

Title of report	Budget Monitoring Report as at 31 December 2018
Public/confidential	Public
Action	For approval
Summary/purpose of report	To provide Resources Committee with the budget monitoring position on the core operating budget and specific grant funding for the year to 31 March 2019.
Recommendations	<p>The Resources Committee is asked to:</p> <ol style="list-style-type: none"> 1. consider the core operating budget monitoring statement for the year to 31 March 2019 (Appendix A) 2. consider the specific grant funding budget monitoring statement for the year to 31 March 2019 (Appendix B) 3. consider the summary of ICT digital transformation requirements for 2018/19 (Appendix C1) and ICT recurring costs for 2019/20 (Appendix C2) 4. note the areas of specific attention in section 7 of this report 5. note the projected general reserve position detailed in Section 8.
Link to Strategic Plan	The information in this report links to: Strategic Outcome 4 - Our stakeholders value our work and Strategic Priority 6 - High standards of governance.
Link to the Risk Register	<p>Regular monitoring of performance against the budget supports mitigation of the following risks:</p> <p>Strategic Risk 2: The SSSC is not able to demonstrate to our stakeholders (including Scottish Government) that its operational activity is fulfilling its strategic outcomes</p> <p>Strategic Risk 5: The SSSC does not have sustainable resources to support the delivery of Strategic Plan outcomes.</p>
Author	Nicky Anderson Head of Finance

Responsible Officer	Kenny Dick Head of Shared Services Tel: 01382 207100
Documents attached	Appendix A: Core operating budget monitoring statement Appendix B: Specific grant funding monitoring statement Appendix C1: ICT digital transformation expenditure Appendix C2: Digital Transformation investment costs

EXECUTIVE SUMMARY:

The projected outturn position on the core operating budget is an overspend of £1,044k as at 31 December 2018. The projected overspend mainly relates to our digital transformation programme.

The digital transformation programme is being managed over the previous 2017/18 financial year and the current 2018/19 financial year. Due to programme timings, £765k of planned 2017/18 expenditure and funding has been carried forward to 2018/19. The funding is contained in the general reserve balance. Therefore, there is an unplanned projected overspend of £279k.

The projected general reserve balance is currently £102k less than the minimum of the target range (2% £423k) as set out in the financial strategy. There may still be some unknown and unquantified costs associated with the digital transformation programme for this financial year.

All specific grants expenditure is projected to be spent as at 31 March 2019 with the exception of Workforce development for health and social care integration, for which we will not be claiming £4k of the grant funding awarded for 2018/19.

Summary of movements since last reported position:

The position reported to Resources Committee on 5 December 2018 was a projected overspend of £928k. This was based on the ledger position at 31 October 2018.

The position based on the ledger as at 31 December 2018 is a projected overspend of £1,044k. This represents a movement of £116k against the previously reported position.

	£000	£000
Current projected net expenditure/(income)	1,044	
Last reported net expenditure/(income)	928	
Change to net expenditure position		116

Summary of changes:	Total Projection increase/ (decrease) £000
Expenditure:	
Staff costs	42
Accommodation costs	2
Administration costs	7
Travel costs	7
Supplies and services	146
Postgraduate bursaries	(35)
Voluntary Sector Development Fund	6
	175
Income:	
Registration fees	(44)
Seconded Officers	(14)
Voluntary Sector Development Fund	(1)
	(59)
Grand total:	116

The main reasons for these variances are detailed below:

Staff costs

The staff costs projection has increased by £42k.

Salary costs

The projection for staff salaries has reduced by £55k.

A reduction to the projection of £90k is due to delays in filling posts (slippage) in Registration (£29k), Fitness to Practise (£24k), Performance and Improvement (£21k) and the Executive Management Team (£16k).

This is partly offset by increases to projections for overtime requirements for Fitness to Practise due to higher than normal staff turnover (£25k) and for Digital Transformation (£2k).

An increase to projection of £8k relates to backfilling a new one year secondment outward to the Scottish Public Services Ombudsman (SPSO) for a

member of the Fitness to Practise team. There is a corresponding increase in projected income.

Other staff costs

The projection for other staff costs has increased by £97k.

The projection for panel member allowances has increased by £65k. This is due to a large number of cancelled impairment hearings from November and December 2018 being rescheduled for March 2019. Anticipated hearing days for February and March are 63 and 71 respectively at a cost of £1k per day.

The projection for hired agency costs has increased by £40k due to:

- the employment of temporary solicitors as a result of vacancies and difficulties in recruiting suitable staff £17k;
- an increase in the number of days to be worked by the Digital Transformation Lead in 2018/19 £12k and
- the employment of a temporary support engineer to work on the digital transformation project £11k.

A redundancy payment of £5k was made to a temporary member of staff and additional DSE assessments increased the projection by £1k.

The above reductions are partially offset by a £5k projected decrease to training for the Hearings team and a £4k projected decrease for corporate training as these budgets are not required this financial year.

The projection for allowances for external assessors for non-UK qualification work has decreased by £5k as this budget is not required.

Accommodation costs

The projection for rent charges under the Care Inspectorate (CI) service level agreement (SLA) increased by £2k for 2018/19 due to the SSSC taking more floor space in the Compass House data room.

Administration costs

The projection for administration costs has increased by £7k.

External legal support for Fitness to Practise casework has increased the projection by £30k.

Further increases to projections totalling £21k are due to:

- postage costs for Fitness to Practise £7k,
- legal fees due to a court action £5k,
- translation and interpreting costs for hearings £4k,
- subscription to an on-line legal research resource (Linets) £3k and
- photocopying costs £2k.

Registration's postages and print projection has reduced by £29k for the following reasons:

- fewer Registration cards are expected to be printed than when the budget was set;
- the postage and print cost per registration card is less than budget.

Further reductions to projections totalling £15k are due to

- budget not required for training Legally Qualified Chairs (LQCs) £11k;
- stationery budget no longer required £3k;
- reduced contributions to learning and development events £1k.

Travel costs

Travel costs across the organisation have increased by £7k.

Supplies and Services

The supplies and services projection has increased by £146k.

This is mainly due to an increase of £131k to digital transformation costs projection comprising:

	Increase/(decrease) to projection £000
Programme governance Dec 2018 to Feb 2019	24
Incremental Group (IG) cutover weekend activities and support	18
Sequence hosting fee (not cloud) – one month extension to 31 March 2019	16
Microsoft Dynamics License (11-31 Oct 2018)	11
SWAN remote access server secure soft tokens for 160 users	10
Additional Thomson Reuters time and support over go live	10
Licenses for Olympus Dictation client software	10
IG enhanced go live support (on site team)	8
NVT cutover weekend activities and support	6
Five days NVT programme management in January	5
Network support – Scottish Wide Area Network (SWAN)	4
Set-up and build a virtual server for Redbox server software (call recording)	4
Cabinet and horizontal cabling panel (SEPA)	3
Enable remote access service to allow Virtual Private Network (VPN) connections via SWAN network	2
Test procedure for 20 Personal Storage Table (PST) mailboxes	2
SWAN remote access server secure accounts for 160 users from 11 February 2019	1
Communicator integration with live instance of D365	1
Service desk tool	1
Support arrangements under new network due to change to go-live date	(4)
Anti-virus costs due to change to go-live date	(1)
Total	131

The purchase of six coffee machines for hearing rooms has increased the equipment projection by £6k.

The SSSC pays Protection of Vulnerable Groups (PVG) fees for students and unemployed Social Workers. The projection for this has increased by £6k based on current trends.

A projection increase of £3k relates to skip hire for packaging from the new ICT kit.

Postgraduate Bursaries

The postgraduate bursaries expenditure projection has reduced by a further £35k based on the latest assessments. The budget for postgraduate bursaries is based on a total of 310 bursaries being awarded. The current number of student nominations from universities is 281. Fourteen of these unallocated places relate to the University of Edinburgh and 10 to the University of Strathclyde. Of those assessed to date, 42 are entitled to tuition fee and travel costs only.

Prudent estimates have been included for Stirling and Napier University students but final costs for those students will not be known until late February/March 2019 as these Universities operate a January to December academic year. Once all assessments have been completed, expenditure projections will be reviewed.

Voluntary Sector Development Fund (VSDF)

In December 2018 we received confirmation of £1,264k funding for 2018/19 to provide contributions to voluntary organisations towards the cost associated with meeting the required registration qualification criteria set by the SSSC. In 2018/19 the priorities for eligibility are support workers in housing support and care at home services.

There is a £6k increase to the projection for the distribution of funds due to undistributed funds carried forward in the general reserve from 2017/18 of £5k and £1k returned in-year from a voluntary organisation.

Income

The projection for registration fee income has increased by £44k. This is based on actual data to December 2018 and projections for January to March 2019.

As stated above we have Sponsor's confirmation of £1,264k VSDF funding for this financial year. During this financial year we also received £1k in respect of unused funds which is added to the funding available for distribution in 2018/19.

A further £14k projection increase is due to two new secondment outward agreements. One of these is a one year (2.5 months 2018/19) secondment to the Scottish Public Service Ombudsman (SPSO) and the other is a three month secondment working three days per week to the Institute and Faculty of Actuaries (IFoA). The secondment to the IFoA is not being back-filled.

1.0 INTRODUCTION

- 1.1 The SSSC has in place formal processes for the accurate recording, reporting and effective managerial control of its funds. Monthly budget monitoring reports are presented to EMT from July each financial year. Resources Committee and Council receive budget monitoring reports at each meeting between July and March each financial year.
- 1.2 This budget monitoring report provides separate analysis of the core operating budget position and specific grant funded expenditure.

- 1.3 The Scottish Social Services Council (SSSC) agreed a total core operating budget of £20.3m on 21 March 2018 and specific grant funding totalling £0.7m has been awarded to the SSSC to date. This provides a total budget of £21m for 2018/19. In addition, funding of £0.765m from 2017/18 has been carried forward to 2018/19 as part of the general reserve balance for the digital transformation programme.

2.0 2018/19 – SUMMARY OF FINANCIAL POSITION

Core operating budget projected outturn

- 2.1 There is a planned overspend of £765k on core operating expenditure as a corresponding amount was carried forward in the general reserve from 2017/18 for use during 2018/19. The projected outturn position on the core operating budget is an overspend of £1,044k as at 31 December 2018. After the brought forward funding of £765k is applied, there is a projected net overspend of £279k on core operating expenditure as at 31 December 2018. The projected overspend mainly relates to our digital transformation programme and a projected shortfall in registration fee income. The budget monitoring statement for the core operating budget is attached at **Appendix A**.

Specific grants projected outturn

- 2.2 There is a planned overspend of £126k on specific grants as a corresponding amount was carried forward in the general reserve from 2017/18 for use during 2018/19. All specific grants expenditure is projected to be spent as at 31 December 2018 with the exception of Workforce development for health and social care integration which will be underspent by £4k. The budget monitoring statement for specific grant funding is attached at **Appendix B**.

3.0 OPERATING BUDGET VARIANCES - EXPENDITURE

- 3.1 The reasons for variances on the core operating expenditure budget are explained below.

Staff costs

22k

- 3.2 There is a total projected overspend of £22k on staff costs.

Salary and other staff costs

- 3.3 There is a projected underspend of £264k on staff salaries. This is mainly due to delays in filling vacant posts (slippage), maternity leave and staff not being in the pension scheme. It is anticipated the slippage saving will continue to increase as the year progresses. This is partially offset by an overspend of £60k for the employment of ICT support staff.

- 3.4 There is a reduction of £161k to the projection for hearing panel member allowances. This projection is based on the number of hearings expected for the remainder of this financial year.
- 3.5 A further underspend of £16k is projected from the training budget.
- 3.6 An underspend of £5k is projected on allowances for external assessors for non-UK qualification work.
- 3.7 The budget for the recruitment of panel members is not required this financial year saving £2k.

The above underspends are partially offset by overspends detailed in section 3.8 to 3.12 below.

- 3.8 Hired agency costs are expected to be £301k overspent due to the employment of temporary staff to work on the digital transformation project (£231k), temporary HR Advisers (£49k), temporary Solicitors (£17k), temporary business support staff for the Communications team (£3k) and a temporary Health and Safety Assistant (£1k).
- 3.9 Recruitment costs will be overspent by £36k due to the recruitment of our new Chief Executive and adverts placed in Scottish Legal News for Fitness to Practise posts.
- 3.10 Overtime for the Registration department to reduce application form processing lead times from seven to three weeks will cost £27k.
- 3.11 Overtime being carried out from January to March in the Fitness to Practise department to concentrate on the backlog of casework due to higher than average staff turnover is anticipated to cost £25k.
- 3.12 There are unplanned severance costs of £7k from a settlement agreement arising from a recent employment tribunal and a further £8k for compensatory payments to two ex-employees. Staff medical costs relating to occupational health referrals & Display Screen Equipment (DSE) assessments are projected to be £6k more than budget.

Accommodation costs (154k)

- 3.13 OMT have considered proposals for the reconfiguration of Compass and Quadrant House. The accommodation changes are expected to cost £150k less than budget.
- 3.14 Property running costs are expected to be £6k less than budget.
- 3.15 Additional rent charges of £2k will be incurred this year due to SSSC's share of floor space increasing for the data room in Compass House.

Administration costs £4k

- 3.16 Fee write offs are projected to be £91k more than budgeted. Fees are written off due to registrants lapsing and/or being removed from the register and the number of write offs are increasing as the register increases. The value written off is also increasing due to higher fees.
- 3.17 Legal presenter fees are projected to be £30k overspent due to court action. Employment law advice is expected to cost £18k and legal advice for hearings which began before the move to Legally Qualified Chairs is projected at £15k.
- 3.18 Professional fees are expected to be overspent by £59k due to:
- external legal support with Fitness to Practise casework £30k;
 - professional services employed to review ICT shared services lessons learned £9k;
 - employing facilitators for senior management planning and leadership events £8k;
 - translation and interpreting costs for hearings £8k and
 - contribution for the 2018/19 Alzheimer's Scotland event £4k.
- 3.19 Postage costs are expected to be overspent by £15k as the move to paperless hearings will not happen in this financial year (£8k) and response service charges for Fitness to Practise are greater than expected (£7k).
- 3.20 Bank charges are expected to be £4k overspent due to the increase in the volume of transactions processed for registration payments received and refunds.
- 3.21 Administration costs associated with the online registration of modern apprentices are projected to be £3k overspent due to the increase in uptake. This overspend is offset by the associated additional income (paragraph 4.5).
- 3.22 The subscription cost to Linets for legal research is expected to be £3k more than budget.
- 3.23 Photocopying charges for the organisation are expected to be £2k more than budget.
- The above overspends are partially offset by underspends detailed in section 3.24 to 3.29 below.
- 3.24 Underspends totalling £164k relate to the Communication's print, design and postages budgets as they are not required.
- 3.25 Training costs for Legally Qualified Chairs (LQCs) are expected to be £26k underspent as this budget is no longer required.
- 3.26 Postage costs for Registration are expected to be underspent by £22k. This is due to online response mail service costs (£13k) and fewer registration cards being issued at a lower unit cost than budget (£9k).

- 3.27 The projection for telephone costs for the organisation has reduced by £12k due to savings from the new telephony contract.
- 3.28 The print cost for new registration cards is expected to be £7k underspent due to fewer cards being printed at a lower unit cost per card than budgeted.
- 3.29 The corporate stationery budget is expected to be £5k underspent.

Travel costs

(£38k)

- 3.30 An underspend of £38k is expected on travel costs. This is mainly due to the introduction of LQCs for hearings as they receive a flat fee and do not claim travel costs.

Supplies and services expenditure

£1,352k

Digital transformation ICT costs

- 3.31 Digital transformation ICT costs are projected to be overspent by £1,367k as shown in the table below.

	Budget £000	Projected Expenditure £000	Projected overspend £000
Digital transformation	1,350	2,717	1,367
ICT SLA	540	540	0
	1,890	3,257	1,367

- 3.32 **Appendix C1** shows a summary of projected ICT digital transformation expenditure for 2018/19 and projected ICT recurring costs for 2019/20.
- 3.33 The Resources Committee has requested more information on the non-recurring and recurring costs of the Digital Transformation Programme. The table below provides information on the total projected non-recurring set up and implementation costs over the two years of the Programme (2017/18 and 2018/19). The recurring costs for 2016/17 (the last full financial year prior to investment in the Digital Transformation Programme) and the projected full year recurring costs for 2019/20 and subsequent years are also shown. This information will be regularly updated and used as the basis for the cost / benefit analysis required for the post implementation review. More detail is available at **Appendix C2**.

	Sequence £000	Case Management System £000	My SSSC / Website £000	New Equipment, Infrastructure & Support £000	Governance	Total £000
Non Recurring: Set up & Implementation:						
2017/18	699	209	66	333	0	1,307
2018/19 (projected)	926	464	129	947	36	2,502
2019/20 (projected)	2	0	0	0	0	2
Total	1,627	673	195	1,280	36	3,811
2016/17 base cost	251	0	11	518	0	780
Projected new recurring costs	474	115	8	671	0	1,268
Recurring cost variance	223	115	(3)	153	0	488

3.34 It should be noted that the timings of elements of the digital transformation programme are uncertain and some expenditure budgeted in the 2017/18 financial year has fallen into the 2018/19 financial year. The digital transformation programme is being managed over the previous and current financial years.

3.35 Until such time that the new ICT environment and systems are “live” additional as yet unidentified costs may arise. Any such additional costs will be included in projections as soon as they become available.

Other supplies & services

3.36 Automated telephone payment collection (Tonepay) has been implemented at a cost of £15k. The purchase of MacBooks for the Digital Learning team will cost £3k.

3.37 An overspend of £6k is projected for the purchase of six new coffee machines for our hearing rooms.

3.38 Protection of Vulnerable Groups (PVG) expenditure is expected to be £6k overspent based on current trends. The SSSC pays these fees for students and unemployed Social Workers.

3.39 An overspend of £3k is projected for skip hire relating to our new digital transformation kit.

3.40 Venue hire and hospitality costs are expected to be £2k overspent for the provision of lunches provided at external training events.

3.41 The above overspends are partially offset by projected underspends totalling £50k for:

- pick and pack costs for the distribution of printed communication materials £23k;
- HR recruitment portal no longer going ahead £8k;
- Yammer Enterprise £7k;
- venue hire and hospitality for Registration engagement events which will no longer go ahead in this financial year £5k;
- reduction to the SLA charge from the Care Inspectorate as a result of interim acting up arrangements £4k and
- extension to website maintenance contract under communications as this will now be included as part of the monthly maintenance and hosting costs under the new digital transformation budget £3k.

Third party payments (£1k)

- 3.42 An underspend of £1k is projected following agreement of the 2018/19 contribution to Skills for Care and Development for promoting and enhancing the SSSC's role as a Sector Skills Council.

Postgraduate bursaries (£210k)

- 3.43 The budget for postgraduate bursaries is based on a total of 310 bursaries being awarded. The current number of student nominations from universities this year is 281. Of those assessed to date 42 are entitled to tuition fee and travel costs only. Prudent estimates have been included for Stirling and Napier University students but final costs for those students will not be known until late February/March 2019 as these universities operate a January to December academic year. Postgraduate bursary expenditure is currently projected to be £210k underspent. Once all assessments have been completed, more accurate expenditure projections will be available.

Practice Learning Fees

- 3.44 The first payment of practice learning fees has been made to universities. This is based on the universities' 2017/18 charges. Expenditure projections in this report are currently at budget. Updated estimates are due from the universities at the end of January and once they are all received and reviewed this information will be used to provide a more accurate projection of the year end position.

Voluntary Sector Development Fund (VSDF) £6k

- 3.45 In December 2018 we received confirmation from Scottish Government that £1,264k funding is available for 2018/19 to provide contributions to voluntary organisations towards the cost associated with meeting the required registration qualification criteria set by the SSSC. In 2018/19 the priorities for eligibility are support workers in housing support and care at home services. Grant offers were issued in December and organisations must submit their signed acceptance by 31 January 2019. A £6k overspend is projected in 2018/19 due to funds carried forward in the

general reserve from 2017/18 of £5k and £1k returned in-year from a voluntary organisation.

4.0 OPERATING BUDGET VARIANCES - INCOME

Reasons for the income budget variances are detailed below.

Grant in aid and disbursements

- 4.1 The projections within this report assume grant in aid and practice learning fee income will be fully drawn down for the year.

4.2 Voluntary Sector Development Fund (VSDF) (£1k)

A budget of £1,264k has been allocated for the VSDF by the Scottish Government for 2018/19 as detailed in paragraph 3.45. Funding has been claimed from the Scottish Government in readiness to pay each organisation upon receipt of their signed grant offer letters. It is currently anticipated that all funding will be disbursed. The projection is £1k more than budget as an organisation returned £1k of unused funding which will be used for this financial year's distribution of funds in line with the VSDF guidance.

Registration fees £165k

- 4.3 Projections at 31 December 2018 suggest that registration income will be £165k less than budget. This is based on actual data to December 2018 and projections for January to March 2019. There are two main reasons for this:
1. There were approximately 1,600 fewer new registrations in the period between the fee budget being calculated and the end of the 2017/18 financial year. This has an impact on both income brought forward from 2017/18 and continuation of registration 2018/19 fee income.
 2. Registration number projections included numbers of new registrants for people who cancel their registrations to be replaced by new registrants. Projections for annual fees and new registrations both included those expected to re-register during the year. This over-estimated budgeted income. The overall number of registrants remains the same but this does have an impact of fee income as registrants may cancel before their fee is due and there may be delays in new registrants replacing the cancellations. In addition, the new registrations only attract part year fees. The impact of this has become more pronounced due to greater registrant numbers and increased fee rates.

Other income (£101k)

- 4.4 Six outward secondments will provide unbudgeted income of £77k.

- 4.5 The increase in the uptake of modern apprentices due to the expansion of early years' services is projected to generate £27k more income than budget.
- 4.6 These increases to income are partially offset by a £3k reduction to income projections for IRS Equivalency fees.

5.0 SPECIFIC GRANTS AWARDED TO THE SSSC

- 5.1 Four specific grants totalling £660k have been agreed for 2018/19. The Scottish Government approved carry forward of £126k from 2017/18 providing total specific grant funding of £786k in 2018/19. As at 31 December 2018, 68% of the projected grant expenditure was spent or committed. Plans are in place for the remaining available grant funding.

Workforce development grant

- 5.2 Workforce Development Grant (WDG) totalling £442k has been agreed with the Scottish Government for the 2018/19 financial year. In addition, the Scottish Government agreed that £122k of funding from 2017/18 could be held in the general reserve to be used in 2018/19. This provides total available WDG funding of £564k. Current projections suggest this funding will be used in full.

Workforce development – Health and social care integration

- 5.3 Workforce development – health and social care integration grant of £192k has been agreed for 2018/19. In addition, the Scottish Government agreed that £4k of underspend from 2017/18 could be held in the general reserve for use in 2018/19. This provides total funding of £196k for this project in 2018/19. Current projections indicate that this budget will be underspent by £4k due to staff slippage. £4k of this grant will not be claimed and the grant sponsor is aware of this.

Leadership and Integration in Primary Care Grant

- 5.4 A grant of £18k for undertaking and promoting leadership and integration in primary care is expected to be fully utilised.

Cyber Resilience grant

- 5.5 A grant for video-based learning resources on cyber resilience for Social Service workers of £8k is expected to be fully utilised.

6.0 GRANTS AWARDED TO OTHER BODIES

- 6.1 The following grants have been awarded to other bodies during 2018/19 from the Workforce Development Grant (WDG) (section 5.2) and grant in aid (GIA).

2018/19 Third Party Grants	Funding source	£000
Scottish Care	WDG	80
Coalition of Care Providers Scotland (CCPS)	WDG	70
Skills for Care	GIA	8
Total grants awarded to other bodies (at 31 December 2018)		158

- 6.2 Further grant agreements have been drawn up for work associated with the Newly Qualified Social Worker (NQSW) pilots which have a budget allocation of £150k under the Workforce Development Grant. All of the signed grant agreements have been received for the first tranche of disbursements and payments are expected to be made in late January and February 2019. The remaining £45k is currently expected to be disbursed in March 2019.

7.0 PROJECTIONS AT SIGNIFICANT RISK TO CHANGE

- 7.1 There are a number of areas of the budget where there are financial uncertainties. Items listed in the table below should be closely monitored by the appropriate members of EMT as we view these as having the potential to significantly change the projected financial position.

Budget area	Budget issue	Potential over/ (under) spend £000	Responsible EMT Member
Staff costs	Projected staff costs are based on staff in post as at 31 December 2018 and known future changes at this date. EMT will continue to monitor changes in staffing closely throughout the year.	+/-	All
Digital Transformation Programme	Total projected expenditure of £3,548k for 2018/19 (see Appendix C1). Funding available for digital transformation totals £2,655k leaving an unfunded projected overspend of £893k. There may be some uncertainty around additional costs until such time systems are "live" so the £893k overspend could increase as these costs are identified.	Whole project overspend of £893k Overspend will increase as unknown costs are identified	Chief Executive
Registration income	Projections at 31 December 2018 suggest that registration income will be £165k less than budget. Registration modelling data for setting the 2019/20 budget will be used to inform 2018/19 projections. Registration income will continue to be closely monitored.	+/-	Director of Regulation

Workforce Development Grant	<p>NQSW Pilots are currently projected at budget (£150k). Signed grant letters have been received for the first tranche of work and it is expected that £105k will be disbursed in February 2019.</p> <p>There is a potential risk that not all work will be completed in this financial year as there are difficulties in procuring the specialist nature of this work.</p>	-	Director of Development and Innovation
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8.0 FINANCIAL IMPLICATIONS – GENERAL RESERVE

- 8.1 As at 31 December 2018 the 2018/19 projected outturn position on the core operating budget is an overspend of £1,044k. Specific grant funding is projected to be fully spent with the exception of a £4k projected underspend on Workforce development for health and social care integration.
- 8.2 The 2017/18 outturn position is a general reserve balance of £1,491k. Of this £1,365k relates to our core operation budget and £126k to specific grants.
- 8.3 The 2018/19 projected overspend of £1,044k will require to be funded from the general reserve at 31 March 2019. This would leave a general reserve balance of £321k at 31 March 2019.
- 8.4 The general reserve included £765k which is a planned contribution to digital transformation costs. The net overspend is £279k more than was expected to be required to be funded from the general reserve in 2018/19. This is shown in the table below which summarises the projected general reserve balance position as at 31 March 2019.

Projected General Reserve movement:	Core operating budget £000	Specific Grants £000	Total £000
General reserve opening balance at 1 April 2018	(1,365)	(126)	(1,491)
Utilisation of specific grant funding brought forward		126	126
Planned use of general reserve (Digital Transformation)	765		765
Unplanned use of general reserve	279		279
Projected general reserve at 31 March 2019	(321)	0	(321)

- 8.5 Should the final outturn be as currently projected and no savings or additional funding identified, there would be a general reserve balance of £321k as at 31 March 2019. £321k is 1.49% of gross expenditure. This is £102k less than the target general reserve balance range which is 2% (£423k) to 2.5% (£529k) of gross expenditure.

9.0 HUMAN RESOURCE IMPLICATIONS

- 9.1 There are no human resource implications arising from this report.

10.0 EQUAL OPPORTUNITIES

- 10.1 Budget monitoring helps to support the SSSC's commitment to equal opportunities and working towards equality and diversity.

11.0 LEGAL IMPLICATIONS

- 11.1 Budget monitoring reports are compiled in accordance with guidance issued by the Scottish Government and in line with requirements of the Scottish Government Executive Framework Agreement and the Council's Standing Orders and Financial Regulations.

12.0 STAKEHOLDER ENGAGEMENT

- 12.1 There are no immediate implications for stakeholder engagement, but continued budget monitoring is part of a robust financial management framework which is required to ensure that the service we provide to our stakeholders is as good as it can be.

13.0 IMPACT ON USERS AND CARERS

- 13.1 The budget is developed in line with corporate planning priorities and monitored regularly to assist the Council in meeting its objectives of improving services and raising standards. This will support improved services to users and carers in the longer term.

14.0 CONCLUSION

- 14.1 The Resources Committee is asked to consider and approve the attached Budget Monitoring Statement for the year to 31 March 2019 in accordance with corporate governance requirements.
- 14.2 EMT will continue to closely control and monitor the budget position throughout the remainder of the financial year with a view to delivering a

financial position as at 31 March 2019 that provides a general reserve balance within the target range.

SSSC Budget Monitoring 2018/19 as at 31 December 2018

APPENDIX A

Summary: Core Operating Budget	2018/19 Budget £'000	Actual Expenditure/Income as at 31 Dec 2018 £'000	Commitments as at 31 Dec 2018 £'000	Projected year end Expenditure/Income as at 31 Dec 2018 £'000	Projected Annual Variance £'000
Staff costs	10,682	7,826	162	10,704	22
Accommodation costs	1,023	505	24	869	(154)
Administration costs	858	544	128	862	4
Travel costs	225	141	0	187	(38)
Supplies & services	2,463	2,484	935	3,815	1,352
Third party payments	9	8	0	8	(1)
Postgraduate bursaries	2,655	2,153	242	2,445	(210)
Practice learning costs	2,352	1,200	0	2,352	0
Voluntary Sector Development Fund (VSDF)	1,264	0	0	1,270	6
Gross expenditure - core operating budget	21,531	14,861	1,491	22,512	981
Government grants	(13,061)	(6,656)	0	(13,061)	0
Practice learning fee income	(2,352)	(1,218)	0	(2,352)	0
Voluntary Sector Development Fund (VSDF)	(1,264)	(1,266)	0	(1,265)	(1)
Registration fees	(4,632)	(4,333)	0	(4,467)	165
Other income	(222)	(189)	0	(323)	(101)
Total income	(21,531)	(13,662)	0	(21,468)	63
Net expenditure - core operating budget	0	1,199	1,491	1,044	1,044

General reserve funding brought forward (765)

Projected 2018/19 over (under) spend 279

Note:

Revised budget for monitoring purposes - includes adjustments made after the budget was set on 21 March 2018

The projected year end expenditure column represents the anticipated expenditure or income position at the end of the financial year (31 March 2019)

The projected annual variance column represents the variance between projected annual expenditure or income and the agreed budget

SSSC Budget Monitoring 2018/19 as at 31 December 2018

APPENDIX B

Summary: Specific Grant Funding	Budget 2018/19 £'000	Approved Grant offer 2018/19 £'000	Actual to 31-Dec-18 £'000	Commitments as at 31-Dec-18 £'000	Projected outturn as at 31-Dec-18 £'000	Projected Annual Variance £'000
Expenditure						
Workforce Development	442	442	236	80	564	122
Total: Workforce Development	442	442	236	80	564	122
Workforce Development: Health & Social Care Integration	192	192	133	51	192	0
Leadership for Integration	18	18	8	10	18	0
Learning resources for Cyber Resilience	8	8	2	8	8	0
Total: Other specific grants	218	218	143	69	218	0
Total Expenditure	660	660	379	149	782	122
Income						
Workforce Development	(442)	(442)	(219)	0	(442)	0
Total: Workforce Development	(442)	(442)	(219)	0	(442)	0
Workforce Development: Health & Social Care Integration	(192)	(192)	(112)	0	(188)	4
Leadership for Integration	(18)	(18)	0	0	(18)	0
Learning resources for Cyber Resilience	(8)	(8)	0	0	(8)	0
Total: Other specific grants	(218)	(218)	(112)	0	(214)	4
Total Income	(660)	(660)	(331)	0	(656)	4
Net Expenditure	0	0	48	149	126	126

General Reserve funding available: Workforce Development

(122)

General Reserve funding available: Workforce development for Health & Social Care Integration

(4)

Total General Reserve funding available for specific grants**(126)****Projected 2018/19 over/(under) spend****0**

Summary of Digital Transformation programme requirements as at 31 December 2018

	2017/18 £000	2018/19 £000	2019/20 £000
Funding:			
Digital Transformation Budget		(1,350)	(1,214)
ICT SLA costs		(540)	(540)
Funding from general reserve		(765)	
Total Funding		(2,655)	(1,754)
Non Recurring Costs:			
Sequence	627	856	2
Case Management System	174	395	0
Uplift (network & Infrastructure)	299	750	0
Website	55	106	0
Telephones	0	107	0
Governance	0	36	0
Other	0	21	0
Shared Service Final SLA costs	0	540	0
Total Non Recurring	1,155	2,811	2
Recurring Costs:			
New Network & Infrastructure	0	151	377
Sequence	37	158	474
Case Management System	0	107	115
Website	0	1	8
Telephones	0	30	84
Residual Liability to CI Staff over capacity		0	0
Total Recurring	37	447	1,058
Total ICT Costs	1,192	3,258	1,060
New SSSC Digital Support Team	0	60	210
Digital Lead (SSSC)	65	173	0
Temporary technical support	50	57	0
Total Staff costs	115	290	210
Total digital transformation costs	1,307	3,548	1,270
Digital transformation funding shortfall /(available)	1,307	893	(484)

APPENDIX C2

Digital Transformation Investment Costs

	Sequence £000	Case Management System £000	MY SSSC / Website £000	New Equipment, Infrastructure & Support £000	Governance £000	Total £000
2016/17 base recurring cost	251		11	518	0	780
Non Recurring Investment & Set Up Costs:						
2017/18	699	209	66	333	0	1,307
2018/19 (projected)	926	464	129	947	36	2,502
2019/20 (projected)	2	0	0	0	0	2
Total Investment	1,627	673	195	1,280	36	3,811
New Full Year Recurring Costs:						
Hosting	121	92	0	139	0	352
Licensing	201	0	0	46	0	247
Third Party Maintenance	152	23	8	92	0	275
Telephony	0	0	0	84	0	84
Equipment Replacement (4 year programme)	0	0	0	100	0	100
SSSC ICT Support Team	0	0	0	210	0	210
Total New Recurring Costs (projected)	474	115	8	671	0	1,268