

Financial Monitoring 2014/15 – General Fund Revenue – Material Variances**Education, Communities and Economy****Children's Services**

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|---|--|---------------------------|---------------------------|---------------------------|--|
| Non-residential services commissioned for children with disabilities | Higher than budgeted levels of demand for respite, day care and care at home for children with disabilities. | 252 | 275 | 207 | Demand and demographic pressures are being closely monitored and managed. They are reflected in future years budgets. |
| Gross Overspend | | 252 | 275 | 207 | |
| <i>Offset by:</i> | | | | | |
| Residential and day education placements | Control of demand is leading to a projected underspend for residential school and external care home placements. | (300) | (49) | (88) | This variance will be addressed as part of the 2015/16 budget setting process. The forecast underspend has fallen significantly as a result of 3 secure placements being made over the summer. The short term nature of secure placements means that future year savings targets should still be considered viable. |
| Children's Homes | Due to current lower than anticipated occupancy levels the residential units are operating with a vacant post and an underspend on locum staff. | (96) | (106) | (83) | A review of this service is underway as part of the Childrens Services review. |
| 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. | (92) | (86) | (42) | Demand and demographic pressures are being closely monitored and managed. This variance was addressed as part of the 2015/16 budget process. |

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|---|---|-------------------|-------------------|-------------------|--|
| Family Placements | Change in the commissioning arrangements for adoptive placements and windfall income from a service provider. | (87) | (110) | (79) | This variance was addressed as part of the 2015/16 budget setting process. |
| Employee Vacancies and Performance Factor | Vacant post within the Hawthorn Children's Centre and Child protection. | (37) | (41) | (54) | Recruitment is underway to these vacant posts. |
| Other non-material variances | Miscellaneous over and underspends covering the remaining areas of the Children and Families budget. | (1) | (2) | (42) | No impact on frontline service. |
| Net Underspend | | (361) | (119) | (181) | |

Communities and Economy

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|--|--|-------------------|-------------------|-------------------|---|
| Contaminated Land | Budget carried forward from 2013/14 will not be spent at the anticipated level. | 0 | (284) | (284) | One-off underspend. |
| Planning and Building Standards Fee Income | Higher than budgeted income from development management and building standards fees. | (190) | (205) | (129) | Conditions in the housing and commercial development markets are showing signs of recovery. This has been reflected in the 2015/16 budget. |
| Business Gateway Project | Budget carried forward from 2013/14 will not be required. | 0 | (113) | (113) | |
| Private Sector Housing Grants | Grants issued to date are lower than expected. | (53) | (53) | (54) | Demand led budget so open to significant fluctuation if there is a significant change in the volume or value of applications. |
| Employee vacancies and performance factor | Vacant posts. | (53) | (65) | (97) | Movement due to part year vacancies for new posts resulting from the Management Review. There has been more of a delay in filling posts than first anticipated. |
| Landlord Registration Income | Higher levels of income forecast to be received than budgeted for. | (17) | (24) | (21) | No impact on frontline service. |

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|------------------------------------|---|-------------------|-------------------|-------------------|---------------------------------------|
| Environmental Health Commissioning | Several budgets within the Environmental Health teams are forecast to underspend. This is offset by income budgets relating to shared services which will not be achieved. | 0 | (25) | 14 | No impact on frontline service. |
| Other non-material variances | Minor variances reported across all sections. | 0 | 3 | 6 | No impact on frontline service. |
| Net Underspend | | (313) | (766) | (678) | |

Education

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|--|--|-------------------|-------------------|-------------------|--|
| Schools Devolved Budgets | Budgets devolved to schools for staffing and operational costs. | 0 | (392) | (17) | A combination of the use of newly qualified and temporary teachers resulted in a projected underspend for teaching staff at Q2. Movement between Q2 and Q3 forecasts has arisen due to an increased average salary. |
| PPP Contracts | Insurance costs are lower than provided for in the contract which leads to a refund from the contractor. | 0 | (63) | (40) | The benefit of lower insurance costs that in the contract is shared between the contractor and the Council. |
| | Negotiations have been ongoing for a while over third party income sharing. Agreement was reached and a refund of £141k was paid by the contractor to the Council. | 0 | (141) | (141) | Windfall income. |
| Lifelong Learning and Employability programme delivery | Underspends within various programmes including Employability, Opportunities for All, Community Based Adult Learning and Youth | 38 | (148) | (82) | The Management Review has led to significant changes in these services. Further service reviews are to be carried out in the immediate future. The new service needs time to consolidate existing plans and develop new plans. |

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|--|---|-------------------|-------------------|-------------------|---|
| | Work. | | | | |
| Surestart | A change to the payment schedule results in an underspend of one quarters payment. | 0 | (108) | (108) | This is a one-off variance for 2014/15 and there is no impact on frontline service delivery. |
| Home to School Transport | The cost of providing routes required by the service is higher than provided for in the budget. | 0 | (42) | 75 | New routes have been added since Q2 as a consequence of more pupils meeting eligibility criteria. |
| Vacancies and Performance Factor | Vacant posts and part year vacancies within the service are offsetting the performance factor. | 0 | 0 | (82) | Posts held vacant as a result of the recent Management Review and subsequent service reviews. |
| Other non-material variances | Minor variances reported across all sections. | 0 | (32) | (19) | No impact on frontline service. |
| Net Overspend /(Underspend) | | 38 | (926) | (414) | |

Health and Social Care

Adult Social Care

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|------------------------------------|--|-------------------|-------------------|-------------------|--|
| Residential Homes for Older People | Projected overspend mainly on employee costs at Newbyres Village (£428k) and Highbank (£64k) due to the requirement to use locum staff and overtime to cover gaps in the rota. | 440 | 555 | 492 | <p>The majority of the projected overspend is a direct consequence of high sickness absence levels. Additional management support is in place at Newbyres Village to allow the manager to concentrate on the issues which underlie the current overspend.</p> <p>High levels of absenteeism have been a continuing issue over a number of years. Existing processes have been applied by managers but improvements have not been sustained. A team of Human Resources Staff are currently scrutinising the service using a diagnostic tool. A series of engagement sessions with staff and managers are taking place with a full report available by the end of February. This will be followed by the development and implementation of an improvement plan.</p> <p>A review of the staffing structure in both residential homes is on hold whilst current overspend issues are being addressed.</p> <p>Weekly monitoring, including reporting to senior management, is being undertaken to look at absence levels and the use of locum / agency staff. Some improvements have been seen in recent weeks.</p> |
| Community Care Resource Panel | Demand has risen since Q2 and currently exceeds budget. | (32) | 243 | 396 | <p>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.</p> <p>Work is ongoing within fieldwork to review packages of care.</p> |
| Aids and Adaptations | Higher than budgeted level of demand. | 60 | 74 | 55 | Demand and demographic pressures are being closely monitored and managed. An assessment of future demand has been carried out as part of the 2015/16 budget setting process. |
| Home Care / Rapid | Projected overspend on staff travel | 59 | 75 | 72 | The Rapid Response Team is considering the option of |

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|---|---|-------------------|-------------------|-------------------|--|
| Response Team | due to the increase in referrals to the service over the last 2 years. Projected underspend on employee costs. Staff leaving through voluntary severance during Q3 explains the movement. | 0 | 52 | (11) | acquiring a van for on-call use which may lead to cost savings. |
| Cherry Road, Community Action Team and Shared Lives | Non-achievement of employee performance factor. | 51 | 102 | 72 | The 2014-15 budget assumed implementation of a new staffing structure from 1 st April 2014. This was not completed until December 2014 and this slippage is contributing to the overspend on staffing. Maintaining staffing levels helps reduce pressure on the resource panel budget. Management action is being taken to minimise the use of agency staff. |
| Gross Overspend | | 578 | 1,101 | 1,076 | |
| <i>Offset by:</i> | | | | | |
| Fieldwork Staffing | Projected underspend on employee costs due to vacant posts. | (127) | (59) | (37) | |
| Learning and Development | Spend has been constrained to counter pressures elsewhere in the service. | (112) | (132) | (201) | No impact on frontline service and offsets cost of essential cover for front-line staff with mandatory training requirements. |
| 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. | 0 | (104) | (98) | No impact on frontline service. |
| Criminal Justice | An element of the Scottish Government funding is used to fund the management and administration of this service. | (48) | (47) | (31) | No impact on frontline service. |

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|-------------------------------|---|-------------------|-------------------|-------------------|---------------------------------------|
| Management and Administration | Vacant posts now filled. | (37) | (39) | 0 | No impact on frontline service. |
| Client Income | Contributions from clients towards their care packages are higher than anticipated. | | | (98) | No impact on frontline service. |
| Other non material variances | Miscellaneous over and undespends covering the remaining areas of the Adult Social Care Budget. | (89) | (53) | (43) | No impact on frontline service. |
| Net Overspend | | 165 | 667 | 568 | |

Customer and Housing Services

| 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 as a consequence of difficulty in moving on existing clients from Bed and Breakfast accommodation (B and B) due to lower turnover of available permanent housing due to phase 2 of the new social housing programme. | 55 | 61 | 64 | The budget provided for an average 82 B and B places per week and it is anticipated there will be an average of 87 places. Action is being taken to reduce this with alternative options being developed across all available tenures. |
| Community Safety | Non-achievement of shared analyst service planned as part of 2014/15 budget development. | 17 | 17 | 17 | This has been factored into the 2015/16 Budget Setting process. |
| Other non-material variances | Miscellaneous over and undespends covering the remaining areas of the Customer and Housing Services budget. | 1 | 28 | 25 | No impact on frontline service. |

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|--|---------------------|-------------------|-------------------|-------------------|--|
| Gross Overspend | | 73 | 106 | 106 | |
| <i>Offset by:</i> | | | | | |
| Council Tax Reduction Scheme | | 0 | 0 | (245) | Council Tax Benefits granted is lower than budgeted and also consistent with the 2013/14 position. The 2015/16 budget has been adjusted to reflect this. |
| Housing Benefit Overpayment Recoveries | | 0 | 0 | (201) | These were first identified and accounted for late in the 2013/14 Final Accounts preparation process. Consequently they are unbudgeted in 2014/15 but have been reflected in the 2015/16 budget. An action plan is being developed to ensure that recoveries can be regularly and accurately accounted for. |
| Net Overspend / (Underspend) | | 73 | 106 | (340) | |

Resources

Commercial Services

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|----------------------------|--|-------------------|-------------------|-------------------|--|
| Waste Disposal Charges | Haulage costs for transporting waste to Easter Langlee not included in the 2014/15 budget. | 250 | 246 | 246 | The 2014/15 budget was based on there being no charge for haulage. This has been factored into the 2015/16 budget. |
| | Tonnage variances from budget and additional recycling income. | 0 | (84) | (104) | Overall waste tonnages are lower than budgeted giving rise to reduced disposal costs. Recycling tonnages are slightly higher than budget giving rise to increased rebates. |
| Fleet Services | Cost of vehicle parts will exceed budget | 0 | 105 | 105 | A full review of cost per vehicle is underway to help understand what factors are contributing to the overspend. |
| Travel and Fleet Services | Costs of Vehicle Road Fund Licences due to change in fleet profile. | 16 | 16 | 16 | The 2015/16 base budget has been reviewed. |
| Employee Costs | One-off payment to School Crossing Staff whose contractual hours have altered. | 44 | 44 | 44 | One-off cost. |
| | Staff vacancies are insufficient to meet the employee performance factor. | 76 | 28 | 55 | Since Q1 some vacancies have arisen which have contributed to non-achievement of the performance factor. |
| Vogrie Country Park income | Golf course use is lower than anticipated. | 20 | 20 | 20 | Despite running a number of promotions, income at Vogrie for golf and parking remain below budget. The 2015/16 Base Budget reflects current use. |
| | Parking income is not expected to achieve the income target. | 15 | 15 | 15 | Usage of paid parking is lower than anticipated. The 2015/16 base Budget |
| Roads Services Fee Income | Lower than anticipated number of new road openings and a drop in the number of defect inspections deemed necessary. This has consequently resulted in an underspend in fee income. | 25 | 25 | 25 | The 2015/16 base budget reflects this. |
| Gross Overspend | | 446 | 415 | 422 | |
| <i>Offset by:</i> | | | | | |
| Supported Buses | The replacement of service 328 with a ring and go service has resulted in | (35) | (35) | (60) | This route is expected to operate as a Ring and Go service for the foreseeable future. |

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|-------------------------|---|-------------------|-------------------|-------------------|--|
| | reduced cost due to low demand for the revised service. | | | | |
| Burial Grounds | Income is projected to exceed budget. | 0 | (15) | (15) | No impact on frontline service. |
| Traffic Warden Service | Council on 24 th March approved a supplementary estimate of £24,000 to fund the Traffic Warden service for 12 months. Since then costs have been negotiated downwards. | (11) | (11) | (11) | A further report to Council before the end of the financial year will outline the up to date position. |
| Net Overspend | | 400 | 354 | 336 | |

Finance and Integrated Service Support

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|-------------------------------------|--|-------------------|-------------------|-------------------|---|
| Insurance Claims | Impact of potentially high value claim for Mesothelioma which is not covered by the Councils insurance policies. | 0 | 197 | 279 | The Council's claims handlers have advised to on the value to provide for this claim. The estimated settlement value has been revised as a consequence of further information on the extent of the claim. |
| Mi-Future | The costs of staff currently in SWITCH and projected to remain in SWITCH exceeds budget. | 205 | 128 | 61 | 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. Employees moving into new jobs and others accepting voluntary severance have reduced the projection from Q2. |
| | Purchase of additional Strength Assessment Tool. | 0 | 17 | 17 | A fee is payable for each on-line Strength Assessment completed as part of the recruitment process. |
| The former Hopefield Primary School | The former Hopefield Primary School is being used as an archive and also for other storage. | 31 | 40 | 40 | No budget was provided as it was anticipated this facility would not be in operational use. |
| Employee Performance | The budgeted employee | 0 | 65 | 65 | There are insufficient vacancies in these areas |

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|------------------------------|---|-------------------|-------------------|-------------------|--|
| Factor | performance factor in is not expected to be achieved. | | | | |
| Central Postages | The volume and cost of postages exceeds budget. | 0 | 30 | 41 | Despite changing suppliers and securing better prices the volume and mix of postages continues to exceed budget. Work continues to address this. |
| IT Supplies | Cost of printer consumables exceeds budget | 0 | 31 | 31 | Introduction of multi-function devices should generate efficiencies. |
| Gross Overspend | | 236 | 528 | 534 | |
| <i>Offset by:</i> | | | | | |
| Other non-material variances | | 0 | (26) | (58) | No impact on frontline service. |
| Net Overspend | | 236 | 502 | 476 | |

Properties and Facilities Management

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|--------------------------|--|-------------------|-------------------|-------------------|---|
| Bonnyrigg Leisure Centre | Security and Rates costs for the former Leisure Centre. | 84 | 84 | 84 | This will continue until a final decision is taken on any future use of the centre. |
| Sport and Leisure Income | Outdoor sports pitches at the Lasswade Centre are not yet available for use. | 16 | 16 | 16 | The business case for the new centre assumed income would be generated in this financial year. Pitches are expected to be available in spring 2015. |
| | The volume of Free Lets which reduce capacity for charges exceeds budget. | 20 | 20 | 12 | The 2015/16 base budget has been reviewed. |
| | Harmonisation of Leisure charges | 0 | 0 | 53 | Actual impact on Leisure income and reduced free let income. |
| Gross Overspend | | 120 | 120 | 165 | |
| <i>Offset by:</i> | | | | | |
| Snowsports Income | Tubing party income | 0 | 0 | (75) | First full year of operation has shown higher than expected income. |

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional information / Action taken |
|-----------------------------|---|-------------------|-------------------|-------------------|---|
| | Ski Instruction income | 0 | 0 | (75) | Grant funding has encouraged a wider age range of children to take part in the schools ski programme. |
| Employee Performance factor | Vacancies across the service have resulted in and over achievement of the employee performance factor | (25) | (2) | (14) | No impact on frontline service. |
| Net Overspend | | 95 | 118 | 1 | |

Other

| Description of Variance | Reason for Variance | Quarter 1 £000 | Quarter 2 £000 | Quarter 3 £000 | Additional Information / Action taken |
|-------------------------|---------------------|-------------------|-------------------|-------------------|---------------------------------------|
|-------------------------|---------------------|-------------------|-------------------|-------------------|---------------------------------------|

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|---|---|-------|-------|-------|--|
| Loan Charges | Since setting the 2014/15 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. Also, returns on cash invested exceeds budget due to accessing some higher interest fixed term deposits. | 0 | (470) | (623) | Projects that have slipped will now fall into 2015/16 so borrowing costs are only delayed. |
| Procurement | A target of £705k for procurement savings was set in 2014/15. This target is not anticipated to be met in full. | 150 | 505 | 505 | 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 2014/15 which has reduced potential savings and there are also contract savings which impact on the Capital Account and the Housing Revenue Account. |
| ISS Review | The target of £750k for ISS will not be achieved in full in 2014/15 with £600k projected to be achieved which is a part year impact. | 300 | 150 | 150 | The full year effect of ISS savings is reflected in the Financial Strategy for 2015/16 to 2017/18. |
| Maximising Attendance | The target of £155k will not be achieved in 2014/15. | 0 | 155 | 155 | Work continues to generate savings through maximising attendance. |
| Investment Income | Increased dividend income from the Councils shareholding in Lothian Buses. | 0 | 0 | (120) | One-off. |
| Scottish Government Grant | Scottish Grant distributed since the 2014/15 budget was set that applies to areas already budgeted or is in excess of budget required to deliver policy objectives. | 0 | 0 | (565) | Re-determined Scottish Government Grant required to support new or additional service delivery is added to the budget. |
| Council Tax and Community Charge Income | A continued growth in Band D equivalents results in a higher than budgeted Council Tax yield. | (500) | (600) | (700) | The continued growth in Band D equivalents has been factored into Council Tax income budgets for 2015/16 and beyond. |