

Financial Monitoring 2016/17 – 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
Employee performance factor	Non achievement of performance factor offset by some part vacant posts.	181	
Supernumerary staff within the practice teams	High levels of demand are currently being experienced requiring the use of supernumerary agency staff.	94	Service Management will review the need for these posts on a regular basis. A new service structure will be implemented in December 2016.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Children's Services budget.	3	No impact on frontline service.
Gross Overspend		278	
<i>Offset by:</i>			
Residential and Day Education Placements	The requirement for residential placements is lower than anticipated and provided for in the budget. Demand for new placements was low for the first half of the 2016 calendar year.	(912)	This represents a 24% underspend on the Multi Agency Resource Group budget of £3.9 million. The group continue to challenge new demand to keep costs under control and has recently been successful in its work to progress children in secure placements to allow them to move to other forms of care.
Family Placements	Slippage in plans for the usage of additional Scottish Government Grant.	(174)	The service is developing plans to utilise this funding. This will take place alongside the implementation of the new service structure during the course of 2016/17.
Net Underspend		(808)	

Communities and Economy

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Building Standards Income	There was an artificially high level of income received in 2015/16 as a result of changes to Building Regulations in October 2015. This created a high level of application activity before the new regulations came into force. As a result the numbers and related fee income of warrants in 2016/17 are lower than budgeted.	84	The income received for Building Warrants is highly variable and is influenced by the timings of building works.
Planning Income	Applications for planning consent are lower than budgeted.	64	The income received for planning applications is highly variable and is influenced by the timing of major developments.
Landlord Registration income	Fewer registrations are due to be renewed in 2016/17 than budgeted.	25	Registrations run in a three year cycle.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Communities and Economy budget.	17	No impact on frontline service.
Gross Overspend		190	

Education

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Lifelong Learning and Employability Income	The Skill Development Scotland Employability Fund has been reduced nationally by 40%. As a consequence Midlothian's funding was significantly reduced for 2016/17.	167	
Vacancies and Performance Factor	Non achievement of employee performance factor.	36	
Gross Overspend		203	
<i>Offset by:</i>			
PPP Contracts	Insurance costs are lower than provided for in the contract which leads to a refund from the contractor.	(67)	Windfall Income.
	Contractual refund of funding paid to cover reparation of malicious damage that was not utilised.	(17)	This will be addressed in the 2017/18 budget setting process.

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Education Service budget.	(9)	No impact on frontline service.
Net Overspend		110	

Health and Social Care

Adult Social Care

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Community Care Resource Panel	Assessed needs are currently more than budgeted. The budget is £30 million, demand led and subject to demographic pressures. Individual packages of care sometimes in excess of £100k per annum and as a consequence projections in this area can be volatile.	497	An underlying over-commitment of around £900k at the start of the financial year has been partially addressed through the review of high cost packages. A review team is in place and has begun work to review existing packages of care with a view to reducing the existing level of commitments whilst still meeting critical and substantial need and also keeping in year spend within budget. At this stage it is too early to factor in any reductions arising from the review.
Home Care / Midlothian Enhanced Rapid Response and Intervention Team (MERRIT)	Additional employee costs due to the volume of care packages being provided.	254	The service continues to prioritise hospital discharges. There are currently some additional complexities associated with moving packages of care to external providers.
Care Homes for Older People	Projected overspend on running costs, including cleaning materials and first aid supplies, at both Highbank and Newbyres.	108	Additional supply costs associated with increased complexity of residents. A review of budgets is now underway.
	Projected overspend on staffing costs to cover gaps in the rota.	120	Sickness absence levels at Highbank have been high particularly at the start of the financial year. Managers are working closely with HR to address this issue and some improvements have been seen. Plans are underway to recruit to the locum bureau to ensure that when extra staff are required this can be done in the most cost effective manner.
Gross Overspend		979	

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
<i>Offset by:</i>			
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.	(150)	No impact on frontline service but underspend offsets care and support costs related to protection issues.
Learning and Development	Spend continues to be constrained to counter pressures elsewhere in the service.	(128)	No impact on frontline service and offsets cost of essential cover for front-line staff with mandatory training requirements.
Joint Equipment Store and Aids and Adaptations	Demand is currently less than budgeted but spend level tends to vary over the course of the year.	(79)	No impact on frontline service.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Adult Social Care budget.	(44)	No impact on frontline service.
Net Overspend		578	

Customer and Housing Services

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Homelessness accommodation	Specialist treatment required in the conversion works to reuse Pentland House have led to delays in the project, with completion now targeted for 1 st December 2016. The full saving against the Bed and Breakfast budget will therefore not be made.	229	The budget provided for an average 82 B and B places per week until 1 st August 2016 and 36 spaces thereafter once Pentland House was available for use. Average occupancy is currently 79 places.
Other non material variances	Miscellaneous over and underspends covering the remaining areas of the Customer and Housing Services.	13	No impact on frontline service.
Gross Overspend		242	
<i>Offset by:</i>			
Housing Benefit Subsidy	It is anticipated that income will be higher than budgeted for.	(193)	The 2016/17 budget was set based on the experience of previous years. However, in 2016/17 the subsidy receivable is now anticipated to be higher.
Customer Services Staffing	Customer Services is currently under review so current vacancies are being held until the review runs its course.	(123)	It is anticipated that vacancies will be filled once the review reaches its later stages.

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Revenues Service Vacancies	Vacancies in the Revenues Processing Team that were unfilled for a period or remain unfilled in addition to some maternity savings.	(43)	No impact on frontline service.
Net Underspend		(117)	

Resources

Commercial Services

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Waste Disposal Charges	Movement in tonnage and price.	119	Market conditions in the recycling market have resulted in issues with disposing of recyclate. A report to Council on 9 th February 2016 covered this in more detail and efforts continue to resolve the situation. This is partly offset by lower than anticipated residual tonnages in the early part of the year.
Burials Income	Income from lairs and interments is lower than anticipated at this stage in the year.	90	The number of burials can vary throughout the year.
Taxi-cards	The taxi-card scheme was closed to new entrants in 2015/16 but usage by remaining participants is higher than budgeted.	26	
Other non-material variances	Miscellaneous variances covering the remaining areas of the service.	16	No impact on frontline service.
Gross Overspend		251	
<i>Offset by:</i>			
Staff Vacancies	Vacancies across the service have exceeded the performance factor.	(76)	This predominantly relates to Waste Services due to changes in the service provided and delays in recruiting to new posts.
Fuel Costs	Waste Services vehicles have lower fuel usage than was anticipated when setting the budget.	(68)	This will be reflected in future years budgets.
Net Overspend		107	

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.	130	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. As at 30 th June 2016 there were 22 people in SWITCH on placements, some of whom are funded by services.
Central Postages	The volume and cost of postages exceeds budget.	49	Despite changing suppliers and securing better prices the volume and mix of postages continues to exceed budget. Work continues to address this by reducing postage volumes, avoiding all unnecessary postage costs and maximising compliance with contractual requirements.
Photocopying	Costs associated with the new centralised Council wide contract are greater than estimated due to higher than anticipated volume of use.	33	A review of activity is underway with the aim of minimising volumes and reducing reliance on paper in accordance with EWIM principles.
Bank Charges	The shift towards electronic payments has led to increased transaction costs.	24	A review of bank charges is underway with the aim of negotiating lower rates with service providers.
Occupational Health	A change to the external provider has resulted in an unexpected cost.	15	The previous provider was very competitive but is no longer operating. Budgets for future years will be revised to incorporate the new terms.
Gross Overspend		251	

Properties and Facilities Management

Description of Variance	Reason for Variance	Quarter 1 £000	Additional information / Action taken
Loanhead Leisure Centre – loss of income	Loanhead Leisure Centre will close temporarily in January 2017 before re-opening as part of the new Loanhead Community Hub in August 2017.	34	Work is ongoing to identify alternative locations for various activities and classes currently held at the centre.
Gross Overspend		34	
<i>Offset by:</i>			
Catering Staffing	Difficulty recruiting to vacant posts.	(30)	Efforts continue to recruit to vacant posts targeting entry level applicants where appropriate.
Net Overspend		4	

Other

Description of Variance	Reason for Variance	Quarter 1 £000	Additional Information / Action taken
Loan Charges	The 2016/17 budget provided for planned slippage in the General Services Capital Plan. To date slippage has been less than planned.	283	
Central Costs	Insurance costs – an increase in the likely settlement costs of existing claims.	112	Detail of these claims is being reviewed and any mitigating action required will be put in place.
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 £200k of this will be achieved.	150	Procurement plans are currently being refreshed and this may identify further savings in 2016/17. Contract savings have been made or are planned for 2016/17 which impact on the Capital Account and the Housing Revenue Account.
Transformation Savings – Tactical Reductions in contracted hours	The target of £150k will not been achieved in 2016/17	150	Progress in taking forward a voluntary reduction in hours initiative and promoting flexible retirement options have been delayed because of the focus on low pay. Work in the remainder of the year is expected to deliver a part year saving.
Council Tax Income	A continued growth in Band D equivalents results in a higher than budgeted Council Tax yield.	(452)	The continued growth in Band D equivalents will be factored into Council Tax income budgets for future years.