



HOUSING SERVICES POLICY DEVELOPMENT AND SCRUTINY PANEL

2022/23 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 Housing Services portfolio for the General Fund revenue budget.

B. RECOMMENDATION

It is recommended that the Panel:

1. Notes the financial performance of the Housing Services portfolio as at month 6;
2. Notes that the Housing Services portfolio position at month 6 was part of the overall council budget position reported to Council Executive on 15 November 2022;
3. Notes actions 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)	A projected overspend of £1.688 million is the position for the Housing Services portfolio revenue budget in 2022/23.
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 and Head of Housing, Customer and Building Services

D.1 Introduction

This report provides an update on the general fund revenue financial performance in respect of the Housing Services 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 15 November 2022. This report also includes the position on the delivery of approved budget reduction measures relevant to the Housing Services portfolio for 2022/23.

The budget monitoring process is undertaken in line with the council's budgetary control framework and procedures, which place 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 2020/21 Local Government Benchmarking Framework (LGBF) data-set. LGBF data for 2021/22 will be collated by the Improvement Service and will be made available later in the financial year. The cost information for the LGBF for 2020/21 and 2021/22 will be materially impacted by Covid-19 related changes to expenditure and income.

D.2 Financial Outturn for 2022/23

The table below summarises the position in relation to service expenditure for the portfolio area. As part of the monitoring exercise, a number of key risks and service pressures have been identified and these are noted in the narrative.

	2021/22 Budget £'000	Forecast month 6 £'000	Variance £'000
HOUSING, CUSTOMER AND BUILDING SERVICES			
Homelessness	3,487	5,175	1,688
TOTAL	3,487	5,175	1,688

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

D.3.1 Housing, Customer and Building Services

Homelessness

An overspend of £1.688 million was forecast in Homelessness at month 6, primarily as a result of demand for temporary accommodation, including Bed and Breakfast (B&B) accommodation. On average, 139 clients per night were housed in B&B accommodation for the period from March 2022 to September 2022, compared to an average of 142 in 2021/22. Lack of availability in permanent housing options has resulted in lower turnover of temporary accommodation and average lengths of stay have therefore increased.

In addition, Covid-19 continues to impact delivery of actions during 2022/23 for the multiyear Rapid Rehousing Transition Plan (RRTP) which aims to reduce the numbers of people presenting as homeless, as well as rehousing people who are homeless quicker and reducing the length of stay in temporary accommodation and B&B accommodation. One-off budget of £450,000 is partially mitigating some of the pressure in B&B spend but pressures elsewhere in the temporary accommodation budget, such as furniture costs, repairs to accommodation sites and premises costs are other main factors in the overspend.

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 21 June 2022.

Performance information for the homeless area indicates that, in 2020/21, the average length of stay in temporary accommodation was 101.3 days. This rose to 123.4 days in 2021/22, and for the first half of 2022/23 was 149.4 days. The increase in length of stay is mainly due to lack of turnover and availability of permanent accommodation throughout 2020/21 and 2021/22 as a result of the pandemic, as well as continuing high levels of demand for homeless provision which has led to a significant backlog in open homeless cases.

D.3.2 Monitoring of Approved Budget Reductions

For the Housing Services portfolio, savings in 2022/23 are anticipated to be fully delivered by the end of the financial year.

D.4 SUMMARISED BUDGET POSITION FOR 2022/23

The month 6 position for the Housing Services portfolio which is part of the overall outturn forecast for the General Fund Revenue budget in 2022/23, is an overspend of £1.688 million, and this was reported to Council Executive on 15 November 2022.

D.5 FUTURE BUDGET ISSUES AND RISKS

There remains significant risks and uncertainties associated with the financial assumptions in the council's budget which continue to be monitored, including the recovery from Covid-19, the cost of living crisis and forecast energy prices which are continuing to rise significantly. Ongoing negotiations around the 2022/23 pay award which has yet to be agreed for Teachers Craft and Chief Officers are also a risk. The magnitude of the financial challenges facing the council are unprecedented with substantial risks that are largely out with the council's control creating significant budget implications.

Specifically for the Housing Services 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 temporary accommodation costs well in excess of budget.

In order to reduce the continuing financial and operational pressures, the service is continuing to develop a range of approaches in order to mitigate pressures and improve the position. With more new build council houses due to complete in 2022/23 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 period 4, 6 and 9.

E. CONCLUSION

Agenda Item 6

The 2022/23 position for the Housing Services portfolio is a forecast overspend of £1.688 million. As noted, the position for the Public & Community Safety portfolio is part of the overall outturn position for 2022/23 which was reported to Council Executive on 15 November 2022.

F. BACKGROUND REFERENCES

1. 2022/23 General Fund Revenue Budget – Month 6 monitoring report - Report by Head of Finance and Property Services on 15 November 2022
2. Draft 2021/22 General Fund Revenue Budget Outturn - Report by Head of Finance and Property Services on 21 June 2022
3. Revenue Budget 2022/23 – report by Head of Finance & Property Services on 15 February 2022
4. Local Government Benchmarking Framework

Appendices/Attachments: None

Contact Person: Pamela Bell, Senior Service Accountant
Pamela.Bell@westlothian.gov.uk - Tel No. 01506 281282

Donald Forrest

Head of Finance and Property Services

Date: 26 January 2023