

Scrutiny Streets, Environment & Homes Sub- Committee Supplementary Agenda



5. Budget Scrutiny Challenge (Pages 3 - 12)

The purpose of the Budget Challenge reports is to provide the Streets, Environment & Homes Sub-Committee with sufficient information to reach a view on the following 2022/23 budget proposals:-

1. Independent Travel Service
2. Grounds Maintenance
3. Emergency & Temporary Accommodation (attached)

Katherine Kerswell
Chief Executive
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

Simon Trevaskis
Senior Democratic Services & Governance
Officer
simon.trevaskis@croydon.gov.uk
www.croydon.gov.uk/meetings

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REPORT TO:	Streets, Environment & Homes Sub-Committee 1 February 2022
SUBJECT:	Housing General Fund – Update on Emergency and Temporary Accommodation
LEAD OFFICER:	David Padfield – Interim Corporate Director of Housing Yvonne Murray - Director of Housing, Resident Engagement & Allocations
CABINET MEMBER:	Councillor Patricia Hay-Justice Cabinet Member for Homes
PUBLIC/EXEMPT:	Public

ORIGIN OF ITEM:	As part of its assurance process on the 2022-23 Council Budget, the Scrutiny & Overview Committee has asked its three Sub-Committee to identify and scrutinise specific budget proposals to deliverable, sustainable and do not create undue risk.
BRIEF FOR THE COMMITTEE:	The purpose of this Budget Challenge report is to provide the Streets, Environment & Homes Sub-Committee with sufficient information to reach a view on the 2022/23 budget proposals outlined below and to the plan to manage the budget pressures within the service.

1. HOUSING GENERAL FUND – UPDATE ON EMERGENCY AND TEMPORARY ACCOMMODATION

- 1.1. As part of the budget scrutiny process, each of the Sub-Committees have been to scrutinise in detail the budget for two to three specific areas within their remit and report the outcome back to the Scrutiny & Overview Committee to inform its conclusions on the deliverability and sustainability of the overall budget.
- 1.2. The Streets, Environment & Homes Sub-Committee was given a briefing on the budget for their area of responsibility on 1 December. From this briefing it was identified that the budget for Emergency and Temporary Accommodation was an area of particular risk. As such it was identified as one of the areas for the budget challenge.
- 1.3. At the same time as the Sub-Committee requesting a report on the budget for Emergency & Temporary Accommodation, the Cabinet has also requested a report on the same issue for its meeting on 21 February. To avoid duplication, it was agreed that the Sub-Committee would be provided with an early, draft version of the Cabinet report for its review (Appendix 1).
- 1.4. The views of the Sub-Committee on the budget will be reported to the Scrutiny & Overview Committee on 15 February. At the same time, any conclusions or recommendation made on the Cabinet report can be fed into the Cabinet meeting on 21 February.

CONTACT OFFICER:

David Padfield – Interim Corporate Director for Housing

Email: David.padfield@croydon.gov.uk

APPENDICES TO THIS REPORT

Appendix 1: Draft Cabinet Report - Housing General Fund – Update on Emergency and Temporary Accommodation

BACKGROUND DOCUMENTS: *None*

REPORT TO:	CABINET, 21 February 2022
SUBJECT:	Housing General Fund – Update on Emergency and Temporary Accommodation
LEAD OFFICER:	David Padfield – Interim Corporate Director of Housing Yvonne Murray - Director of Housing, Resident Engagement & Allocations
CABINET MEMBER:	Councillor Patricia Hay-Justice Cabinet Member for Homes
WARDS:	All
SUMMARY OF REPORT:	
<p>As requested by Cabinet as part of their budget discussion on 6 December 2021, this report sets out the current position on the Temporary and Emergency Accommodation budgets within the Housing General Fund, and details current measures to manage and reduce costs pressures.</p>	
COUNCIL PRIORITIES 2020-2024	
<ul style="list-style-type: none"> • <i>We will live within our means, balance the books and provide value for money for our residents.</i> • <i>We will focus on tackling ingrained inequality and poverty in the borough. We will follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice.</i> • <i>We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe. To ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand.</i> 	
FINANCIAL IMPACT	
<p>The Emergency Accommodation (EA) and Temporary Accommodation (TA) budgets are showing a pressure. The paper sets out the plan for reducing the pressure and improving the provision of the service.</p>	
KEY DECISION REFERENCE NO.:	
1. RECOMMENDATIONS	
<p>The Leader of the Council has delegated to the Cabinet the power to make the decisions set out below:</p>	

1.1 Note the position of the budgets.

1.2 Note the plans to bring the budget pressures down and improve the service provision.

2. EXECUTIVE SUMMARY

2.1 The report sets out the current overspend as at Period 8 November 2021 and the prior year's outturn, for the Emergency and Temporary Accommodation budgets. It also lists the agreed savings plans under the Council's Medium Term Financial Strategy and further work currently in train to mitigate delivery risk and seek further cashable savings.

3. BACKGROUND

3.1 Housing General Fund activities sit primarily within the Homelessness & Assessments Service. The Housing General Fund is currently forecasting an overspend of £1.9m [P8] see Table 1 in 21/22 this is mainly due to pressure of temporary and emergency accommodation costs.

Table 1 Housing General Fund Outturn

Housing General Fund Outturn		(P8) Full Year Forecast
	£	£
Emergency & Temporary Accommodation		1,520,491
Other pressures & offsetting underspends		
Directorate pressure	584,000	
Hostel income pressure	115,000	
Staffing underspend	-135,990	
Additional grant income	-205,000	
Estates & Improvement	16,000	374,010
Total GF Housing pressure		1,894,501

3.2 Savings have previously been made by the service, but these have been absorbed by reductions in the base budget, so therefore the overspend has persisted.

3.3 In 21/22, the Housing & Gateway Services base budget was reduced by £3.9m, which in part reflects the receipt of an extra £1.7m in Homeless Prevention Grant. The Housing elements of these savings have been fully delivered and also provide for a further reduction in base budget of £211k in 22/23, which should flow naturally from work already delivered.

3.4 As at P8 the full year forecast for the provision of EA/TA services shows a pressure of £1.5m see Table 2 for specifics of the EA/TA pressure. These pressures are not new, the Housing General Fund has overspent in prior years as evidenced in Table 2.

Table 2 Emergency & Temporary Accommodation outturn

Summary of overall Emergency & Temporary Accommodation	2019/20	2020/21	2021/22 'Full Year Forecast based on P8 actuals
Expenditure			
C1320G : EMERGENCY ACCOMMODATION	14,252,363	15,038,343	12,645,815
C1328G : TEMPORARY ACCOMMODATION AND HOUSING SOLUTIONS	22,694,613	24,200,516	24,554,705
	36,946,976	39,238,859	37,200,520
Income - Rents			
C1320G : EMERGENCY ACCOMMODATION	- 8,539,320	- 8,293,652	- 8,608,346
C1328G : TEMPORARY ACCOMMODATION AND HOUSING SOLUTIONS	- 18,786,678	- 19,771,757	- 19,266,515
	- 27,325,998	- 28,065,409	- 27,874,861
Net expenditure on EA TA before grant	9,620,978	11,173,450	9,325,659
Bad debt provision	1,091,633	3,206,379	1,584,418
Total EA/TA expenditure	10,712,611	14,379,829	10,910,077
Grant allocations	4,764,924	4,964,491	5,554,586
Base Budget	4,433,000	4,854,000	3,835,000
Total EA/TA income	9,197,924	9,818,491	9,389,586
Net EA/TA outturn	1,514,687	4,561,338	1,520,491

4. FUTURE PROVISION OF SERVICE

4.1 The Council's Medium Term Financial Strategy (MTFS) requires savings from the service of £2.6m in 22/23. However, the Council also needs to address the historic overspend by including £2m of "growth" within the base budget. This means that the net contribution of the service towards the corporate MTFS savings target is only £0.5m.

4.2 This will be achieved through the following work streams:

- | | |
|---|-------|
| 1. Impact of maximising homeless prevention | £578k |
| 2. Impact of increasing speed of homelessness decisions | £101k |
| 3. Increase use of LBC stock for EA/TA | £163k |
| 4. Re-purpose under-utilised sheltered housing stock | £158k |
| 5. Reduction in housing stock under-occupancy | £77k |
| 6. Incentivising empty private properties into use as EA/TA | £96k |
| 7. Ending EA/TA where the Council has no duty | £193k |
| 8. Bringing long-term voids back into use | £103k |
| 9. Incentivising TA leasing scheme | £138k |
| 10. Housing supply pipeline maximisation | £80k |
| 11. EA/TA contract reviews | £250k |
| 12. Staffing review | £225k |

13. Income maximisation – Rent collection	£240k
14. Housing Benefit maximisation	£100k
15. Tenancy Services	£100k
<i>Total</i>	<i>£2.602m</i>

- 4.3 The growth bids of £2.1m have been made to right size some of the existing budget pressure areas and a bid for Transformation funding has also been submitted for the resources to ensure the culture and performance changes can be made that will drive the delivery of the savings required to bring the service back into a budget neutral position.
- 4.4 A workshop with all responsible managers on 1 December 2021 showed a high-level of confidence in the deliverability of these targets, although considerable work remains to be done and there is a risk of slippage against some items.
- 4.5 It is also essential that the savings programme is delivered within the context of wider changes within the service and the Council as a whole, especially in relation to culture change and improved customer care.

5. RISKS

- 5.1 The primary risk identified at the workshop was in relation to the EA/TA contract review target where key staff felt that the market had moved against us since this target was agreed. The risk profile within the MTFs has been amended accordingly. There is also a key dependency in relation to the implementation of an updated Housing IT system in May 2022. Any slippage of this project could have an impact on savings delivery and this risk will need to be carefully managed.
- 5.2 Since mid-November, the Homelessness & Allocations section has lacked a Head of Service. Attempts to recruit a temporary manager to fill this role have so far been unsuccessful. Furthermore, given the size and complexity of the change programme required to deliver the MTFs savings set out above, it will be necessary to bring in additional management and change resources. This can partly be funded through transformation funds. However, current resourcing plans will also require a General Fund revenue contribution and this has been included in 4.2 by way of an additional work stream and growth bid.
- 5.3 Fortunately, the staff workshop also explored ideas to drive further savings which should be able to cover this additional requirement and address any shortfall if other risks crystallise.

6. FURTHER SAVINGS OPPORTUNITIES

- 6.1 Work with the team has identified a number of further savings opportunities which should now be explored to mitigate any MTFs risks and delivery further savings for 22/23 and beyond. These opportunities are summarized below:

- a) Early “pre-prevention” work could prevent the need to accept a statutory duty – this would involve working with residents more intensively at an early stage of eviction threat before any statutory process has commenced. Whilst the MTFs plans already have ambitious targets to maximise homelessness prevention, it is recognized that early interventions could drive further savings in this area.
- b) More homeless cases could be prevented by facilitating officers to negotiate more effectively with families and landlords– this is closely related to a) above, the Council is clearly missing opportunities to prevent homelessness arising through avoidable evictions.
- c) More timely legal advice on difficult cases would facilitate rapid decision making and further avoid unnecessary acceptances – delays in rejecting homelessness claims lead to the acceptance of a statutory duty in some cases where no such duty originally existed.
- d) A revamped appointments system would facilitate more timely decisions – a quicker appointments system should facilitate a), b) and c) above.
- e) Regular auditing of households in TA could free up additional units – catching any abandoned or sub-let temporary accommodation units as early as possible would deliver savings.
- f) Stronger communications and messaging could allow more discharge into the private rented sector and Out-of-Borough placements – households should always have a realistic assessment of how long they might have to wait in temporary accommodation before getting an offer of a social housing unit. This could encourage more households to seek private sector or Out-of-Borough solutions.
- g) There are further opportunities to maximise HB subsidy - We should review all existing claims to ensure HB has been maximised. This is particularly important for those who have arrears dating back to 2018 during the transition from Universal Credit to Housing Benefit. This is also important in supporting our care leavers to ensure they are receiving the correct benefits. In addition to this, as part of the Temporary Accommodation review, we will ensure that any new schemes are designed to fall in line within current HB regulations ensuring HB can be maximised. This is particularly important when dealing with welfare reform issues such as the Benefit Cap. These steps will also contribute to h) below.
- h) Emergency and Temporary Accommodation rent collection should be improved – better performance in this area should allow for a reduction in bad debt contributions.

7. BENCHMARKING

- 7.1 Accurate benchmarking in this area is difficult and some doubts exist as to the comparability and accuracy of data. Nonetheless, benchmarking data suggest that the overall number of households presenting as homeless within Croydon is reasonably typical for London. The proportion of households where some level of duty is accepted (either for prevention or relief) is a little higher than the London average and this potentially aligns with the officer assessment that opportunities for good “pre-prevention” work are being missed and avoidable delays in decision-making are driving acceptances.
- 7.2 Data also suggested that Croydon has a noticeable mismatch against London averages in relation to the percentage of statutory cases where a relief duty is owed (as opposed to a prevention duty). The Prevention duty applies when an applicant is threatened with homelessness within 56 days during which time the authority will work to prevent the loss of accommodation or assist with obtaining alternative accommodation. This duty usually applies to private rented sector tenants who are at notice stage, those living with family and friends or those requiring support to meet rental obligations etc. If homelessness cannot be prevented during this stage the case will then fall under the ‘Relief Duty’.
- 7.3 The Relief Duty applies to more urgent homeless cases and normally would apply to anyone who has no accommodation legally available to them, or will lose their home within 56 days, for example, if they have received a Possession Order from the courts to leave their tenancy.
- 7.4 The Relief Duty also lasts for 56 days during which time the authority has to assist the applicant to obtain alternative accommodation. The authority is also under a duty to provide ‘interim accommodation’ for the applicant if they have a ‘priority need’ for housing. If the authority is unsuccessful after 56 days, a decision has to be made on whether a main housing duty is owed. However, this decision cannot be made until the Relief Duty period has expired.
- 7.5 Across London, only 47% of statutory cases require relief. In Croydon, this figure rises to 68%. Again, this suggests that early opportunities to prevent homelessness are being missed, which also tallies with anecdotal evidence cited by staff within the Homelessness & Assessments team. Further benchmarking work will be required to test this hypothesis and inform service development.
- 7.6 In addition to this London-wide data analysis, specific detailed benchmarking work has also been done with comparable boroughs in order to establish if Croydon’s approach to statutory homelessness is in line with our peers. This work appears to confirm that this is indeed the case. However, again, further benchmarking work will be required to test our overall approach to this area of work.

8. TEMPORARY ACCOMMODATION STRATEGY

- 8.1 Croydon needs to adopt a robust Temporary Accommodation strategy in order to reduce costs in this area as part of a wider Housing Strategy. A new Temporary Accommodation strategy could rationalise and incentivize our

offers to landlords both inside and outside the borough, as well as optimising the use of our own housing stock and seeking to drive down costs through the adoption of long-term arrangements rather than nightly purchases of emergency accommodation.

- 8.2 A Temporary Accommodation strategy will be key to delivering the priorities in the upcoming Homelessness Prevention & Rough Sleeping strategy, with an emphasis on preventing homelessness and therefore reducing the number of households requiring temporary accommodation. A new Temporary Accommodation strategy will seek to improve our offer to homeless households through improvements to temporary accommodation standards, an improved out of borough offer, and a reduction in the number of families in bed and breakfast accommodation. The strategy will include a review of our existing commissioning arrangements and private sector schemes to ensure our contracts represent value for money, and to increase our procurement of suitable properties from private sector landlords.
- 8.3 The development of a Temporary Accommodation has previously been delayed due to a lack of resource across the Housing directorate. In February 2022, a dedicated change manager and a Head of Temporary Accommodation, will be recruited to drive the delivery of the transformation work.

9. FINANCIAL CONSIDERATIONS

(Approved by: *[A N. Other]* on behalf of the Director of Equalities)

10. DRAFT LEGAL CONSIDERATIONS

(Approved by: *[A N. Other]* on behalf of the Director of Equalities)

11. HUMAN RESOURCES IMPACT

- 11.1 There are no HR implications arising from this report

(Approved by: *[A N. Other]* on behalf of the Director of Equalities)

12. EQUALITIES IMPACT

- 12.1

(Approved by: *[A N. Other]* on behalf of the Director of Equalities)

13. ENVIRONMENTAL IMPACT

- 13.1

(Approved by: *[A N. Other]* on behalf of the Director of XX)

14. CRIME AND DISORDER REDUCTION IMPACT

14.1

(Approved by: [A N. Other] on behalf of the Director of XX)

15. DATA PROTECTION IMPLICATIONS

a. WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

YES/NO

(If yes, please provide brief details as to what 'personal data' will be processed and complete the next question).

(If no, please complete the sign off)

b. HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

YES/NO

(If yes, please attach a copy).

CONTACT OFFICER:

APPENDICES TO THIS REPORT

BACKGROUND PAPERS

None.