

Financial Monitoring 2014/15 – General Fund Revenue – Material VariancesEducation, Communities and EconomyChildren's Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £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	212	Demand and demographic pressures are being closely monitored and managed. They are reflected in future years budgets.
Gross Overspend		252	275	207	212	
<i>Offset by:</i>						
Residential and day education placements	Control of demand led to an underspend for residential school and external care home placements.	(300)	(49)	(88)	(199)	The forecast underspend fell significantly between Q's 1 and 2 as a result of 3 secure placements being made over the summer. Movement between Q's 3 and 4 was the result new placements ending sooner than forecast at Q3.
Children's Homes	Due to current lower than anticipated occupancy levels the residential units are operating with a vacant Assistant Unit Manager post and an underspend on both locum staff and agency staff.	(96)	(106)	(83)	(121)	A review of this service is currently in progress as part of the Childrens Services review.
Non-residential services commissioned for children without disabilities	Control of demand led to an underspend in taxi services, aftercare placements and alternative methods of provision of supervised contact.	(92)	(86)	(42)	(17)	Demand and demographic pressures are being closely monitored and managed.
Family Placements	Change in the commissioning arrangements for adoptive placements and windfall income from a service provider.	(87)	(110)	(79)	(9)	There has been an increase in foster and kinship care placements.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Employee Vacancies and Performance Factor	Vacant post within the Hawthorn Children's Centre and Child protection are offsetting the service's performance factor. These underspends have been offset by the use of agency staff within locality teams.	(37)	(41)	(54)	6	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)	(28)	No impact on frontline service.
Net Underspend		(361)	(119)	(181)	(156)	

Communities and Economy

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Contaminated Land	Budget carried forward from 2013/14 was not spent at the anticipated level.		(284)	(284)	(403)	One-off underspend.
Planning and Building Standards Fee Income	Higher than budgeted income from development management and building standards fees.	(190)	(205)	(129)	(190)	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	The Budget carried forward from 2013/14 was not required.		(113)	(113)	(122)	
Private Sector Housing Grants	Grants issued to date were lower than expected.	(53)	(53)	(54)	(58)	Demand led budget so open to significant fluctuation if there is a significant change in the volume or value of applications.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Employee vacancies and performance factor	Initial low staff turnover resulted in the projection of an under achievement of the performance factor however new vacancies and part time working arrangements during the year have ensured that the performance was met.	(53)	(65)	(97)	(107)	Movement due to part year vacancies for new posts resulting from the Management Review.
Landlord Registration Income	Higher levels of income budgeted for have been received.	(17)	(24)	(21)	(29)	No impact on frontline service.
Other non-material variances	Minor variances reported across all sections.		(22)	20	(61)	No impact on frontline service.
Net Underspend		(313)	(766)	(678)	(970)	

Education

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Schools Devolved Budgets	Budgets devolved to schools for staffing and operational costs.		(392)	(17)	(13)	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 arose 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. 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.		(63) (141)	(40) (141)	(69) (141)	The benefit of lower insurance costs that in the contract is shared between the contractor and the Council. Windfall income.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
	The cost of utilities used across the facilities was lower than budgeted due to recent reductions in energy prices.				(24)	
Lifelong Learning and Employability programme delivery	Underspends within various programmes including Employability, Opportunities for All, Community Based Adult Learning and Youth Work.	38	(148)	(82)	(132)	The Management Review has led to significant changes in these services. A service review is currently ongoing and the new resulting service should result in efficiencies.
Surestart	A change to the payment schedule and accounting treatment results in an underspend.		(108)	(108)	(279)	There has been a further change to the scheduling of payments between Q3 and Final Outturn as a consequence of a change to accounting for services in the year they are delivered rather than accounting for services in advance. 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.		(42)	75	70	New routes were added since Q2 as a consequence of more pupils meeting eligibility criteria. This variance has been addressed as part of the budget setting process for 2015/16.
Vacancies and Performance Factor	Vacant posts and part year vacancies within the service are offsetting the performance factor.			(82)	(117)	Posts held vacant as a result of the recent Management Review and subsequent service reviews.
Scottish Qualification for Headship scheme	The Scottish Government have been redesigning the course during 2014/15 so there was no availability.				(20)	The new scheme is expected to be available in 2015/16 so this underspend relates to 2014/15 only.
Other non-material variances	Minor variances reported across all sections.		(32)	(19)	(65)	No impact on frontline service.
Net Overspend /(Underspend)		38	(926)	(414)	(790)	

Health and Social Care

Adult Social Care

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Residential Homes for Older People	Projected overspend mainly on employee costs at Newbyres Village (£348k) and Highbank (£21k) due to the requirement to use locum staff and overtime to cover gaps in the rota.	440	555	492	382	<p>The majority of the overspend is a direct consequence of high sickness absence levels and the requirement to cover these absences to ensure adequate staffing levels. Managers have worked closely with HR staff to better manage this with improvements evidenced by a reducing overspend.</p> <p>The service has been scrutinised including a series of engagement sessions with staff. Following this an improvement plan has been developed and is currently being worked through. Part of this involves a full review of the staffing structure in both homes.</p>
Aids and Adaptations	Higher than budgeted level of demand.	60	74	55	52	An assessment of future demand has been carried out as part of the 2015/16 budget setting process.
Home Care / Rapid Response Team	Overspend on staff travel due to the increase in referrals to the service over the last 2 years.	59	127	61	105	Throughout the care at home retendering process staff within our care home service have been meeting the demands of hospital discharge packages of care and support across Midlothian which has increased the amount of staff travel required.
Cherry Road, Community Action Team and Shared Lives	Non-achievement of employee performance factor (£72k), non-domestic rates on John Chant Centre building (£21k) partially offset by an underspend on other running costs (£78k).	51	102	72	15	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.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
						Maintaining staffing levels helps reduce pressure on the resource panel budget. Management action is being taken to minimise the use of agency staff. The new fees and charges policy has reduced the property costs of the Community Access Team.
Gross Overspend		610	858	680	554	
<i>Offset by:</i>						
Community Care Resource Panel	Assessed needs were less than budgeted. The budget is £27m and is demand led with individual packages of care sometimes in excess of £100k per annum.	(32)	243	396	(439)	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. Significant work was undertaken within fieldwork to review packages of care and support. Work continues to ensure robust data is available for projecting spend. An assessment is made annually at budget setting time of the financial impact of demographic pressures. The 2014/15 underspend will be factored into the 2016/17 process.
Learning and Development	Spend has been constrained to counter pressures elsewhere in the service.	(112)	(132)	(201)	(144)	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.		(104)	(98)	(169)	No impact on frontline service but underspend offsets care and support costs related to protection issues.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Criminal Justice	An element of the Scottish Government funding is used to fund the management and administration of this service.	(48)	(47)	(31)	(89)	No impact on frontline service.
Client Income	Contributions from clients towards their care packages are higher than anticipated.			(98)	(123)	No impact on frontline service.
Other non material variances	Miscellaneous over and undespends covering the remaining areas of the Adult Social Care Budget.	(253)	(151)	(80)	(47)	No impact on frontline service. The projected underspend in the earlier part of the year was largely due to vacant posts. A lot of these were filled as the year progressed.
Net Overspend / (Underspend)		165	667	568	(457)	

Customer and Housing Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £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	87	The budget provided for an average 82 B and B places per week. Average occupancy over the year was 88 places. Action is being taken to reduce this with alternative housing options being developed across all available tenures along with the development of Pentland and Midfield house which will provide more temporary accommodation.
	85				A review of the contract is underway to try and reduce void costs going forward.	

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Community Safety	Non-achievement of shared analyst service planned as part of 2014/15 budget development.	17	17	17	22	This has been factored into the 2015/16 Budget Setting process.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Customer and Housing Services budget.	1	28	25	65	No impact on frontline service.
Gross Overspend		73	106	106	259	
<i>Offset by:</i>						
Council Tax Reduction Scheme	Council Tax Benefits granted is lower than budgeted and is also consistent with the 2013/14 position.			(245)	(273)	The 2015/16 budget has been adjusted to reflect this.
Housing Benefit Overpayment Recoveries	Housing Benefit overpayment recoveries that were not budgeted.			(201)	(468)	The last quarter of the year showed a considerable increase in the raising of accounts for overpayments. The base budget for 2015-16 includes a budget for anticipated over-payment recoveries. Work is ongoing to improve the quality of information to assist in projecting the amount of over-payment recoveries during the year.
Net Overspend / (Underspend)		73	106	(340)	(482)	

Resources

Commercial Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Waste Disposal Charges	Haulage costs for transporting waste to Easter Langlee not included in the 2014/15 budget. Tonnage variances from budget and additional recycling income.	250	246 (84)	246 (104)	246 (7)	The 2014/15 budget was based on there being no charge for haulage. This has been factored into the 2015/16 budget. 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. The price for rebates reduced in the latter part of the year.
Winter Maintenance	The volume of work required as defined by the Winter Service Policy and Operational Plan was higher than budgeted.				111	Winter Maintenance work is policy driven based on weather conditions.
Fleet Services	Cost of vehicle parts.		105	105	81	A full review of cost per vehicle is underway to help understand what factors are contributing to the overspend.
Employee Costs	One-off payment to School Crossing Staff whose contractual hours have altered.	44	44	44	44	One-off cost.
Vogrie Country Park income	Golf course use is lower than anticipated. Parking income is not expected to achieve the income target.	20 15	20 15	20 15	20 10	Despite running a number of promotions, income at Vogrie for golf and parking remain below budget. The 2015/16 Base Budget reflects current use. Usage of paid parking is lower than anticipated. The 2015/16 base Budget reflects this.
Gross Overspend		329	346	326	505	

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
<i>Offset by:</i>						
Fuel Costs	The budget provided for an average price of £1.23 per litre. The average price was £0.97 per litre.				(117)	Average price per litre was reduced to £1.12 per litre in setting the 2015/16 budget.
Supported Buses	The replacement of service 328 with a ring and go service has resulted in reduced cost due to low demand for the revised service. Lower than budgeted demand was also seen for the ring and go service in Penicuik and Roslin.	(35)	(35)	(60)	(85)	A new supported bus route on the Newton / Millerhill corridor commenced on 4 th May 2015.
Waste Recycling Boxes	Recycling boxes have been replaced with sturdier bins that have less need for replacement.				(46)	The budget has already been reduced but may need further review particularly with changes to food waste in 2015/16.
Waste Services Vehicle Hire	A relatively young fleet as a consequence of the ongoing Fleet Replacement Programme has resulted in lower downtime requiring to be covered by external hires.				(31)	Ongoing budget requirements for external hires will be reviewed during 2015/16.
Burial Grounds	Income is projected to exceed budget.		(15)	(15)	(34)	No impact on frontline service.
Traffic Warden Service	Council on 24 th March 2014 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)	(12)	A further report to Council will outline the up to date position.
Other non-material variances		117	69	96	(40)	No impact on frontline service.
Net Overspend		400	354	336	140	

Finance and Integrated Service Support

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Mi-Future	The costs of staff in SWITCH during the year exceeded budget.	205	145	78	56	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 the earlier part of the year.
The former Hopfield Primary School	The former Hopfield Primary School was being used as an archive and also for other storage.	31	40	40	59	No budget was provided as it was anticipated this facility would not be in operational use.
Employee Performance Factor	The budgeted employee performance factor was not achieved.		65	65	9	
Central Postages	The volume and cost of postages exceeds budget.		30	41	64	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		31	31	57	Introduction of multi-function devices should generate efficiencies.
Gross Overspend		236	311	255	245	
<i>Offset by:</i>						
Other non-material variances			(26)	(58)	(37)	No impact on frontline service.
Net Overspend		236	285	197	208	

Properties and Facilities Management

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Construction and Design fees charged to projects	The budget was set with a target fee level based on a number of chargeable hours in line with staffing structures. Actual chargeable hours are considerably lower due to a reduced staffing establishment				163	The reduced establishment is a consequence of Management Review, voluntary severance and service review changes.
Bonnyrigg Leisure Centre	Security and Rates costs for the former Leisure Centre.	84	84	84	95	This will continue until works commence.
Property costs for former Loanhead Social Work centre	Phase 1 of the Effective Working in Midlothian project assumed by this stage the building would be sold.				39	Costs will remain until a final decision is taken on the future of the building.
Gross Overspend		84	84	84	297	
<i>Offset by:</i>						
Repairs spend on Council buildings	Reactive repairs were considerably lower than budgeted for.				(305)	Some benefit is being seen from continued capital investment, particularly in the school estate.
Energy Costs	Lower energy consumption during the mild winter and benefits seen from energy saving measures. Price savings from tariffs being lower than budgeted and the benefits from forward purchasing of Carbon Reduction Commitment allowances.				(276) (140)	The energy budget in 2015/16 has been reduced by £151k to reflect energy consumption savings. Electricity and gas are purchased through a national contract. Latest prices are used to forecast future years spend but these can change significantly depending on market conditions.
Ski Matting at Snowsports Centre	The standard of matting is better as a consequence of service developments at the centre and any replacement required has been met by existing stocks.				(120)	One-off saving from using existing stock to meet 2014/15 needs. The budget going forward will be reviewed to align it with mat condition.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Snowsports Income	Tubing party income and consequent impact on cafe.			(75)	(130)	First full year of operation has shown higher than expected income.
	Ski Instruction income.			(75)	(108)	Grant funding has encouraged a wider age range of children to take part in the schools ski programme.
	Loss of income claim during upgrading works settled by the contractor.				(22)	One-off.
School Meals preparation costs	Changes to school menus resulted in a lower average cost per meal. There have also been higher than anticipated profit at both Dalkeith and Lasswade High School cafes.				(79)	Menus are reviewed regularly to maintain economy, maximise nutritional value and minimise wastage.
Other non-material variances	Vacancies across the service and other minor non-staffing variances	11	34	(65)	(62)	No impact on frontline service.
Net Overspend		95	118	1	(945)	

Other

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional Information / Action taken
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)	(846)	Projects that have slipped will now fall into 2015/16 so borrowing costs are only delayed.
Central Costs	<p>Insurance Costs - Impact of potentially high value claims for Mesothelioma which is not covered by the Councils insurance policies. There are also an increased number of public and employers liability claims have been received in the final quarter.</p> <p>Bad debt provision – there is a reduction in the total value of debt outstanding older than 6 months.</p> <p>Financial Guarantee for Gorebridge Community Development Trust – accounting treatment requires the valuation of any financial guarantees the Council provides at the end of each financial year.</p>		197	279	428	<p>The Council’s claims handlers have advised 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 claims. The estimated cost of settling outstanding claims has been updated.</p> <p>(69) The calculation of the Bad Debt Provision is based on applying a collection probability to invoices that have been outstanding for more than 6 months.</p> <p>(89) At the end of 2013/14 the financial guarantee was valued at £0.089m reflecting the latest position of the project. Progress with the build and also with drawing down other agreed funding streams results in a valuation of nil at the end of 2014/15.</p>

Transformation Savings - Procurement	A target of £705k for procurement savings was set in 2014/15. This target is not met.	150	505	505	598	The Procurement Contract Delivery Plan 2013-17 has been agreed by Business Transformation Board and progress is being made towards savings targets despite some slippage in 2014/15 which reduced potential savings. There have also been some contract savings in 2014/15 which impact on the Capital Account and the Housing Revenue Account.
Transformation Savings - ISS Review	The target of £750k for ISS is not be achieved in full in 2014/15.	300	150	150	73	The full year effect of ISS savings is reflected in the Financial Strategy for 2015/16 to 2017/18.
Transformation Savings - Maximising Attendance	The target of £155k has not been achieved in 2014/15.		155	155	155	Work continues to generate savings through maximising attendance.
Transformation Savings - EWiM	The balance of the savings target from phase 1 of £75k has not been achieved in 2014/15.				75	This target has now been rolled into EWiM phase 2 which is currently in progress. An update on savings will be provided to Council during 2015/16.
Investment Income	Increased dividend income from the Councils shareholding in Lothian Buses.			(120)	(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. Windfall income relating to the Business Rates Incentivisation Scheme for 2012/13.			(565)	(791)	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)	(742)	The continued growth in Band D equivalents has been factored into Council Tax income budgets for 2015/16 and beyond.