

Housing and Economy Committee

10am, Thursday, 18 January 2018

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

Item number	7.11
Report number	
Executive/routine	
Wards	
Council Commitments	All

Executive Summary

The report sets out the projected month eight revenue budget monitoring position for Safer and Stronger Communities. Significant service pressures continue to be 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 £8.8m, which is partially offset by mitigations totalling £5.3m, 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 deliverable by the end of 2017/18.

The month eight position for the Council as a whole will be reported to the Finance and Resources Committee on 23 January 2018. It is anticipated that this report will project a balanced overall position, taking into account the £3.5m projected overspend for Safer and Stronger Communities outlined within this report. Attainment of this position is, however, subject to on-going management of a range of risks and pressures across the Council.

The budget framework report considered by the Finance and Resources Committee on 7 November 2017 also incorporates this additional level of investment on a recurring basis,

albeit confirmation of this sum is dependent upon approval of savings elsewhere within the Council as part of setting a balanced 2018/19 revenue budget.

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

1. Recommendations

It is recommended that the Housing and Economy Committee notes:

- 1.1.1 the net projected overspend of £3.5m at month eight;
- 1.1.2 that approved savings in 2017/18 totalling £0.8m are anticipated to be delivered in full.
- 1.1.3 the month eight position for the Council as a whole will be reported to the Finance and Resources Committee on 23 January 2018. It is anticipated that this report will project a balanced overall position, taking into account the £3.5m projected overspend for Safer and Stronger Communities outlined within this report. Attainment of this position is, however, subject to on-going management of a range of risks and pressures across the Council.

2. Background

- 2.1 The total 2017/18 approved gross budget for Safer and Stronger Communities is £72.4m. The net budget is £25.5m 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 eight of the financial year.

3. 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 - £8.8m

- 3.2 To date, projected unfunded budget pressures of £8.8m 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 £4.7m. The greatest impact of this has been in Private Sector Leasing (PSL), which currently has 1,418 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 seven months of 2017/18 was 123,413 bed-nights, compared with 94,244 in 2016/17 (31% increase). STL usage in the first seven months of 2017/18 was 39,961 bed-nights, compared with 33,719 in 2016/17 (18% increase). There is a net pressure of £3.1m forecast in BB and STL accommodation.

Mitigations – Service Specific £5.3m

- 3.5 Management action of £5.3m 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.

Mitigations - Corporate

- 3.7 In light of a previously reported projected overall year-end overspend for the Council at month five, a further tightening of financial and workforce controls was introduced in September 2017. Alongside prioritisation of discretionary expenditure, anticipated additional income and active management of risks and pressures for the remainder of the year, implementation of these actions contributes to a projected overall position that is now balanced by the year-end. Attainment of this position will require sustained and proactive management of known and emerging risks and pressures across all service areas throughout the remainder of the year.

Approved Budget Savings 2017/18 - £0.8m

- 3.8 The approved savings for Safer and Stronger Communities in 2017/18 was £0.8m.
- 3.9 A red, amber, green (RAG) analysis has been undertaken in consultation with senior managers. At month eight, 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

- 3.10 The total projected budget pressure is currently £8.8m. To date, mitigating management action to deliver further savings of £5.3m is in place leaving a residual £3.5m of further savings to be found, to deliver a balanced budget. This also assumes full delivery of all green approved savings of £0.8m.
- 3.11 Safer and Stronger Communities remain 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.
- 3.12 The 2018/23 budget framework report considered by the Finance and Resources Committee on 7 November 2017 also incorporates £3.5m as an additional level of investment on a recurring basis, albeit confirmation of this sum is dependent upon approval of savings elsewhere within the Council as part of setting a balanced 2018/19 revenue budget.

4. 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.

5. 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.

6. Risk, policy, compliance and governance impact

- 6.1 The delivery of a balanced budget outturn for 17/18 is the key target. However, this is not considered to be possible for 17/18, 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.

7. Equalities impact

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

8. Sustainability impact

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

9. Consultation and engagement

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

10. Background reading/external references

10.1 None.

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11. 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	4.7	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	3.1	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)	0.1	Ongoing pressure due to the reduction in PSL temporary housing stock levels.
Total Gross Pressure	8.8	
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	(0.7)	One-off savings pending completion of organisational reviews.
Temporary Accommodation – commissioned services	(0.8)	Underspend on commissioned accommodation services, partially offsetting pressures in other areas of temporary accommodation.
Community Justice	(0.5)	Various staff and non-staff underspends across Community Justice services.
Net Residual Pressure	3.5	