



SERVICES FOR THE COMMUNITY POLICY DEVELOPMENT AND SCRUTINY PANEL

2019/20 FINANCIAL PERFORMANCE – MONTH 12 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 for 2019/20;
2. Notes that the Services for the Community portfolio position for the year formed part of the outturn reported to Council Executive on 23 June 2020;
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 outturn for the Services for the Community portfolio revenue budget for 2019/20 was an overspend of £547,000.
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. The council's revenue budget is operationally managed at a Head of Service level, and the financial position included within this report formed part of the overall council position reported to Council Executive on 23 June 2020. This report also includes the position on the delivery of approved budget reduction measures relevant to the Services for the Community portfolio for 2019/20.

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.

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 2018/19 Local Government Benchmarking Framework (LGBF) data-set. LGBF data for 2019/20 will be collated by the Improvement Service and will be made available later in the financial year.

D.2 Financial Information for 2019/20 Outturn

The table below summarises the position in relation to service expenditure for the portfolio area. The revenue position is an overspend of £547,000 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.

	2019/20 Budget £'000	2019/20 Outturn £'000	Variance £'000
HOUSING, CUSTOMER AND BUILDING SERVICES			
Community Safety Unit	602	442	(160)
Homelessness	3,899	4,606	707
TOTAL	4,501	5,048	547

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

The Community Safety Unit had an underspend of £160,000 in 2019/20, due primarily to staff savings within the unit.

Performance information for the Community Safety Unit indicates that the number of active antisocial cases ranged from 37 to 84 during 2019/20. This was an average of 60 per month against the target rate of 65 per month.

Homelessness

An overspend of £707,000 was recorded in Homelessness, primarily as a result of demand for Bed and Breakfast (B&B) accommodation. This increased demand also contributed to an overspend of £104,000 in Homelessness Transport, which is not part of the Services for the Community portfolio but will be noted in the financial performance update report to the next Education PDSP in autumn 2020. As agreed by Council Executive on 26 June 2018, charging was introduced to bring equity across the different types of temporary accommodation.

The council's approved Housing Capital programme includes provision for additional housing stock through the new build houses 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. 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, increasing the number of private sector lets and increasing the number of available properties via registered social landlords. These measures will be considered in conjunction with the Rapid Rehousing Transition Plan (RRTP) 2019-2024 to reduce Homelessness, an update on which was reported to Council Executive on 23 June 2020.

Performance information for the homeless area indicates that in 2019/20, 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 2.0%, from 0.6% in 2018/19, although this was still below the target of 3%.

D.3.2 Monitoring of Approved Budget Reductions

For the Services for the Community portfolio, savings of £296,000 in 2019/20 have been delivered in full.

E. SUMMARISED BUDGET POSITION FOR 2019/20

The month 12 position was an overspend of £547,000 within the General Fund Revenue budget for the Services for the Community portfolio, mainly as a result of demand for B&B accommodation. The overall outturn was reported to Council Executive on 23 June 2020.

F. FUTURE BUDGET ISSUES AND RISKS

West Lothian Council approved a four year revenue budget strategy from 2019/20 to 2022/23 on 19 February 2019, which included approved savings measures for 2019/20 of £14.674 million. The significant level of approved savings, in addition to the impact of constrained funding and the financial consequences of the current Covid-19 pandemic, is resulting in an increased risk of overspends across council services and the ability to deliver approved budget reductions. In addition, there are currently recurring pressures of around £974,000, as reported to Council Executive on 18 August 2020. Mitigating actions have been agreed and are being implemented to ensure these pressures are managed on a recurring basis.

Council Executive has been provided with a number of update reports on the financial implications of the current Covid-19 pandemic on 26 May 2020, 23 June 2020 and most recently on 18 August 2020 as part of the 2020/21 General Fund revenue budget monitoring exercise for period 3. There is an estimated revenue pressure of approximately £4.334 million in 2020/21 even after confirmed additional funding is accounted for. Taking account of this pressure, Council Executive agreed that the £994,000 over and above the minimum approved General Fund Balance level of £2 million should be ear-marked for managing the

projected 2020/21 overspend and considered the potential actions available to manage and mitigate the financial pressures. Council Executive also agreed that officers should continue to monitor the financial impact of Covid-19 and engage with the Scottish Government and COSLA around further government funding for the council to mitigate the significant additional costs being incurred by the council. Further updates will be provided to Council Executive to allow consideration of the latest position and any action required to manage to the financial implications of the virus, the next of which will be included within the month four budget monitoring exercise to be reported to Council Executive in October 2020.

The overall position reflects the very challenging financial context 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 and income, particularly the impact of Covid-19, and also including the costs of demand led services in social care, the level of inflationary increases in budgeted expenditure and the waste 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.

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 as a whole 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 remains 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 periods 4, 6 and 9.

G. CONCLUSION

The position for the Services for the Community portfolio was an overspend of £547,000. As noted, the position for the Services for the Community portfolio is part of the overall out-turn position for 2019/20 which was reported to Council Executive on 23 June 2020.

H. BACKGROUND REFERENCES

2019/20 Financial Performance – Month 6 Monitoring Report – Report by Head of Finance and Property Services to Services for the Community PDSP on 10 December 2019

West Lothian Rapid Rehousing Transition Plan 2019 – 2024 – Report by Head of Housing, Customer and Building Services to Council Executive on 23 June 2020

Draft 2019/20 General Fund Revenue Budget Outturn – Report by Head of Finance and Property Services to Council Executive on 23 June 2020

Local Government Benchmarking Framework

Appendices/attachments: None

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