

Housing, Homelessness and Fair Work Committee

10.00am, Tuesday, 27 February 2024

Housing and Homelessness and Business Growth and Inclusion: Revenue Budget Monitoring 2023/24 – Month Eight position

Executive/routine
Wards

Routine
All

1. Recommendations

- 1.1 It is recommended that the Housing, Homelessness and Fair Work Committee notes:
- 1.1.1 The Place service area, which includes, Housing and Homelessness, Culture and Wellbeing, Sustainable Development and Operational Services, is forecasting a pressure of £2.60m, as at month eight, which is an increase of £1.89m from the £0.71m forecast at month five;
 - 1.1.2 Housing and Homelessness is forecasting a budget pressure, as at month eight, of £2.7m which is an increase of £1.6m from the £1.10m forecast at month five;
 - 1.1.3 Business Growth and Inclusion is forecasting an underspend, as at month eight, of £0.46m which is unchanged from the forecast at month five;
 - 1.1.4 The Housing Revenue Account (HRA) is forecasting a breakeven position for 2023/24. The forecast has deteriorated by £2.724m since the position reported at month five. In total, this is a £6.978m shortfall against the budgeted contribution to the Strategic Housing Investment Fund (SHIF);

Paul Lawrence

Executive Director of Place

Contact: Brendan O'Hara, Principal Accountant

E-mail: brendan.o'hara@edinburgh.gov.uk | Tel: 0131 469 3620

- 1.1.5 Plans for full mitigation of Directorate overspends will be developed before the beginning of the 2024/25 financial year;
- 1.1.6 The ongoing risks to the achievement of a balanced revenue budget for services delivered by the Housing and Homelessness service and to delivering the forecast HRA position; and
- 1.1.7 The need for all existing pressures, savings delivery shortfalls and risks to be fully and proactively managed within Directorates.

Housing and Homelessness and Business Growth and Inclusion: Revenue Budget Monitoring 2023/24 – Month Eight position

2. Executive Summary

- 2.1 This report summarises the 2023/24, month eight revenue forecast for Housing and Homelessness, Business Growth and Inclusion and the Housing Revenue Account (HRA).
- 2.2 The projected Council-wide General Fund revenue budget position, based on month eight, was reported to the Finance and Resources Committee on 25 January 2024. At this stage, an overall underspend of £0.825m is being projected, including a forecast overspend of £2.60m for the Place Directorate. There is potential for further risks to emerge during the remainder of the year and the continuing recommendation is that no additional expenditure commitments should be taken on at this time.
- 2.3 The Housing and Homelessness general fund services month eight forecast is an overspend of £2.70m, an increase of £1.6m from the forecast of £1.10m reported at month five. Further information is provided in paragraphs 4.1 – 4.8 of this report.
- 2.4 The Business Growth and Inclusion month eight forecast is an underspend of £0.46m due to employee budget savings. This is unchanged from the forecast at month five.
- 2.5 The HRA is forecasting a breakeven position for 2023/24. The forecast has deteriorated by £2.724m since the position reported at month five. In total, this is a £6.978m shortfall against the budgeted contribution to the Strategic Housing Investment Fund (SHIF). Further detail of the pressures and movements since month five are provided in paragraphs 4.9 – 4.10 of this report.

3. Background

- 3.1 The Council's Financial Regulations require submission of regular budget monitoring reports to all Executive Committees.

- 3.2 This report provides an update on financial performance for services which report to Housing, Homelessness and Fair Work Committee – Housing, Homelessness, Family and Household Support, Business Growth and Inclusion and the HRA.
- 3.3 The HRA is a ring-fenced statutory account. The HRA is funded from rents for Council housing and related assets and is used to fund the provision of Council housing in line with tenants' priorities. The annual approved HRA budget is derived from the longer-term strategy approved by Council.

4. Main report

Homelessness Services and Family and Household Support – 2023/24 Month eight forecast – variance and risk analysis

- 4.1 The approved budget for 2023/24 contains £10.775m of net additional investment, relative to the equivalent budget for 2022/23, to address the growth in households requiring temporary accommodation, inflation and reduced housing benefit collection that impacted 2022/23. Despite this additional investment, further net pressures totalling £2.7m are being forecast at month eight, an increase of £1.6m from the month five forecast, as set out in the table below:

Description	M8 Pressure £m	Movement from M5 £m	Notes on movements
Inflation for temporary accommodation providers	3.80	1.50	Updated assessment of nightly rates
Housing benefit collection	0.00	(0.20)	Improved collection/reduced clawbacks
Tenant recoveries	0.10	(0.00)	
Reduced use of B&B/shared accommodation through reduction in long-term voids	1.20	0.40	Increased costs forecast due to delays in void properties coming into use and providing settled accommodation
Savings from staffing vacancies, commissioned services and legal fees	(2.40)	(0.10)	Commissioned services one-off savings

Net pressure	2.70	1.60	
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- 4.2 An updated assessment has been made of inflationary costs for temporary accommodation to take account of all increases applied by non-contracted providers.
- 4.3 The actions taken to improve the housing benefit collection rate are forecast to generate additional income of £0.2m and achieve the budgeted level of recovery.
- 4.4 The 2023/24 budget has an approved saving of £2.325m relating to the positive impact expected for the homelessness service from a reduction in void properties. Progress is being made to reduce HRA void properties, however, delivery is behind the assumptions made when setting the 2023/24 budget. The revised forecast takes account of the shortfall as at month eight but also takes account of the expected improvements in void numbers for the remainder of the financial year.
- 4.5 The 2023/24 budget has an approved saving of £3.0m related to the reduction in the number of No Recourse to Public Funds (NRPF) cases the Council would have to support following the end of the COVID-19 public health requirements. As at month eight the service has delivered the budgeted reduction, and this saving has been achieved.
- 4.6 As at the end of November the number of households in temporary accommodation had increased by 127 since the end of March 2023 to a total of 4,911. This included a reduction of 37 in October and November, which has been followed by a further reduction of 17 in December, reflecting the impact of the voids improvement now being delivered.
- 4.7 There are mitigating savings from employee costs, commissioned services and legal fees of an estimated £2.40m. This includes £0.10m from vacancy savings within Family and Household Support.
- 4.8 All current and emerging risks will be subject to ongoing tracking, development of mitigation measures where required and review for the remainder of 2023/24.

Housing Revenue Account (HRA) – 2023/24 month eight forecast and risks

- 4.9 The summary variances and risks in respect of HRA income, costs and revenue contribution to SHIF are as follows:

Income

- 4.9.1 The income budget is £106.523m and the forecast at month eight is a shortfall of £0.399m, an improvement of £0.496m from the position reported at month five.
- 4.9.2 Rent arrears and bad debts are forecast to be £0.474m ahead of budgeted levels, however, income from rents is forecast to be £1.576m behind target. This relates to the timing of acquisitions and disposals, new build properties

coming into use and reductions in void properties. The forecast now takes account of insurance income of £0.25m from fire damaged properties.

Expenditure

4.9.3 The expenditure budget is £99.545m and at month eight the forecast is for an overspend of £6.579m, an increase of £3.221m from the position reported at month five.

4.9.4 The projected overspend in repairs and maintenance has increased by £1.94m, to a total of £2.94m, due to the increased activity commissioned to bring void properties to a lettable standard and inflationary factors. This will deliver additional rental income; however, significant benefits will not be delivered until 2024/25.

4.9.5 A further significant pressure relates to loans charges where a pressure of £1.4m is now being forecast. This relates to the impact of increased project costs, changes to the profile of external funding and a change in the assumption that some capital costs could be funded from a drawdown from the SHIF reserve. It is now assumed that all capital costs will be funded through borrowing to protect the SHIF reserve. This position will be reviewed on an annual basis taking account of the financial position of the Business Plan.

4.9.6 Other pressures are primarily related to higher than estimated inflationary factors such as gas contracts of £0.5m, staff pay awards of £0.7m which is partially offset through staff turnover savings, and £1.017m for higher than initially estimated central support costs (reflecting exceptional pay and general inflationary pressures). In addition, there is a forecast pressure of £0.34m on environmental maintenance due to higher than budgeted costs of maintaining neighbourhood estates and open spaces.

4.10 The budgeted contribution to the SHIF is £6.978m. The above forecast pressures will not allow a contribution to be made as expenditure is in line with income. Officers are continuing to work on mitigations to improve this position where possible. The HRA Business Plan is updated on an annual basis and the ongoing implications of the month eight forecast have been reflected in the budgets presented for the three rent increase scenarios consulted upon.

Business Growth and Inclusion – month eight forecast 2023/24

4.11 The service is forecasting an underspend of £0.46m due to employee savings. This is unchanged from the month five forecast.

5. Next Steps

- 5.1 Given the range of pressures outlined in this report and the Council-wide report, Executive Directors will require to bring forward plans for full mitigation of Directorate overspends before the beginning of the 2024/25 financial year.

6. Financial impact

- 6.1 As of month eight, an overall Council-wide underspend of £0.825m is forecast, including a projected overspend of £2.70m for Homelessness and Family and Household Support and savings of £0.46m from Business Growth and Inclusion (Appendix 1). Failure to break even in 2023/24 reduces the options to address future years' budget gaps and means that existing expenditure is exceeding in-year resources.
- 6.2 This report forecasts a breakeven position for the HRA, which represents a shortfall of £6.978m relative to the approved budget (Appendix 2). The ongoing implications of the month eight forecast have been reflected in the 2024/25 budgets presented to Finance and Resources Committee and the Council.
- 6.3 This report emphasises the importance of proactive management of pressures and delivery of approved savings in maintaining the integrity of the Council's budget framework and business plan objectives.

7. Equality and Poverty Impact

- 7.1 There are no equality, human rights (including children's rights) and socio-economic disadvantage implications arising as a consequence of this report.

8. Climate and Nature Emergency Implications

- 8.1 There are no Climate and Nature Emergency implications arising as a consequence of this report.

9. Risk, policy, compliance, governance and community impact

- 9.1 Whilst the report provides forecasts of financial outturn based on financial performance and conditions existing on 30 November 2023, there remains a risk that changing circumstances and events will result in budget pressures.
- 9.2 All current and emerging risks will be subject to ongoing tracking, development of mitigation measures and review for the remainder of 2023/24.
- 9.3 Financial performance will be tracked by Place Senior Management Team and service management teams to identify and mitigate emerging financial risks.

- 9.4 There are no health and safety, governance, compliance or regulatory implications arising from this report.

10. Background reading/external references

- 10.1 [Revenue Monitoring Report - month eight](#)
10.2 [Housing, Homelessness and Fair Work - revenue monitor report month five](#)

11. Appendices

- 11.1 Appendix 1 – General Fund Services – month eight forecast 2023/24.
11.2 Appendix 2 – Housing Revenue Account – month eight forecast 2023/24.

Appendix 1

General Fund Services – Housing and Homelessness and Business Growth and Inclusion

Month Eight Forecast 2023/24

Please see details below of all general fund services within the remit of this Committee.

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	
Homelessness	62,633	65,416	2,783	Adv
Family and Household Support, Night Team and Housing Services	(461)	(561)	(100)	Fav
Business Growth and Inclusion	6,546	6,086	(460)	Fav
Total Net Expenditure	68,718	70,841	2,223	Adv

Appendix 2

Housing Revenue Account (HRA)

Month Eight forecast 2023/24

The annual HRA budget is derived from the longer-term strategy, approved by Council. In 2023/24 it comprises a budgeted revenue income of £106.523m and expenditure of £99.545m; enabling a budgeted contribution of £6.978m to SHIF in accordance with the finance strategy for the capital investment programme and wider HRA business plan. The month eight forecast shows a breakeven position with income being equal to expenditure. The budget and forecast variance analysis is shown below.

	Revised Budget	Projected Outturn	Projected Variance	Movement from M5	Adverse / Favourable
	£'000	£'000	£'000	£'000	
Income	-106,523	-106,124	399	-497	Adv
Expenditure					
Housing Management	37,927	39,825	1,898	-120	Adv
Repairs and Maintenance	22,384	25,324	2,940	1,940	Adv
Environmental Maintenance	2,558	2,898	340	0	Adv
Debt Service	36,676	38,076	1,400	1,400	Adv
Total Expenditure	99,545	106,124	6,579	3,221	Adv
Strategic Housing Investment Fund	6,978	0	-6,978	-2,724	Adv

Total Net Expenditure	0	0	0	0	-
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