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## **COUNCIL EXECUTIVE**

### **2023/24 GENERAL FUND REVENUE BUDGET - MONTH 6 MONITORING REPORT**

#### **REPORT BY HEAD OF FINANCE AND PROPERTY SERVICES**

##### **A. PURPOSE OF REPORT**

This report provides the Council Executive with an update on the outcome of the General Fund revenue budget monitoring exercise at month 6 including an update on material budget pressures, progress being made with the delivery of approved budget savings for 2023/24 to 2025/26 and projected expenditure against the one-off resources in 2023/24 and 2024/25.

##### **B. RECOMMENDATION**

It is recommended that Council Executive:

1. Notes the outcome of the month 6 monitoring exercise, which is a forecast overspend position of £1.553 million;
2. Notes the net savings identified in one-off resources for 2023/24 and 2024/25 at month 6 of £50,000 and agrees that this saving is reprioritised to offset the current year overspend;
3. Notes the net overspend position at month 6, after taking account of the saving in one-off resources of £1.503 million;
4. Notes the remaining uncommitted balance in the inflation and risk reserve of £4.784 million;
5. Notes the temporary savings identified by Heads of Service to date, totalling £1.964 million, which will help to address the overspend position in 2023/24;
6. Agrees that Heads of Service continue to take urgent management action necessary to wherever possible curtail spend and preserve any in year underspends to further minimise the projected overspend in 2023/24;
7. Notes the material recurring pressures of £4.892 million and the updates from relevant Heads of Service on progress being made to mitigate these pressures;
8. Agrees Heads of Service progress necessary action agreed to help further manage the budget position within approved budgeted resource each year;
9. Agree Heads of Service take all action necessary to fully deliver the approved savings, and look to identify options to provide an alternative saving to replace the measure currently catered as red, within Social Policy.

##### **C. SUMMARY OF IMPLICATIONS**

<b>I</b>	<b>Council Values</b>	Being caring, compassionate, open, honest and accountable. Working collaboratively, inclusively and adaptively.
<b>II</b>	<b>Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)</b>	None.
<b>III</b>	<b>Implications for Scheme of Delegations to Officers</b>	No implications at this stage.

<b>IV</b>	<b>Impact on performance and performance Indicators</b>	Ongoing funding restraint is likely to have implications for performance.
<b>V</b>	<b>Relevance to Single Outcome Agreement</b>	None.
<b>VI</b>	<b>Resources - (Financial, Staffing and Property)</b>	The forecast position for 2023/24 is an overspend of £1.503 million based on the month 6 risk-based monitoring exercise and after taking account of the saving projected against one-off resources.  This position includes material recurring pressures of £4.892 million.
<b>VII</b>	<b>Consideration at PDSP</b>	Financial Performance is reported biannually to PDSPs
<b>VIII</b>	<b>Other consultations</b>	Depute Chief Executives, Heads of Service, Service Managers and Transformational Change Team

## **D. TERMS OF REPORT**

### **D.1 Background**

The 2023/24 to 2027/28 revenue budget strategy and three-year detailed revenue budget for 2023/24 to 2025/26 were approved by Council on 21 February 2023 which included agreed budget savings for the first three years totalling £20.709 million. A further £6.146 million of budget reduction measures for Social Policy – Adult Services were approved by the West Lothian IJB Board on 21 March 2023 increasing the total approved budget savings to £26.855 million over the period 2023/24 to 2025/26.

In line with the agreed budgetary control framework and procedures, the monitoring of the council's full revenue budget, is undertaken on a quarterly basis and reported to Council Executive. This includes an update on recurring pressures, progress made on the delivery of approved budget savings and implementation of the approved programme of one-off investment. A monthly risk-based monitoring exercise is carried out on both the revenue budget and recurring pressures out with the quarterly monitoring exercises. This strategic approach to monitoring ensures that risks are identified at an early stage and allows areas to be identified for management action.

This report provides an update on the full budget monitoring exercise of service budgets at month 6, a full monitoring of approved savings and an update on the delivery of one-off resources for 2023/24 and 2024/25.

The next update to Council Executive will be the outcome of the month 9 budget monitoring exercise which will be reported in early 2024

### **D.2 2023/24 Budget**

#### **D.2.1 2023/24 Summary Position**

In the month 4 monitoring report to Council Executive on 3 October it was agreed that Heads of Service take urgent management action to curtail spend and preserve any in year underspends, where possible, to minimise the projected overspend of £3.491 million in 2023/24, reported at that point. It was also agreed that officers undertake further work, as a matter of urgency, to identify potential options to manage the reported overspend and impact of recurring pressures on an ongoing basis including:

- Recruitment controls in current year
- Reduction/cessation of non-essential spending in the current year

- Acceleration of approved future years savings
- Identification of additional savings measures

Officers have undertaken an exercise to identify actions to curtail spend and reduce the level of the month 4 overspend reported. The scale of the challenge, and the need for urgent actions and decision making, cannot be underestimated to achieve the council's ongoing financial sustainability.

Based on the outcome of the monitoring exercise at month 6 the projected overspend position for 2023/24 has reduced to £1.503 million which takes account of the actions totalling £1.964 million to date, identified by officers to manage the overspend position including:

<b>Service</b>	<b>Area of Reduced Spend</b>	<b>Estimated Value £'000</b>
Council Wide	Temporary recruitment controls to delay recruitment to non-critical posts across council services	650
Council Wide	Temporary cessation of Supplies & Services such as printing, stationery, sundry supplies and materials, IT and equipment	659
Chief Executive/Finance & Property Services	Aged Debt Council Tax Income generation	205
Chief Executive/Finance & Property Services	Reduced spending on a temporary basis on property maintenance across the council's estate	100
Operational Services	Utilisation of Winter Resilience Fund	350
<b>Total</b>		<b>1,964</b>

These actions are reflected in the month 6 outturn position for each service area in terms of reduced staffing costs, reduced spend in other non-staffing areas and increased income.

Material recurring pressures remain in Housing, Customer and Building Services, Operational Services and Social Policy which have been included in this position.

There are a number of risk areas that could further increase current service spend forecasts but ongoing work will be undertaken over the coming months with the intention to identify and further develop options to reduce the forecast overspend and minimise the use of one-off resources within the Risk and Inflation reserve (£4.784 million) to balance this year's budget outturn.

The following table summarises the forecast position following the budget monitoring exercise and reflects the £1.964 million of mitigation areas identified:

<b>Service</b>	<b>Revenue Budget 2023/24 £'000</b>	<b>Forecast 2023/24 £'000</b>	<b>Projected Variance 2023/24 £'000</b>
Corporate Services	11,210	11,347	137
Housing, Customer and Building Services	9,799	12,098	2,299
Operational Services	65,702	66,236	534
Social Policy – IJB	95,200	95,617	417
Social Policy – Non IJB	36,883	36,883	0
Planning, Economic Development and Regeneration	4,131	3,717	(414)
Education	202,796	202,546	(250)
Chief Executive, Finance and Property	55,069	54,144	(925)
Joint Valuation Board	1,246	1,246	0
<b>Service Expenditure – Total</b>	<b>482,036</b>	<b>483,834</b>	<b>1,798</b>

Service	Revenue Budget 2023/24	Forecast 2023/24	Projected Variance 2023/24
	£'000	£'000	£'000
<b>Non-Service Expenditure</b>	<b>47,292</b>	<b>48,173</b>	<b>881</b>
<b>Council Tax Income</b>	<b>(100,470)</b>	<b>(101,596)</b>	<b>(1,126)</b>
<b>TOTAL NET EXPENDITURE</b>	<b>428,858</b>	<b>430,411</b>	<b>1,553</b>
<b>One-off Funding Underspend</b>			<b>(50)</b>
<b>NET OUTTURN POSITION</b>			<b>1,503</b>

## D.2.2 Summary update on 2023/24 material pressures

As at month 6, key material recurring pressures which have occurred over a number of years, total £4.892 million, a reduction of £109,000 since month 4. Homelessness costs have reduced by £215,000 to £1.683 million and mainstream school transport costs have increased by £106,000 to £551,000. Further information on the material pressures and actions to manage these pressures is contained within Appendix 1.

In addition, a range of potential income generation and cost avoidance measures have been identified to help mitigate the Homelessness pressures which are subject to a separate report to Council Executive and include:

- Income and tenancy management measures
- Increases to charging above local housing allowance rates to incorporate support and additional costs
- Block tendering for hotel provision
- Joint service delivery models for youth homelessness and support with Social Policy
- Changes to the Allocation Policy

Subject to approval, the introduction of these savings measures will generate part year savings in the current year which could further reduce the 2023/24 overspend reported.

A further detailed update on progress being made to manage and control each of the pressures will be provided in the month 9 monitoring report to Council Executive, with a focus on how Heads of Service will mitigate the pressures in the short term, with the objective of further reducing the overspend and achieving an overall breakeven position for 2023/24.

## D.2.3 Corporate Services

Corporate Services is forecast to overspend by £137,000.

Overspends are currently forecast within Procurement and HR Services arising from contracts for agency staff. Legal services are currently utilising external legal firms in order to cover a number of vacancies within the service and there are additional costs in relation to taxi examination services which have both increased legal costs, contributing to the overspend position.

## D.2.4 Housing, Customer and Building Services

An overspend of £2.299 million is forecast across the service area, due principally to existing and growing pressures in Homelessness.

Homelessness is forecast to overspend by £2.473 million, largely as a result of the ongoing demand for temporary accommodation. On average 183 clients per night were accommodated in B&B for the period from April to September 2023.

One-off budget of £500,000 and additional recurring budget of £700,000 were included in the 2023/24 budget to help mitigate the pressure in B&B spend. However, an overspend of £2.165 million is still expected in B&B Accommodation. There are also additional pressure areas totalling £307,000 relating to property storage, void rent loss and council tax, offset by a small saving in homelessness transport costs.

The council has £297,000 of Rapid Rehousing Transition Plans (RRTPs) funding in 2023/24. The RRTP is a multi-year plan to reduce the numbers of people presenting as homelessness as well as rehousing people who are homeless quicker and reducing the length of stay in temporary accommodation and B&B accommodation.

The council's approved Housing Capital programme includes provision for additional housing stock through the new build projects, 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 Services Capital Programme includes funding for Youth Homeless Unit and shared living spaces which is anticipated to alleviate some of the pressure.

A number of mitigation measures totalling to £966,000 were identified in November 2022. The service is currently progressing these and the impact of these is included in the forecast position. Further saving measures of £1.683 million have been identified by officers which, if approved by Council Executive, are estimated to fully mitigate the cost pressures on a recurring basis.

Customer & Community Services is forecast to overspend by £31,000 principally due to pressure in staffing costs and income generation. Underspends of £23,000 and £107,000 respectively are anticipated in the Community Safety Unit and Customer Service Centre due to staffing vacancies and turnover.

## **D.2.5 Operational Services**

An overspend of £534,000 is forecast for Operational Services mainly as a result of inflationary cost pressures and other one-off costs to implement budget saving measures.

Public Transport is forecast to overspend by £386,000 due to Mainstream and Additional Support Needs (ASN) Transport inflationary cost pressures which are partially offset by ASN savings measures which were implemented in September 2023. This pressure takes account of one-off funding in 2023/24 of £796,000 provided to allow time to implement measures to reduce costs.

An overspend of £268,000 is forecast in Facilities Management mainly due to inflationary cost pressures in catering and other supplies & services.

The Recycling & Waste Services budget is forecast to overspend by £204,000 mainly due to one-off costs associated with implementing the amended opening hours at community recycling centres and seven-day a week waste collection budget savings measures.

Pressures in Nets, Land & Countryside total £135,000 and are mainly related to inflationary cost pressures in other supplies & services and lower income, largely at country parks.

An underspend of £400,000 is forecast in Roads & Transportation mainly due to savings in winter maintenance through increased use of the Winter Resilience Fund, roads maintenance and supplies and services being partially offset by lower income being received and costs reallocated to capital.

A £24,000 pressure in Inprint is forecast as income is not expected to be sufficient to cover cost and overall, vehicle costs within Operational Services are forecast to break-even after accounting for one-off funding provided of £840,000.

#### **D.2.6 Social Policy – IJB**

The forecast position for IJB delegated functions is an overspend of £417,000. There are a number of pressures in this area, which are offset by underspends and future savings which have been delivered early.

Staff costs in internal care homes for older people continue to be a recurring pressure with a forecast overspend of £379,000, where additional agency and locum costs are being incurred to cover for staff absence and vacancies. This has improved due to the planned closure of Craigmair and estimated reduction in staff costs over the next 6 months. In Housing with Care, there is a forecast overspend of £260,000 relating to staffing and sleepover costs.

In Adults with Learning Disabilities, there are a number of high cost care packages and increasing demands for care with an overall pressure of £280,000. In addition, the cost for Mental Health clients has increased by £300,000 due to a number of high cost residential care placements.

These pressures are partially offset by underspends in Older People services, such as in external care at home of £202,000 (which is partly related to future year savings), and in external residential care of £181,000.

These pressures are being partially offset by staffing underspends and savings in supplies and services.

#### **D.2.7 Social Policy – Non IJB**

The forecast position for Non-IJB social care functions is a break-even position.

There is a recurring pressure in external residential schools, with a forecast overspend of £674,000. This is due to a high number of placements over the last couple of years. There continues to be a lack of alternative options, and cost of these placements have seen significant increases due to high demand for placements. This will be carefully monitored, as this is a high risk area with potential for increased costs.

These pressures are currently being offset by underspends in staffing of £354,000, services for children with disabilities of £110,000, and future savings delivered early of £180,000.

#### **D.2.8 Planning, Economic Development and Regeneration**

An underspend of £414,000 is forecast for Planning, Economic Development and Regeneration through staff savings within the service area and higher planning and pest control income partially offset by lower building warrant income.

#### **D.2.9 Education**

The revenue budget for Education is currently forecast to underspend by £250,000.

Early Learning & Childcare (ELC) is forecasting an overspend of £123,000. Good progress is being made in achieving approved savings for ELC however several factors mean that work continues to ensure delivery of a balanced programme. The overspend is a result of the impact of the funding follows the child and the proportion of children accessing funded provision out with council settings in relation to costs. Additionally, the ongoing expansion of income generation in relation to the roll out of the purchase of additional hours is still being enhanced in line with staffing capacities in council settings. One off funding is being used to offset the cost of over established permanent members of staff, a consequence of implementing the

approved budget savings. Workforce planning is being used to ensure the saving required is delivered on a recurring basis in future years.

Within ASN the pressure identified due to increases to the cost of resources and to the volume of support required by children and young people in schools has increased by £66,000 from the month 4 position due to an increase in demand. The pressure is being managed through savings from a review of ASN contracts and savings from vacancies within other areas of Education.

Community Youth Services has an overall saving of £135,000 due to vacancies partially reduced due to the reduction in employability grant funding in 2023/24.

An overspend of £77,000 has been forecast at Burgh Halls due to under recovery of income. This is being offset through staffing vacancies within the service with work continuing on a long-term business plan for Burgh Halls.

Following receipt of the second budget forecasts of the year from schools, the DSM carry forward balance is still expected to reduce to around £1 million by 31 March 2024. School budgets have been updated to reflect the impact of the school census undertaken in September 2023 to reflect actual pupil numbers. The census also confirmed teacher numbers and support staff hours have been maintained in line with 2022 numbers, a requirement of the council's funding package from Scottish Government in 2023/24. Within DSM a saving of £110,000 has been identified as a result of the temporary cessation of non-essential educational supplies spend and a further saving of £140,000 relating to staffing.

The council awaits the 2023/24 award letter for Pupil Equity Funding. It is anticipated this will be a similar value to the 2022/23 award and will be fully utilised during the course of the year, in line with the conditions of the grant.

West Lothian Leisure's (WLL) 2022/23 accounts have been signed off by both its board and its auditor. These accounts were unqualified and prepared on the normal going concern basis. WLL's latest forecast position shows a forecast deficit of £1.2 million for 2023/24, with a year-end cash balance of £1.7 million. WLL ceased operating Xcite Livingston, Xcite Broxburn, Xcite Armadale and Howden Park Centre from 31 August 2023. The Xcite Livingston, Xcite Broxburn, Xcite Armadale sites were handed back to the council and the running of Howden Park Centre was transferred to Reconnect SCIO. WLL plans to present updated 2023/24 forecasts to its Audit & Finance Sub-committee meeting in November 2023.

#### **D.2.10 Chief Executive, Finance and Property Services**

The overall service budget is forecast to underspend by £925,000.

The projected underspend includes staffing underspends across the service as a result of vacancies in advance of the implementation of a new staffing restructures in the Anti-Poverty team and Revenues Unit and other staff being funded from external resources and other one-off funding. The underspend also reflects temporary savings in property costs.

Intervention income is forecasted to over recover by £200,000 which has reduced since month 4, due to a decline in penalties during September, which reduced by 50% highlighting that more businesses are paying bills on time.

An overspend of £100,000 is currently forecast on the Scottish Welfare Fund, after accounting for one off funding of £118,000. Claims are currently being assessed on a priority basis to manage spend and measures have been put in place to reduce spend. The impact on spend levels will be closely monitored.

These areas will continue to be monitored closely over the remainder of the financial year to determine impact.

Energy costs are forecast to be on budget overall, with additional electricity costs being offset by lower gas and biomass costs and a PPP income over recovery. Given the volatility with utility prices, the position will be kept under close review.

#### **D.2.11 Joint Valuation Board**

A break-even position is forecast.

#### **D.2.12 Non-Service Expenditure**

Non-service expenditure is forecast to overspend by £881,000.

The Council Tax Reduction Scheme (CTRS) is currently forecast to overspend by £1.013 million as a result of increased caseloads and higher CTRS award levels. In addition, there is a forecast underspend of £63,000 in housing benefits due to a continuing decrease in housing benefits caseloads as people who require additional assistance with housing costs will claim universal credit unless they meet specific criteria. A forecast underspend in pensions contributes to the overall position.

#### **D.2.13 Council Tax Income**

Council Tax income is currently forecast to over recover by £1.126 million at month 6. There has been an increase in the over recovery forecast at month 4 due to an increase in gross charges from new houses and increased collection of prior year Council Tax.

Council tax collection rates increased substantially in 2022/23 as a result of the cost of living awards and therefore comparing to 2023/24 to 2022/23 is not a useful comparison. As a result, 2021/22 is being used as the comparator. In year collection rates have increased to 54.92% in September 2023 compared to 54.82% in September 2021.

#### **D.2.14 Modernisation Fund**

The balance of the Modernisation Fund is £7.201 million. Currently there are spend commitments of £474,000 against the Modernisation Fund for Early Retirement and Voluntary Severance (ERVS) costs, including £202,000 for WLL employees following the closure of leisure sites in August 2023, and £806,000 for Digital and Service Transformation, leaving a balance of £5.921 million.

In certain cases where costs are significant, the service may have to meet the ERVS cost. It is important to note that the Modernisation Fund will be needed to meet future ERVS costs and investment costs going forward, particularly the enhanced use of digital technologies, and is a key element in ensuring the council's medium-term financial plan is sustainable.

### **D.3 Delivery of Approved 2023/24 to 2025/26 Budget Savings**

#### **D.3.1 Summary update on outcome monitoring of approved savings for 2023/24 to 2025/26**

Based on the approved savings measures for 2023/24 to 2025/26, Heads of Service have undertaken an exercise to assess the operational deliverability of the savings, using the following categorisation:

- Green – achieved or achievable with implementation plans being developed which are capable of achieving the saving.  
Amber – substantial work required but it is anticipated that a workable plan can be implemented or issues have emerged that require additional action to ensure deliverability. Includes where there is an identified means of delivery but staff may be potentially displaced.
- Red – cause for concern with significant issues identified which means the saving is



undeliverable. Urgent action is required to ensure delivery.

Based on the exercise carried out the savings for 2023/24 are categorised 95% Green and 5% Red. No savings are classified Amber. A summary of savings at a Head of Service level for 2023/24 to 2025/26 is provided in the following table.

### D.3.2

Status	2023/24 to 2025/26						
	Green £'000	%	Amber £'000	%	Red £'000	%	Total £'000
Corporate	410	46	473	54	0	0	883
Housing, Customer and Building Services	249	53	217	47	0	0	466
Operational Services	1,313	74	473	26	0	0	1,786
Social Policy - IJB	1,651	28	3,775	65	391	7	5,817
Social Policy - Non IJB	653	41	952	59	0	0	1,605
Planning, Economic Development and Regeneration	358	100	0	0	0	0	358
Education	9,838	83	2,010	17	0	0	11,848
Chief Executive, Finance and Property	2,817	75	946	25	0	0	3,763
<b>Total</b>	<b>17,289</b>	<b>65</b>	<b>8,846</b>	<b>34</b>	<b>391</b>	<b>1</b>	<b>26,526</b>

### D.3.3 Summary of service monitoring of approved savings

For 2023/24, 95% of approved savings are categorised as Green, totalling £8.089 million, with no measures remaining Amber. All council approved savings have been categorised as Green but one measure relating to IJB delegated function, has been categorised as Red meaning the saving is no longer deliverable:

- Social Policy – IJB: Housing benefit for those who live in specified accommodation (£391,000) – saving to be achieved through receipt of additional income from providers related to housing benefit claims of tenants.

The additional income relating to this measure is in many cases claimed by care providers so is unavailable for further claims. The service is undertaking a review to identify alternative options to delivery of this saving which will require to be agreed by the IJB.

Heads of Service should ensure plans are in place to fully deliver the Amber savings for 2024/25 and 2025/26 in accordance with agreed timescales, to achieve a balanced budget position in each year.

### D.4 Delivery of One-Off Resources

#### Summary update on One-Off Resources for 2023/24 and 2024/25

The revenue budget for 2023/24 and 2024/25 includes £19.776 million for one-off projects and investment. In summary, the variance between approved resources of £19.776 million and forecast spend in 2023/24 and 2024/25 is £5.070 million which consists of long-term earmarked resources of £5.020 million which will be spent from 2024/25 onwards and a saving on administrative support costs for grant funding which can be accommodated within the core revenue budget of £50,000. It is therefore recommended that this £50,000 is reprioritised to offset the current year overspend in the core revenue budget for 2023/24. The overall position against one-off resources is shown in the following table.

## D.4.1

<b>Long-Term Earmarked Resource</b>	<b>£'000</b>
Education Delegates Schemes (Schools DSM Carry Forward Balance)	1,000
DSM Transitional Fund	411
Economic Recovery Plan	2,625
Whole Family Wellbeing Fund	914
Lifetime Alcohol Licensing Fund	70
<b>Total</b>	<b>5,020</b>

<b>Net Saving from Projects</b>	<b>£'000</b>
Administrative support costs for grant funding	50
<b>Total</b>	<b>50</b>

The update confirms that, in general terms, good progress is being made to deliver the agreed one-off projects. Given the significant amount of one-off resource, Heads of Service should ensure adequate steps are being taken within their service areas to continue to progress and fully implement these projects during 2023/24 and 2024/25.

The one-off projects will continue to be reviewed as part of the month 9 monitoring exercise which will be undertaken in January 2023 and a further update on progress being made by services to deliver these projects will be included within the report for Council Executive.

D.5 **Summary Position for 2023/24**

The outcome of the risk-based monitoring exercise at month 6 is an overspend of £1.503 million. Material pressures have increased to £4.892 million and it is important that Heads of Service continue to implement the agreed actions identified to mitigate these pressures.

An update on progress being made with the delivery of one-off projects in 2023/24 and 2024/25 shows a variance of £50,000 which is incorporated within the overall outturn position.

D.6 **Future budget issues and risks**

There remains significant risks and uncertainties associated with the financial assumptions in the council's three year budget plan. The ongoing cost of living crisis, the ongoing implications of the pandemic and the UK leaving the EU continue to provide considerable uncertainty.

In addition, potential changes to service delivery models will have an impact on local government services, funding and financial and planning assumptions.

In relation to medium term financial planning, some of the most significant risks and uncertainties include the impact of high and persistent inflation, annual constrained funding from the Scottish Government, pay award costs, particularly given payroll costs are the council's largest expense, inflationary pressures, and policy changes by the government without adequate funding and demographic demands.

Although a pay award has been agreed for teachers covering the period up to July 2024, uncertainty remains over pay increases for non-teaching staff from 1 April 2023. The council's approved revenue budget assumes a 3% pay award for these remaining staff groups and the Scottish Government has committed to fund the additional cost of the proposed pay award in 2023/24. Negotiations are continuing between COSLA and Trade unions to agree the pay award for 2023/24. An increase beyond the council funded 3% would create a further cost pressure to the council if not fully met by additional Scottish Government funding.

In addition, increasing material pressures of £4.892 million are currently resulting in the council not being able to manage spending within the agreed budget. It is therefore vital that the agreed mitigating actions are progressed by Heads of Service to ensure existing pressures are

minimised and managed on a recurring basis.

Additional saving options identified for Homelessness are being reported separately to Council Executive for approval which would fully mitigate the projected recurring pressure.

## **D.7 CONCLUSION**

The outcome of the risk-based monitoring exercise at month 6 is an overspend of £1.503 million after taking account of the saving projected against one-off resources. Heads of Service have identified savings totalling £1.964 million helping to address the overspend position in 2023/24 which are included in the projected overspend at month 6.

Heads of Service continue to take further urgent management action necessary to wherever possible curtail spend and preserve any in year underspends to further minimise the projected overspend in 2023/24.

Material pressures remain of £4.892 million and it is important that Heads of Service continue to implement the actions already agreed and seek approval for further actions that will be needed to fully mitigate these pressures.

Good progress is being made in the delivery of approved budget reductions with 95% of savings in 2023/24 categorised as green. One saving measure is categorised as red and no longer deliverable. The service is looking to identify alternative options to deliver this saving in full. Heads of Service should take all action necessary to ensure plans are in place to deliver the remaining Amber savings for 2024/25 and 2025/26 in accordance with agreed timescales, to achieve a balanced budget position in each year.

## **E. BACKGROUND REFERENCES**

2023/24 General Fund Revenue Budget - Month 4 Monitoring Report by Head of Finance & Property Services

Draft 2022/23 General Fund Revenue Budget Outturn and Update on One-Off Resources – Report by Head of Finance & Property Services – 20 June 2023

Revenue Budget 2023/24 - 2027/28 - Report by Head of Finance and Property Services – 21 February 2023

Appendices/Attachments:

Appendix 1 Update on Material Pressures

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**Patrick Welsh**  
**Interim Head of Finance and Property Services**  
**7 November 2023**

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**Appendix 1 – Update on Material Budget Pressures**

2023/24 Forecast Variance at Month 6	Potential Recurring Pressure at Month 6	Update on agree actions in relation to the pressure
£'000	£'000	
<b>1. Housing, Customer and Building Services – Homelessness - B&amp;B Accommodation</b>		
2,166	1,683	<p>Average homeless numbers per night are 183 for the year to 1 October 2023. On that date there were also 187 clients in bed and breakfast (B&amp;B). Hotel numbers continue to remain high, fluctuating between 170 and 200 per day which has been the case since December 2022. This continues to place a significant burden on the service in terms of staff and financial resources. The large backlog of open cases continues to put additional pressure on B&amp;B usage as people find their self-accommodating arrangements to be unsustainable. Recent months have also seen a rise in average cost per night as many hotels have raised their nightly rate due to local events that have attracted more visitors to the area.</p> <p>Additional recurring budget of £700,000 and one-off budget of £500,000 was included in the revenue budget model from 2023/24 which taking account of mitigating measures identified at the time of budget setting in February 2023, were anticipated to allow Homelessness achieve a breakeven position.</p> <p>The mitigating actions identified included a review of furniture provision in temporary tenancies as well as revising the rent charge to be in line with the current Local Housing Allowance Rates. The service continues to implement these actions to reduce the recurring pressures. Further saving measures of £1.683 million have been identified by officers which, if approved by Council Executive, are estimated to fully mitigate the cost pressures on a recurring basis. The forecast pressure assumes an 8% uplift in B&amp;B costs and assumes average number of clients per night to reduce to 150.</p> <p>The service is taking forward the actions in the Rapid Rehousing Transition Plan (RRTP) to reduce numbers of people presenting as homelessness as well as rehousing people who are homeless quicker and reducing the length of stay in temporary accommodation and B&amp;B accommodation.</p>

<b>2023/24 Forecast Variance at Month 6</b>	<b>Potential Recurring Pressure at Month 6</b>	<b>Update on agree actions in relation to the pressure</b>
<b>£'000</b>	<b>£'000</b>	
		The Housing Capital programme includes provision for additional housing stock through the new build projects, 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 supported housing for young people, which is anticipated to alleviate some of the pressure. On 4 October 2022, Council Executive approved the purchase of up to 30 homes through the Open Market Acquisition scheme which will be turned in to 60 shared living spaces.
<b>2. Housing, Customer and Building Services – Other Homeless Provision</b>		
307	0	Outwith B&B costs, the main homeless budget pressures are council tax of £49,000, property storage costs of £50,000, legal fees of £30,000, £15,000 of PSL repairs cost and void house rents of £233,000 offset by underspends in PSL rental costs of £45,000, premises costs of £22,000 and equipment and furniture of £3,000.
<b>3. Operational Services – Public Transport Additional Support Needs (ASN)/Medical Transport</b>		
51	577	<p>ASN/Medical Transport has an in-year pressure of £631,000 which is partly offset by one-off funding of £580,000 leaving a net pressure of £51,000. No one-off funding is available in 2024/25 onwards. A Public Transport and Education short-life working group has identified actions to partially mitigate this recurring pressure. Part of these actions were incurred in September 2023. The remaining actions are expected to be incurred from August 2024.</p> <p>The recurring pressure for ASN/Medical Transport has increased since period 4 however and work is ongoing to identify the full cost and if this is due to higher contract costs and/or increased pupil numbers.</p> <p>Any increase in recurring spend will need to be offset prior to April 2024 by a reduction in services to remove the additional recurring pressure from 2024/25 onwards.</p>
<b>4. Operational Services – Mainstream School Transport</b>		
335	551	Mainstream School Transport has an in-year pressure of recurring cost pressure of £551,000 as a result an unmitigated pressure brought forward from 2022/23 (£310,000) and an inflationary pressure created in 2023/24 (£201,000). This pressure is being partially relieved in 2023/24 through the use of one-off funding of £216,000. This funding ceases in

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<b>£'000</b>	<b>£'000</b>	
		2023/24 thereby creating an increased recurring budget pressure. This recurring pressure can be mitigated, if approved, by a reduction in service offering.
<b>5. Operational Services – Vehicles</b>		
0	840	Vehicle pressures in Operational Services have arisen from the timing of vehicle procurement, which has resulted in an older, more expensive to maintain and run fleet as well as an increase in the number of more expensive short-term hires being used. In addition, inflation is impacting vehicle costs including lease, hire, maintenance and fuel costs. Operational Services has set up a short-life working group to identify ways to reduce as it is not considered possible to eliminate, these cost pressures. One off funding of £840,000 is being used in 2023/24 and 2024/25 to mitigate the pressure.
<b>6. Social Policy – Older People Care Homes – Absence Cover</b>		
379	661	Staffing pressures in internal care homes are due to high sickness levels and required shift cover. The service area is currently under review to consider cost saving measures such as increased charges for self-funding residents. Organisational change related to the closure of Craigmair will progress this year, with the service closing to new admissions from 1 September 2023. Phased reduction in staff and agency costs have been estimated over the next 6 months to give the current forecast overspend. Further cost savings in future years may come from reducing sickness absence and cost saving measures, however there is uncertainty around this due to possibility of displaced staff in the short term.
<b>7. Social Policy – Residential Schools</b>		
674	580	The current pressure in external residential schools is higher than anticipated due to lack of alternative options over recent years and increasing costs of individual placements. Planning and preventative work continues, which is intended to reduce the total number of children in residential placements and to bring expenditure back down to a sustainable level for future years. The current forecast is based on plans to reduce the combined Residential and Secure numbers to 14 by the end of the year. The recurring pressure for 2024/25 and bringing this back in line with budget will heavily depend upon management of new placements and keeping these to a minimum, and will be managed in the medium term with development of the new intensive fostering service, and a review of supported accommodation contracts to

2023/24 Forecast Variance at Month 6	Potential Recurring Pressure at Month 6	Update on agree actions in relation to the pressure
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		provide alternatives to residential care. Resources and investment associated with Whole Family Wellbeing Funding received from the Scottish Government is anticipated to help mitigate this pressure going forward.