

10am, Tuesday, 12 September 2017

Safer and Stronger Communities – Revenue Monitoring 2017/18 – month three position

Item number	9.9
Report number	
Executive/routine	
Wards	All

Executive summary

The report sets out the projected month three revenue budget monitoring position for Safer and Stronger Communities. Significant service pressures are being faced as a result of the removal of temporary accommodation management fees from Housing Benefit eligibility from April 2017, combined with changes to the benefits cap, which also impact on Housing Benefit income.

The total projected unfunded budget pressure is currently £8.6m, which is partially offset by mitigations totalling £5.1m, resulting in a net residual unfunded budget pressure of £3.5m.

Safer and Stronger Communities remains fully committed to making all efforts to identify mitigations to reduce the pressure. However, there is limited scope to achieve this, given the size of the pressure relative to the net budget available. A balanced budget position is not expected to be deliverable by the end of 2017/18.

Safer and Stronger Communities Revenue Monitoring 2017/18 – month three position

Recommendations

- 1.1 It is recommended that the Culture and Communities Committee notes:
 - 1.1.1 the net projected residual budget pressure of £3.5m, which remains at month three;
 - 1.1.2 that approved savings in 2017/18 totalling £0.8m are on track to be delivered in full.

Background

- 2.1 The total 2017/18 approved gross budget for Safer and Stronger Communities is £72.3m. The net budget is £25.7m taking into account income from Housing Benefit and specific Criminal Justice grants.
- 2.2 This report sets out the projected overall position for the Safer and Stronger Communities revenue expenditure budget for 2017/18 at month three of the financial year.

Main report

- 3.1 Safer and Stronger Communities faces significant levels of budget pressure in respect of Homelessness and Housing Support, and the cost of providing temporary accommodation.

Unfunded Budget Pressures - £8.6m

- 3.2 To date, projected unfunded budget pressures of £8.6m have been assessed. This relates to the Homelessness and Housing Support service area. The most significant pressures relate to a reduction in Housing Benefit income. With effect from April 2017, management fees applicable to temporary accommodation were removed from eligible rent for the purposes of Housing Benefit claims for non council-owned accommodation, creating a projected pressure of £4.8m. The greatest impact of this has been in Private Sector Leasing (PSL), which currently has 1,461 properties with a weekly management fee of £60 per property. This fee was previously eligible for Housing Benefit. This pressure is partially offset by additional government funding of £2.1m that has been made available from 2017/18.

- 3.3 Changes to the benefits cap implemented in November 2016 and January 2017 have also resulted in a £0.9m reduction in forecast Housing Benefit income.
- 3.4 Demand for Bed and Breakfast (BB) and Short Term Let (STL) accommodation continues to rise due to increasing average length of stay and a shortage of available move-on accommodation. BB usage for the first quarter of 2017/18 was 51,979 bed-nights, compared with 39,246 in 2016/17 (32% increase). STL usage in the first quarter of 2017/18 was 16,641 bed-nights, compared with 13,797 in 2016/17 (21% increase). There is a net pressure of £2.6m forecast in BB and STL accommodation.
- 3.5 Management action of £5.1m has been identified, including the use of one-off staff vacancies, additional income recovery and the application of £2.1m of government funding.
- 3.6 This leaves a net forecast unfunded budget pressure of £3.5m. Appendix 1 provides further details of the most significant areas of pressure and mitigating action.

Approved Budget Savings 2017/18 - £0.8m

- 3.7 The approved savings for Safer and Stronger Communities in 2017/18 total £0.8m.
- 3.8 A red, amber, green (RAG) analysis has been undertaken in consultation with senior managers. At month three, this has assessed the full £0.8m of savings as green. Progress in the delivery of the savings programme is reviewed regularly.

Further Management Action

- 3.9 The total projected budget pressure is currently £8.6m. To date, mitigating management action to deliver further savings of £5.1m is in place leaving a residual £3.5m of further savings to be found, in order to deliver a balanced budget. This also assumes full delivery of all green approved savings of £0.8m.
- 3.10 Some of the management actions that have already been identified are one-off in nature. This means that although they assist in addressing the immediate challenge in 2017/18, a permanent sustainable solution still needs to be identified.
- 3.11 Safer and Stronger Communities remains committed to identifying further mitigating management action to address the residual pressure, however, a balanced budget is not expected to be achieved in 2017/18.

Measures of success

- 4.1 The measure of success is the achievement of a balanced revenue budget position and delivery of key service outcomes for Safer and Stronger

Communities. However, as outlined above, at this time, this is not considered to be achievable for 2017/18.

Financial impact

- 5.1 The report highlights projected budget pressures of £3.5m for 2017/18, with the likelihood of an overspend at the year end due to the limited scope for further mitigating action. This position is subject to active monitoring, management of risks and identification of further mitigation.

Risk, policy, compliance and governance impact

- 6.1 The delivery of a balanced budget outturn for the year is the key target. However, this is not considered to be possible for 2017/18, given the significant level of budget pressures and the limited scope for identifying mitigating action to address these pressures. The risks associated with cost pressures, increased demand and savings delivery targets are monitored and reviewed regularly, and management action is taken as appropriate.

Equalities impact

- 7.1 There are no negative equality or human rights impacts arising from this report.

Sustainability impact

- 8.1 There are no impacts on carbon, adaptation to climate change or sustainable development arising from this report.

Consultation and engagement

- 9.1 There has been no external consultation or engagement in producing this report.

Background reading/external references

None.

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Appendices

- 1) Forecast areas of budget pressures and management action

Forecast Areas of Budget Pressure and Management Action

Area of pressure/(action)	£m	Notes
Temporary Accommodation – removal of Housing Benefit for management fees	4.8	With effect from April 2017, management fees applicable to temporary accommodation were removed from eligible rent for the purposes of Housing Benefit claims. This pressure is partially offset by additional government funding of £2.1m that has been made available from 2017/18.
Temporary Accommodation – BB and Short Term Lets	2.6	Demand for BB and Short Term Lets continues to rise due to increasing average length of stay in temporary accommodation.
Temporary Accommodation – impact of benefits capping	0.9	Impact of benefit cap changes implemented in November 2016 and January 2017 limiting the amount that tenants can claim through Housing Benefit.
Temporary Accommodation – Private Sector Leasing (PSL)	0.3	Ongoing pressure due to the reduction in PSL temporary housing stock levels.
Total Gross Pressure	8.6	
Temporary Accommodation – Government Funding	(2.1)	Additional government funding from 2017/18 to partially offset the removal of temporary accommodation management fees from rent eligible for Housing Benefit.
Temporary Accommodation – income	(1.2)	Income from dispersed flats and managed units exceeding budget.
Employee underspends	(0.8)	One-off savings pending completion of organisational reviews.
Temporary Accommodation – commissioned services	(0.6)	Underspend on commissioned accommodation services, partially offsetting pressures in other areas of temporary accommodation.
Community Justice	(0.4)	Various staff and non-staff underspends across Community Justice services.
Net Residual Pressure	3.5	