income targets.</p> <p>Vacancies exceed the performance factor</p>	133  (71)	110  (84)	90  (82)	Removal of the market supplement has resulted in the cancellation of some classes and subsequently impacted on membership levels. The fit for 8 campaign has been very successful and it is hoped that retention of a proportion of new customers will be retained. Encouraging attendance figures at the new Lasswade Centre has offset shortfalls of swimming income at other centres.
Energy – Carbon Reduction Commitment Costs	Final 2012/13 figures are now finalised and the allowances the council require to purchase exceed budget by £31k. It is assumed that the same position will be seen for 2013/14 allowances.	62	62	62	Efforts continue to minimise the energy consumption and this may reduce anticipated 2013/14 costs.
Facilities	<p>Additional staffing costs resulting from having more staff than posts due to implementation of Janitorial Review.</p> <p>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 a projected overspend in the current year.</p>	41  13	41  13	41  13	<p>Work is ongoing to resolve this.</p> <p>Consultation with staff impacted upon by this change is on-going.</p>
Asset Management / EWiM	It is anticipated that unbudgeted costs of £44k will be incurred in respect of phase 1 of the EWiM project.	44	44	44	Slippage in expected closure dates for Ironmills Road and for Loanhead Social Work Offices has contributed to the additional costs. A progress report on the EWiM project is planned for Business Transformation Board early in 2014.
<b>Gross Overspend</b>		<b>222</b>	<b>186</b>	<b>168</b>	

## Other

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional Information / Action taken
Loans 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)	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)	This has been reflected in the 2014/15 approved budget.
Procurement	A target of £544k for procurement savings was set in 2013/14. This target is not anticipated to be met in full.	150	150	245	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.
Business Services Review	A target of £373k for the Business Services Review was set in 2013/14. It is projected this target will not be met.	373	373	373	The Business Services Review has now been consumed into the Integrated Service Support project. Potential savings options are being examined and may contribute to the target as the year progresses.
EWiM	A target of £25k budget reduction for EWiM was set in 2013/14. Progress towards completing Phase 1 is well underway and performance against budget is shown in the Properties and Facilities Management Section above. To date there are no plans to save the remaining £23k targeted.	23	23	23	Phase 1 involving closure of Loanhead Social Work Centre and Ironmills Road with staff relocating to the main campus is almost complete. Updates on costs against budget for phase 1 and progress against targeted savings will be updated as the year progresses.
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)	The continued growth in Band D equivalents has been factored into Council Tax income budgets for 2014/15 and beyond.