



SERVICES FOR THE COMMUNITY POLICY DEVELOPMENT AND SCRUTINY PANEL

2018/19 FINANCIAL PERFORMANCE – MONTH 6 MONITORING REPORT

REPORT BY HEAD OF FINANCE AND PROPERTY SERVICES

A. PURPOSE OF REPORT

To provide the Panel with an update on the financial performance of the Services for the Community portfolio for the General Fund Revenue budget.

B. RECOMMENDATION

It is recommended that the Panel:

1. Notes the financial performance of the Services for the Community portfolio as at month 6;
2. Notes that the Services for the Community portfolio position at month 6 is part of the overall council budget position reported to Council Executive;
3. Notes any actions required to be taken by Heads of Service and budget holders to manage spend within available resources.

C. SUMMARY OF IMPLICATIONS

I Council Values	Focusing on customers' needs, being honest, open and accountable, making best use of resources, working in partnership.
II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	Local Government (Scotland) Act 1973, Section 95; Local Government in Scotland Act 2003, section 1-14.
III Implications for Scheme of Delegations to Officers	No implications at this stage.
IV Impact on performance and performance indicators	Effective budget management is an essential element of service performance. Additional financial reporting provides elected members with information to allow for proper scrutiny of performance of services.
V Relevance to Single Outcome Agreement	The revenue budget provides resources necessary to help deliver the Single Outcome Agreement. Effective prioritisation of resources is essential to achieving key outcomes.
VI Resources – (Financial, Staffing and Property)	The forecast position for the Services for the Community portfolio revenue budget in 2018/19 is an overspend of £1,115,000.

VII Consideration at PDSP

A financial performance report will be presented to the Panel twice yearly on an ongoing basis.

VIII Other Consultations

Depute Chief Executives, Head of Housing, Customer and Building Services.

D. TERMS OF REPORT

D.1 Introduction

This report provides an update on the general fund revenue financial performance in respect of the Services for the Community Policy Development and Scrutiny Panel (PDSP) portfolio of services. It is important to note that the council's revenue budget is operationally managed at a Head of Service level, and the financial position included within this report is part of the overall council forecast position reported to Council Executive on 13 November 2018. This report also includes the position on the delivery of approved budget reduction measures relevant to the Services for the Community portfolio for 2018/19.

The budget monitoring process is undertaken in line with the council's budgetary control framework and procedures, which places particular focus on a risk based and pro-active approach to budget monitoring. The projected out-turn for 2018/19 which was reported to Council Executive on 13 November 2018, indicated that the overall General Fund Revenue budget is forecasting an overspend of £1.352 million for 2018/19, which is partly offset by £1.052 million of early delivery of budget reductions within Social Policy, producing a net projected 2018/19 overspend of £300,000. Included within the overall forecast, there are recurring pressures of £3.894 million. The next update on the revenue monitoring position to Council Executive will be the outcome of the month 9 monitoring exercise on 26 February 2019, including an update on the mitigating actions that were previously agreed for recurring pressures.

This report focuses on the financial performance of council services which further enhances the information presented to elected members to allow scrutiny of service and financial performance. The report contains reference to key performance measures for service areas which are contained within Service Management Plans and referenced in the 2016/17 Local Government Benchmarking Framework (LGBF) data-set. LGBF data for 2017/18 is currently being collated by the Improvement Service and will be made available later in the financial year and included in the month 12 PDSP updates.

D.2 Financial Information for 2018/19 Month 6 Forecast Position

The table below summarises the position in relation to service expenditure and provides an update on the forecast position. The forecast revenue position is an overspend of £1,115,000 for the Services for the Community portfolio. As part of the monitoring exercise, a number of key risks and service pressures have been identified and these are noted in the narrative for the relevant service area.

	2018/19 Budget £'000	Forecast month 6 £'000	Variance £'000
HOUSING, CUSTOMER AND BUILDING SERVICES			
Community Safety Unit	690	566	(124)
Homelessness	2,584	3,823	1,239
TOTAL	3,274	4,389	1,115

D.3 Summary of Main Issues in Service Expenditure Budgets and Impact on Performance

D.3.1 Housing, Customer and Building Services

Community Safety Unit

A net underspend of £124,000 is anticipated, due primarily to staff savings within the unit.

Performance information for the Community Safety Unit indicates that the number of active antisocial cases was within the target rate of 65 per month for four of the six months of the year to September 2018. It was above target in July and August.

Homelessness

An overspend of £1.239 million is forecast in Homelessness, primarily as a result of demand for Bed and Breakfast (B&B) accommodation. This increased demand is also contributing to a further anticipated overspend of £450,000 in Homelessness Transport, which is not part of the Services for the Community portfolio but is noted in the financial performance update report to Education PDSP on 18 December 2018. General Fund Revenue Budget monitoring reports to Council Executive on 11 September 2018 and 13 November 2018 highlighted the growing budget pressure in homelessness transport and noted that officers are considering options around the current homelessness transport policy to help mitigate the recurring pressure. The average number of clients per night accommodated in B&B from April to September 2018 was 113, compared to 26 in April 2017, 53 in January 2018 and 80 in March 2018. Income from charging, as agreed by Council Executive on 26 June 2018, has been taken into account in calculating the recurring pressure, however there is a risk that the full amount of the budgeted income is not generated. The average number accommodated in B&B per night has stabilised since the introduction of charging, which was implemented from 2 July 2018. There remains a risk that if demand increases further, this could result in additional costs of around £160,000 on an annual basis for every ten clients.

The council's approved Housing Capital programme includes provision for additional housing stock through the 1,000 houses new build project, open market acquisitions and the mortgage to rent scheme, all of which are intended to mitigate some of the pressures on the homelessness budget as more housing stock becomes available to be let. In addition, the general fund capital programme includes funding for new homeless provision which is anticipated to alleviate some of the pressure. Following recent Scottish Government guidance, officers are considering how to best use the capital resource available. However, further actions will also be required to reduce expenditure on a recurring basis and fully mitigate the budget pressure, including changes in the allocations policy and homelessness transport policy and increasing the number of private sector lets and increasing the number of available properties via registered social landlords. These proposed measures were highlighted in the General Fund Revenue Budget monitoring reports to Council Executive on 11 September 2018 and 13 November 2018. These measures will be considered in conjunction with the requirement for West Lothian Council, in common with all Scottish local authorities, to prepare a five year Rapid Rehousing Transition Plan (RRTP) to reduce Homelessness. The first iteration of a five year RRTP is to be submitted, for comment, to the Scottish Government by 31 December 2018. The plans are to be put in action by April 2019.

Performance information for the homeless area indicates that in 2017/18, the percentage of repeat homeless presentations, meaning the percentage of households who are assessed as being homeless within 12 months of previously being assessed as homeless, rose to 2.1%. The proportion of priority, unintentionally homeless applicants for whom permanent accommodation was secured was 78%, which was an increase of 0.65% from the previous year.

D.3.2 Monitoring of Approved Budget Reductions

For the Services for the Community portfolio, savings of £752,000 in 2018/19 have been delivered in full. Various savings to be delivered for the portfolio area in both 2019/20 and 2020/21 require further development and implementation at officer level, including staffing restructures in the Community Safety Unit.

E. SUMMARISED BUDGET POSITION FOR 2018/19

The forecast outturn position indicates an overspend of £1,115,000 within the general fund revenue budget for the Services for the Community portfolio. This report highlights overspends within the portfolio area where action is required to identify options to sustainably manage spend within budget resources available.

F. FUTURE BUDGET ISSUES AND RISKS

West Lothian Council approved savings of £41.281 million for the three year period 2018/19 to 2020/21 as part of the five year budget strategy on 13 February 2018. For 2018/19, there remain risks around the deliverability of very significant budget reductions. In addition, recurring pressures of £2.863 million across all council services will have an impact on the council being able to manage a break-even position. It is therefore essential that mitigating actions are taken to ensure these pressures are managed on a recurring basis.

The forecast out-turn position reflects the very challenging financial position the council is now facing, after many years of funding constraints and requirements to make significant savings with demand for services continuing to grow. There are considerable risks and uncertainties around various aspects of council spending, including the level of future pay awards, the costs of demand led services, especially in social care, the level of inflationary increases in budget and the recycling market. There are also major risks connected to the future level of UK and Scottish Government funding and of policy changes that impact on local government in Scotland. As a result, there is a considerable risk that the forecast indicated within this report could increase further during the financial year.

Specifically for the Services for the Community portfolio, there are ongoing key risks around levels of homelessness provision. The main issue facing the homeless service both in West Lothian and in Scotland is the level of demand for accommodation compared to the available supply. The council has seen a sustained period of increased demand for interim or temporary accommodation from homeless applicants and this has resulted in increased Bed & Breakfast accommodation costs well in excess of budget.

In order to reduce the continuing financial and operational pressures, the service is developing a range of approaches in order to mitigate pressures and improve the position. With more new build council houses completing in 2018/19 and a firmer understanding of the demand levels for the service and supply of housing available, there is an opportunity to reduce the requirement to use hotels whilst developing partnership working and shifting the balance of homeless frontline operations to a more preventative approach. This will be a key area in the Rapid Rehousing Transition Plan (RRTP) to reduce Homelessness.

The council's risk based approach to budget monitoring will ensure that effective action is taken to manage risks during the course of the financial year. Officers will continue to provide updates on risks as part of the quarterly budget monitoring reporting to Council Executive at period 4, 6 and 9.

G. CONCLUSION

A revenue overspend of £1,115,000 is forecast for the Services for the Community portfolio in 2018/19. As noted, the outturn forecast position for the Services for the Community portfolio is part of the overall position for 2018/19 which was reported to Council Executive on 13 November 2018.

H. BACKGROUND REFERENCES

Overview of Homelessness in West Lothian – Report by Head of Housing, Customer and Building Services to Services for the Community PDSP on 12 June 2018

5 Year Rapid Rehousing Transition Plan – Report by Head of Housing, Customer and Building Services to Services for the Community PDSP on 18 September 2018

2018/19 General Fund Revenue Budget – Month 4 Monitoring Report to Council Executive on 11 September 2018

2018/19 General Fund Revenue Budget – Month 6 Monitoring Report to Council Executive on 13 November 2018

Scheme of Administration

Appendices/attachments: None

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