

Financial Monitoring 2015/16 – 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
Residential and day education placements	Increase in requirement for both residential and secure placements.	591	This represents a 16% overspend on the Multi Agency Resource Group Budget of £3.6 million. The group continue to challenge new demand to keep costs under control.
Family Placements	Increase in requirements for placements.	88	Demand led. More cost effective options are being explored.
Gross Overspend		679	
<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)	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)	Recruitment is underway to these vacant posts.
Other non-material variances	Miscellaneous over and undespends covering the remaining areas of the Childrens Services budget.	(17)	No impact on frontline service.
Net Overspend		384	

Communities and Economy

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
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	Cost sharing with East Lothian Council no longer takes place and the service are considering options to address this overspend.
Economic Development	Unbudgeted expenditure for the Leader Programme.	12	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	No impact on frontline service provision.
Gross Overspend		150	
<i>Offset by:</i>			
Vacancies and Performance Factor	Vacant posts and part-year vacancies are delivering the performance factor.	(217)	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)	Conditions in the Housing and Commercial development markets are showing signs of recovery.
Landlord Registrations	Income is projected to be higher than budget.	(19)	Demand led.
Net Underspend		(109)	

Education

Description of Variance	Reason for Variance	Quarter 1 £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)	Windfall Income.
	Assumptions regarding the rate of inflation to be applied in 2015/16 were too cautious resulting in a projected underspend for the PPP2 contract.	(30)	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)	Recruitment to vacant posts is progressing.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Education Service budget.	2	No impact on frontline service.
Net Underspend		(128)	

Health and Social Care

Adult Social Care

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Residential Care Homes for Older People	Projected overspend mainly on staffing costs at Newbyres Village due to the requirement to use locum staff and overtime to cover gaps in the rota.	223	The projected overspend in this year is mainly as a result of additional staff on shift 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. There has been a sustained and significant reduction in sickness absence levels at the home. This is a result of successful interventions by management and will be monitored going forward to ensure it is sustained. A review of staffing is underway. Appropriate staffing levels will be addressed as part of this to ensure that the budget reflects the staffing requirements of the home.
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	Packages of care are being held by the reablement team and will transfer to external providers when they have capacity. This has implications as care packages for people being discharged from hospital have to be provided by home care and this is achieved by staff working additional hours. Some of this overspend is being offset by lower resource panel spend on purchased care at home. A recruitment fair involving all providers has been held to encourage more people to work in the care sector. Meetings are in place with providers to address their capacity issues.

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Non-achievement of staffing related budget	Planned budget savings from staffing reviews will not take effect until either 2016/17 or 2017/18.	201	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	There have been staffing changes within this service and also Adult Protection referrals have increased significantly. Due to the demands on the service all posts require to be filled. Use of agency staff will reduce as vacancies are filled. Applicability of a performance factor in this area will be reviewed as part of the 2016/17 budget setting process.
Cherry Road, Community Action Team and Shared Lives	Non-achievement of employee performance factor.	68	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. Applicability of a performance factor in this area will be reviewed as part of the 2016/17 budget setting process.
Other non material variances	Miscellaneous over and underspends covering the remaining areas of the Adult Social Care budget.	25	No impact on frontline service.
Gross Overspend		833	
<i>Offset by:</i>			
Community Care Resource Panel	Assessed needs are currently less than budgeted. The budget is £28 million and is demand led with individual packages of care sometimes in excess of £100k per annum. There are emerging pressures within commissioned services including in relation to overnight cover. An update will be provided at quarter 2.	(362)	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.
Client Income	Contributions from clients towards their care packages are higher than anticipated. The impact of waiving charges for carers will be monitored and reviewed as part of the 2016/17 budget setting process.	(130)	No impact on frontline service.

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
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)	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)	No impact on frontline service.
Learning and Development	Spend has been constrained to counter pressures elsewhere in the service.	(36)	No impact on frontline service and offsets cost of essential cover for front-line staff with mandatory training requirements.
Net Overspend		205	

Customer and Housing Services

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Homelessness accommodation	Refurbishment works at Pentland and Midfield House are to take place later than anticipated when the budget was set resulting in savings being delayed.	151	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 77 places. Action is being taken to reduce this with alternative options being developed across all available tenures.
Gross Overspend		151	
<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)	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.
Housing Benefit Overpayment Recoveries	Housing Benefit overpayment recoveries are anticipated to be greater than budgeted.	(53)	The base budget for 2015/16 provided for anticipated overpayment recoveries. This will be further reviewed when preparing the 2016/17 budget.
Other non material variances	Miscellaneous over and underspends covering the remaining areas of the Customer and Housing Service.	(3)	No impact on frontline service.
Net Underspend		25	

Resources

Commercial Services

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Waste Disposal Charges	The sale price of recyclate has dropped significantly since the budget was prepared.	110	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 £6.27. Prices in this market are very volatile.
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	Total loss of income is £150k and this is offset by savings in staff costs of £120k. Efforts continue to recruit suitably qualified staff.
Gross Overspend		140	
<i>Offset by:</i>			
Fuel Costs	The budget provided for an average price of £1.12 per litre. The average price to date is £0.96 per litre.	(129)	Fuel prices have been low during the recent period but can be volatile.
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)	Consumption and the prevailing price will be closely monitored as the year progresses.
Net Underspend		(39)	

Finance and Integrated Service Support

Description of Variance	Reason for Variance	Quarter 1 £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	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. Since inception 62 people have entered SWITCH. As at 30th June 17 people remain in SWITCH of which 16 were on funded placements. 24 people that were in SWITCH have moved to permanent jobs with 20 leaving through VSER and 1 resigning.

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
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 are still being sought with an anticipated cost of £71k in 2015/16 which is not budgeted.	77	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	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	Work is ongoing to establish the level of retrospective checks still to be undertaken.
Employee Performance Factor	The budgeted employee performance factor is not expected to be achieved.	25	No impact on frontline service.
Bank Charges	The shift towards electronic payments has led to increased transaction costs.	16	A review of bank charges is underway with the aim of negotiating lower rates with service providers.
Gross Overspend		406	

Properties and Facilities Management

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Bonnyrigg Leisure Centre	Security and Rates costs for the former Leisure Centre.	51	Demolition and building works are now underway but it is difficult to ascertain the impact on non-domestic rates until an assessment of rateable value is undertaken following works. It is possible that costs may reduce if a partial refund of rates already paid is due.
Property costs for former Loanhead Social Work centre	Building is now demolished. Property costs were incurred up to handover date to demolition contractor.	8	One-off costs.
Gross Overspend		59	
<i>Offset by:</i>			

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Snowsports Income	Tubing party income and consequent impact on cafe.	(90)	First full year of operation has shown higher than expected income.
Net Overspend		(31)	

Other

Description of Variance	Reason for Variance	Quarter 1 £000	Additional Information / Action taken
Loan Charges	Since setting the 2015/16 budget the cost of borrowing to finance the General Services Capital Plan has reduced due to slippage which has allowed deferral of long-term borrowing.	(197)	Projects that have slipped will now fall into 2016/17 so borrowing costs are only delayed.
Central Costs	Insurance costs – an increase to the likely settlement costs for an existing claim and 2 new higher value claims.	110	Detail of these claims is being reviewed and any mitigating action required will be put in place.
	Insurance costs – there has been an increase in premiums as a consequence of claims experience and additional coverage for a certain class of property.	72	This will be reflected as a budget pressure in future years.
Transformation Savings - Procurement	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.	185	Procurement plans are currently being refreshed and this may identify further savings in 2015/16. Contract savings have been made or are planned for 2015/16 which impact on the Capital Account and the Housing Revenue Account.
Transformation Savings - Maximising Attendance	The target of £155k will not been achieved in 2015/16.	155	Work continues to generate savings through maximising attendance.
Transformation Savings – Income Maximisation	The Target of £75k will not be achieved in 2015/16.	75	Progress towards efficiencies in this area will be consumed into the Delivering Excellence agenda.
Council Tax and Community Charge Income	A continued growth in Band D equivalents results in a higher than budgeted Council Tax yield.	(230)	The continued growth in Band D equivalents will be factored into Council Tax income budgets for future years.