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Scrutiny Homes Sub-Committee Supplementary Agenda

5. **Update on the Housing Revenue Account and Housing General Fund Budgets 2024-25** (Pages 3 - 10)

   Please find attached Appendix B providing a overview of the General Fund budget.

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Housing GF budget

SCRUTINY HOMES SUB-COMMITTEE

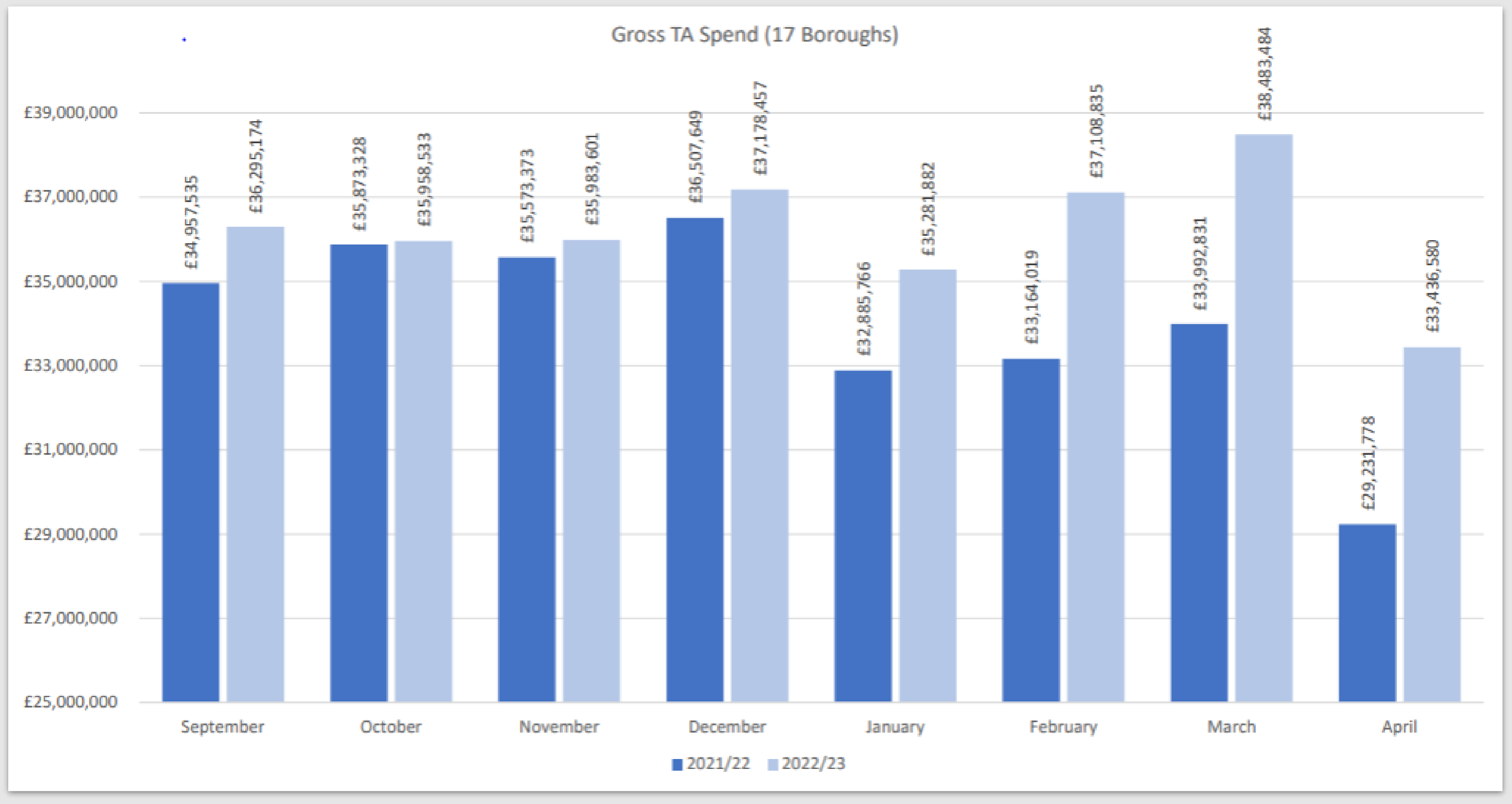
29 January 2024

Budget Setting Assumptions 2023/24

The budget setting for homelessness spend in 2023/24 was based on the 3 assumptions made in September 2022 that:

1. Numbers housed remain equal to the average from April-September 2022
2. Costs remain at 2021/22 average levels and
3. BAU would keep those numbers steady through the year. £3.2m of budget growth was allocated on that basis for 2023/24 to fund the base budget only.

London Councils temporary accommodation and homelessness dashboard March 2023



This table shows the level of inflation seen from January 2023 that has continued to impact TA costs across London.

London Councils temporary accommodation and homelessness dashboard March 2023

Budgetary pressures

	March 2022	March 2023		Responses including substitutions
Median weekly rate paid across all TA types (average of averages)	£303.21	£344.81	+13.7% +£41.61	27
Median incentive paid for all TA types (average of averages)	£2,952.55	£3,470.17	+17.5% +£517.62	22
Gross monthly TA rental costs for all accommodation types	£27.8m	£33.0m	+18.9% +£5.2m	18
Gross monthly TA rental income for all accommodation types	£24.3m	£26.3m	+8.2% +£2m	18
Gross total monthly TA spend on all accommodation types	£61.2m	£69.0m	+12.7% +£7.8m	26
	Actual: 2021/22	**Actual: 2022/23** (As of July 2023)		**Number of responses**
Total homelessness service net deficit for the financial year	£80m	£108.9m	+36.1% £28.9m	18

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Further detail on the inflation seen in 2023 for temporary accommodation

GF MTFS 2024-25

Description	2024-25 £000	2025-26 £000	2026-27 £000
Incremental/New savings identified in the 2023-24 Medium Term Financial Plan			
Housing Needs restructure including Dynamic Purchasing System implementation	-625		
Temporary accommodation occupancy checks	-300		
Temporary accommodation case review (discretionary cases)	-450		
Data cleanse & rent accounts (income collection)	-200		
Repurpose general needs voids for emergency accommodation	-175	-175	
Demand management	-239	-414	
Incremental/New savings identified in the 2024-25 Medium Term Financial Plan			
Demand management			-653
Supported Housing contracts review			-240
No Recourse to Public Funds			-100
Total proposed savings	**-1,989**	**-589**	**-993**

- These savings targets were almost all agreed at 2023/24 budget setting.
- The new savings target for 2026/27 are the supported housing contracts review and the additional demand management target.
- In the context of the council wide budget situation the plan for managing costs with 2024/25 remains to be for close monitoring; a commitment to embedding better working practices and to deliver on the transformation programme.

GF Housing Budget 2024-25

- Pressures on the homelessness budget due to national issues within the housing market have been significant within 2023/24 and are not expected to abate within 2024/25.
- The implementation of the new structure and case handling within 2023/24 will continue to be embedded with 2024/25.
- Work on savings projects will continue in 2024/25 and will be monitored closely.
- Securing additional longer term homelessness accommodation, including a potential lease at Red Clover Gardens (Lion Green road) will also reduce reliance on expensive and unsuitable hotel accommodation.
- Full adoption of NEC
    - Better Management reporting
- Addressing culture change:
    - Rolling out of training including legislative, customer care and soft skills

Benchmarking

- Source data and compliance of category reporting – must be comparing like-for like to be useful.
- Timeliness – the recent changes to the housing market have been too fast for accurate benchmarking to be relevant using revenue outturn figures.
- Timeliness – corrections and other changes made to structures and recording of data will be omitted from older benchmarking data sets
- Understanding of issues – the recent change in management and restructure has allowed Croydon to examine systems and processes with an external lens.
- *Benchmarking data needs to be treated with caution whilst we scrutinise the assumptions and activity*

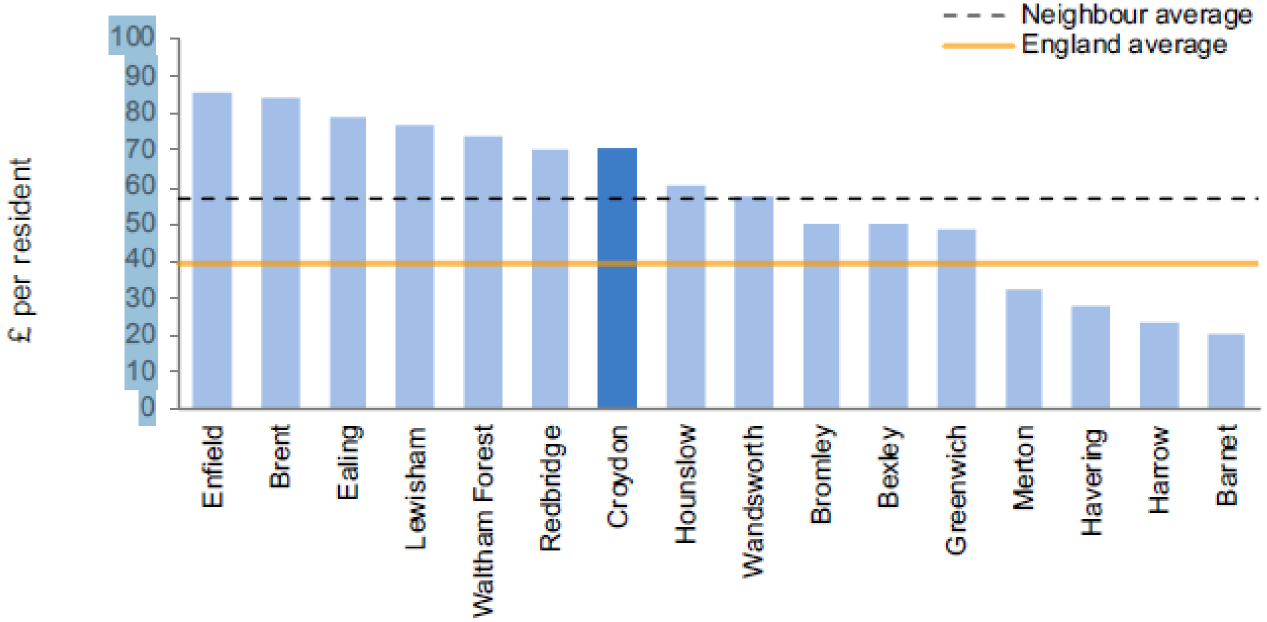
LGFUTURES

Housing Services (General Fund)

For Housing Services, Croydon's unit costs were 22.5% higher than the nearest neighbour average, and ranked 7th highest in the group.

Compared nationally, its units costs were 77.2% higher than average (and ranked 17th highest out of 125 authorities).

Chart 8 - Unit costs for Housing Services (NN group)



LG futures benchmarking based on the data submitted relating to 2023/24 budget setting