

## Financial Monitoring 2021/22 – General Fund Revenue – Material Variances

### Place Directorate

#### Corporate Solutions

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Vacancies and Performance Factor	Staff turnover and vacancies.	(142)	(226)	(336)	The Corporate Solutions Management review is progressing and will be finalised during 2021/22. Vacancies have been held in advance of implementation of the formal service review. Movement between Q2 and Q3 relates to slippage in filling vacancies.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Service.	62	10	0	
<b>Net Underspend</b>		<b>(80)</b>	<b>(216)</b>	<b>(336)</b>	

#### Place

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Vacancies and Performance Factor	Staff turnover and vacancies.	151	(203)	(367)	The Place Management review, with a savings target of £0.350m, is now at implementation stage. Vacancies across the service have been held to offset this savings target in the current year. The in-year movement relates to updated projections for vacancies across the service.
Travel & Fleet Services	Cost of vehicle repairs mainly relating to external works. Partially offset by vacancies within the service.	406	394	304	The budget for vehicle repairs carried out directly or by contractors is provided for as part of the overall Travel and Fleet Services gross budget of £3.1 million. The next stage of the service structure review will focus on fleet services. Budget recovery measures have been implemented.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Trade Waste	The external customer base was on a downwards trend pre-covid. The pandemic has exacerbated this with fewer businesses to service.	0	0	175	As the longer term implications of the pandemic become clearer service provision will be reviewed. Prior to Q3 sufficient information to make an accurate projection was not available. This has now been resolved.
Waste Disposal	Actual tonnage exceeds budgeted.  One-off cost reduction relating to resolution of a contract with a previous contractor.	0	0	209 (96)	The 22/23 budget incorporates projections on waste tonnages. Over the course of the year detailed and complex work has been ongoing with the City of Edinburgh Council to agree a basis for financial forecasts. During Q3 work has gotten to a place to allow this to be reported with sufficient certainty.
Homelessness	Increased provision of supported temporary accommodation at Klibreck and Eastfield has resulted in increased concierge costs.	63	0	0	Forecast additional costs at Q1 are now offset by underspends against budget elsewhere in the service.
Travelling Peoples Site	Shared costs with East Lothian Council exceed budget.	28	22	17	Arrangements with East Lothian Council at this shared site facility are being reviewed with a view to reducing ongoing costs.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Service.	24	3	(12)	
<b>Gross Overspend</b>		<b>672</b>	<b>216</b>	<b>230</b>	
<i>Offset by:</i>					
Housing & Homelessness	The use of Bed and Breakfast places ceased in November 2020 resulting a projected saving of £0.273m. This is offset by an adverse variance of £0.067m on the fixtures and fitting Budgets mainly because of essential COVID safety measures.	(127)	(204)	(206)	The projection for additional fixtures and fittings costs reduced in Q2 reflecting the impact of COVID measures in place.
<b>Net Overspend</b>		<b>545</b>	<b>12</b>	<b>24</b>	

## 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	Quarter 3 £000	Additional information / Action taken
Management Review	There is an outstanding Management Review target. Delayed implementation has had a negative impact.	115	50	50	The Service Review is progressing and the remaining target will be secured for financial year 2022/23.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Service.	9	9	(2)	
<b>Net Overspend</b>		<b>124</b>	<b>59</b>	<b>48</b>	

### Childrens Services, Partnerships and Communities

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
<b>Children's Services</b>					
Residential and Day Education Placement	Over the past year there has been a slight increase in residential placements required for our younger children (5 -10) years in particular alongside some placements continuing for longer than previously forecast due to COVID restrictions. Our ethos remains that where possible and safe all children and young people shall remain in Midlothian.	77	133	88	<p>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. COVID has meant that some young people have not been able to move on to college or their own tenancy as quickly as hoped. Significant investment has been directed at supporting many children and young people via youth workers to ensure they remain at home and in education.</p> <p>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.</p> <p>The longer term impact of Covid on children and young people has still not been fully appreciated and the need</p>

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
					to future plan to ensure the council has sufficient resources to support those who have been adversely affected via their learning, mental health and emotional and social wellbeing cannot be underestimated.
<b>Gross Overspend</b>		<b>77</b>	<b>133</b>	<b>88</b>	
<i>Offset by:</i>					
Family Placements	There has been a reduction in External Foster Care placements which are more expensive than our internal provision. Furthermore, there has been a fall in Kinship care since the start of 2021.	(181)	(275)	(242)	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. This work has been impacted by Covid with regard to delayed court hearings. We therefore need to be mindful that the underspend could be consumed with a few adoption orders being granted or children needing to go to external placements.  The recruitment of additional foster carers has been impacted by Covid. Resources are at capacity which may result in more external placements being required.
Non-residential services commissioned and provided for Children with and without disabilities	Taxi costs for children without disabilities.	(33)	(19)	(4)	A review of all taxi spend across Childrens Services and Education was underway pre-COVID. However, resources were subsequently realigned to other areas of critical work. Current restrictions continue to have an impact with lower than usual taxi spend as children and young people cannot move between schools or placements.
	Residential Respite	(114)	(125)	(89)	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. However, the impact on families when children are unable to have mini breaks or receive additional support from other services remains a concern and the pressure on families is very real and challenging to manage. Additional spend via the MARG budget for 1:1 support in part contributes to an overspend in MARG and an underspend in

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
					commissioned services. Budgets in this area are being re-aligned.
Vacancies and Performance Factor	Staff turnover and vacancies.	(29)	(33)	(230)	Movement between Q2 and Q3 relates mainly to vacancies in Residential Services and at Hawthorn.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Service.	(74)	(34)	(5)	
<b>Net Underspend</b>		<b>(354)</b>	<b>(353)</b>	<b>(482)</b>	
<b>Partnerships and Communities</b>					
EU Funded Projects	The Council has withdrawn from the partnership agreements with Scottish Government for the Employability Pipeline project and Social Inclusion programme. £0.144m of grant received will be repaid.	0	144	144	The decision to withdraw was a consequence of an inability to agree changes to target outcomes, comply with retrospective European Social Fund rule changes and meet the 98% compliance rate in terms of participant evidence for vulnerable client groups.
<b>Gross Overspend</b>		<b>0</b>	<b>144</b>	<b>144</b>	
Vacancies and Performance Factor	Staff turnover and vacancies.	(50)	(75)	(113)	
CLL Running Costs	Due to some services not fully operating running costs will be lower than budgeted.	(27)	(92)	(76)	Solutions around ensuring we get back to fully operating groups are underway with clear targets set in the new CLD Plan.
<b>Net Underspend</b>		<b>(77)</b>	<b>(23)</b>	<b>(45)</b>	
<b>Service Net Underspend</b>		<b>(431)</b>	<b>(376)</b>	<b>(527)</b>	

## Education

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Additional Support Needs	Additional young people with support needs were identified after the 2021/22 budget was set.	190	358	464	The review of our ASN service is ongoing and temporary additional staff have been appointed to support this work. A report will be prepared for members which will set out the current and projected service need. This will also inform how the budget will be set going forward and what information is required to allow that to happen. The ASN review is also linked to the wider review of the DSM scheme. The overspend has provided new specialist provision for young children across 5 primary schools, additional secondary school ASN provision, an increase in therapeutic services and an increase in outdoor learning experiences for some of our most vulnerable children and young people. The overspend represents best value when compared with placing children externally and also ensures that our children are supported within their local communities.
Equipped for Learning Project	Costs properly chargeable to the revenue account exceed the initial assessment of cost split between the revenue account and the capital account for the project.	0	0	220	The initial estimate made a number of assumptions on the split between costs that would be treated as capital and those that would be revenue. The variation reflects the required accounting treatment of the services that have been procured. The overall delivery costs of Equipped for Learning remains in line with the original cost envelope.
<b>Gross Overspend</b>		<b>190</b>	<b>358</b>	<b>684</b>	
<i>Offset by:</i>					
Schools	In the Primary sector the current projection of actual school numbers for the current school year is 93 lower than secured in the approved budget. In addition there are projected underspends in school settings, after allowing for a 1% carry forward under current DSM rules.	(573)	(752)	(818)	Uptake of school places in the Primary Sector was impacted by a high level of P1 deferrals.  Numbers in the secondary sector are almost exactly in line with secured budgets.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Early Learning and Childcare	Vacancies and lower than budgeted absence across settings.	0	(688)	(745)	Projections are based on existing ELC setting numbers and may increase during the remainder of the financial year. Pupil number projections across Education are being reworked and will feed into the Medium Term Financial Strategy cost projections. Detailed work on the Early years delivery model is also ongoing and will inform financial projections.
	Approved budget providing for 110 more pupils than attending.	0	(767)	(790)	
Home to School Transport – Primary and Secondary	Projected costs using the latest contract list are lower than budgeted.	(238)	(60)	(76)	Further contracts in place at the start of the 2021/22 academic year reduced the projected underspend.
Vacancies and Performance Factor	There are a number of vacancies across the Education service partially offset by higher than budgeted spend on maternity cover in schools.	(199)	(593)	(241)	Strict vacancy control is applied with management action in place to minimise any impact on frontline service provision. Movement between Q2 and Q3 mainly relates to the volume of maternity leave in the Primary sector.
<b>Net Underspend</b>		<b>(820)</b>	<b>(2,502)</b>	<b>(1,986)</b>	

## Management and Members

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Vacancies and performance factor	Projected underspend due to vacancies and cost of Members.	(17)	(23)	(29)	
<b>Net Underspend</b>		<b>(17)</b>	<b>(23)</b>	<b>(29)</b>	

### Other

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Council Tax Income		71	92	0	Council Tax income growth of £1m was reflected in the 2021/22 budget reflecting an increased Band D rate and also projected increases in chargeable dwellings in Midlothian. Forecast increases in yield are now being seen.
Scottish Government Grant – Teachers Induction Scheme	When the budget was set it was estimated that the Council would receive £0.625m of the £37.6m undistributed sum in the Finance Circular. The quantum distributed has risen to £53.306 and once distribution methodology is applied the Council receives £0.425m more than budgeted.	0	0	(425)	Costs associated with employing probationary teachers are covered in the Education budget.
Loan Charges		0	(176)	2	Forecast Capital Expenditure for 2021/22 has increased from projections at Q2 thus giving rise to additional borrowing costs.
Central Costs - Insurances	The annual review of premiums due on 1 <sup>st</sup> July each year that is inherent in the Insurance contracts has resulted in a considerably higher increase than expected when the budget was set giving rise to an adverse variance of £0.196m.	196	196	196	The Councils appointed Insurance Broker has supported the Council to minimise increases where possible. The position reached is reflective of the position across the whole Local Authority Insurance market.



Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
	During this financial year a number of potentially high value claims have been made on the Council giving rise to possible costs which are included in the Q3 projection.	89	183	433	<p>Movement between Q2 and Q3 mainly relates to two new high value claims dating back to the 1970's and 1980's. Also, during Q3 there have been 3 new claims with expected settlement costs greater than £10,000 and 17 new claims with settlement costs between £1,000 and £10,000.</p> <p>This sum remains a provision at this point. As claims are made and progress the loss adjusters will continually refine projected costs as information on the likelihood of settlement costs emerges.</p>
<b>Net Overspend</b>		<b>356</b>	<b>295</b>	<b>631</b>	