

# Budget Scrutiny Task Group

**Housing General Fund**

**Cllr Liza Begum – Cabinet Member**  
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# Executive Summary

## Housing GF

- Housing GF gross controllable expenditure budget for 2023/24 is £94.877m, with a gross controllable income budget of £67.785m (net controllable budget of **£27.093m**).
- At Q2, GPH is projecting a £17.531m budget pressure. The primary driver of this is a significant increase in both the demand for and the cost of temporary accommodation.
- The 2024/25 budget proposals for Housing have taken a pragmatic view of the pressures faced by the Council, particularly in this area.

# 2023/24 Budget

## Housing GF – Revenue

Housing GF	Expenditure (£m)	Income (£m)	Net Exp (£m)
Housing Operations	1.591	0.000	1.591
Homelessness	7.403	(3.282)	4.121
Rough Sleeping	13.864	(7.830)	6.034
Supporting People	5.532	(0.856)	4.676
Temporary Accommodation	66.405	(55.577)	10.828
Affordable & Private Sector	0.084	(0.241)	(0.157)
<b>TOTAL</b>	<b>94.877</b>	<b>(67.785)</b>	<b>27.093</b>

# Future Outlook

## Housing GF

- The most significant pressure facing the Housing service, and probably the Local Government sector as a whole, is the increasing net cost of managing temporary accommodation (TA).
- This is driven by 4 critical factors:
  1. **Demand** – the number of households in TA has risen by 15% since the start of 2022/23 (and this increase is projected to be 33% by the end of 2024/25)
  2. **Inflation** – rent inflation is driving up the average weekly cost of PSR supply
  3. **Supply Shortages** – the availability of suitable TA supply is increasingly limited (with many landlords exiting the market). This drives a need to use expensive nightly paid accommodation
  4. **Income** – recoverable rent for TA remains tied to 2011 LHA rates

# Savings Proposals

**2024/25 to 2026/27**

The Council is not proposing any savings for the Homelessness service as part of this MTFP round.

The rationale for this is as follows:

- Housing is an essential component of the Fairer Westminster strategy and, given current pressures, it is not seen as the right time to seek reductions
- The significant pressure on TA requires budget growth. As a result, only the commissioned services element of the budget could be considered for savings (£10.1m or 40% of the net budget) and these are also experiencing high demand
- Many of these contracts have been renewed on a short-term basis while a revised commissioning strategy is developed (with existing savings from previous MTFP rounds already tagged to this exercise)



# Pressures (1)

## 2024/25 to 2026/27

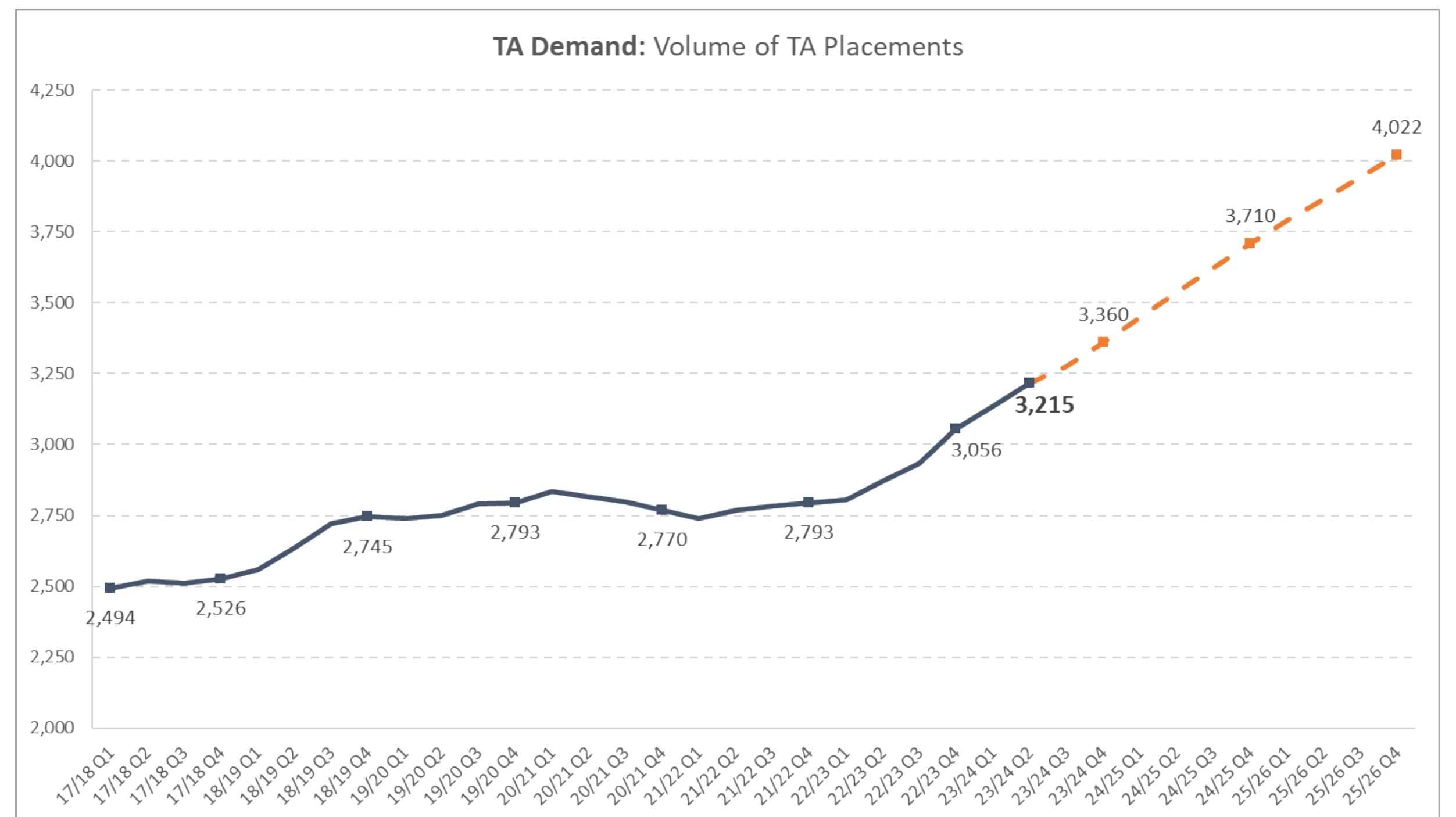
### Housing GF Revenue Pressure 1: Temporary Accommodation (£28.1m)

The net cost of Temporary Accommodation (TA) is placing considerable pressure on authorities across the Local Government sector, particularly for metropolitan councils. The key drivers were described in the “Future Outlook” section, with more specific details of the challenges for WCC articulated below.

#### (i) Demand

At the end of Q2 in 2023/24, WCC had a duty to cover the net cost of 3,215 TA placements. This represents a 15% increase on the 2,793 placements at the beginning of 2022/23.

Demand is being closely monitored on a weekly basis, but a continuation of the existing trajectory would result in an increase to more than 4,000 placements by the end of 2025/26. This would represent a 44% increase across 4 years.



# Pressures (2)

## 2024/25 to 2026/27

### (ii) TA Supply

The table below shows the key trends that are having an adverse impact on the cost of sourcing appropriate TA supply for WCC.

There are 2 factors at play:

- A lack of alternative supply is driving up the use of nightly paid accommodation to meet demand (despite an increase in the volume of WCC-owned accommodation)
- A combination of general rent inflation (across leased supply) and the increased use of more expensive nightly paid accommodation is causing an increase in the average weekly net cost of a unit of TA supply

<b>WCC Supply Breakdown</b>	<b>2021/22 %</b>	<b>2022/23 %</b>	<b>2023/24 %</b>
Nightly Booked	18%	20%	25%
Leased	73%	70%	62%
WCC Owned	10%	10%	13%
<b>Average Weekly Cost per Unit (£)</b>	<b>£64.99</b>	<b>£106.32</b>	<b>£208.05</b>

# Pressures (3)

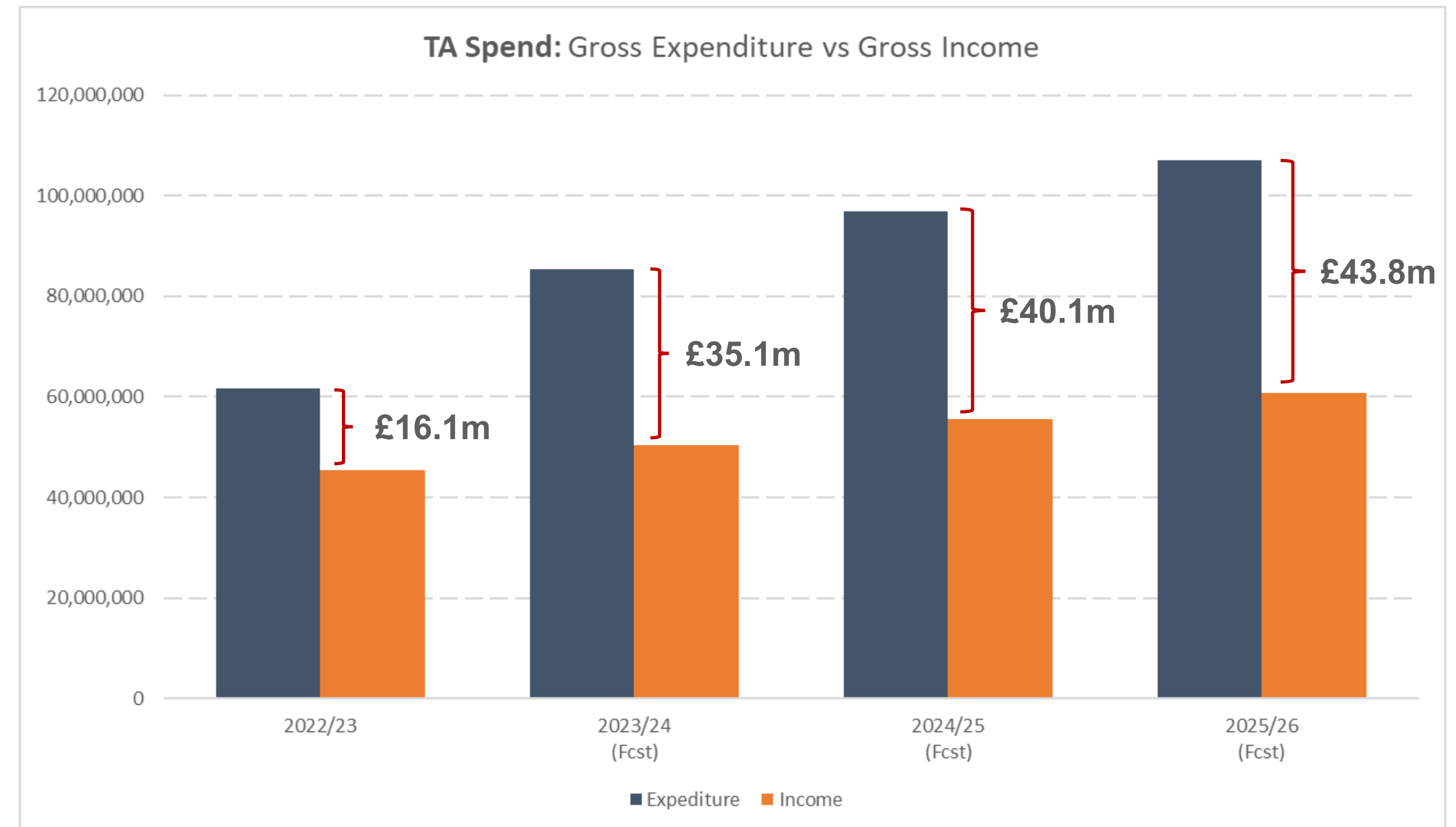
## 2024/25 to 2026/27

### (iii) WCC Budget Impact

The impact of the pressures outlined on the net cost of TA for WCC is summarised on the right. The table then shows what pressure this places on the General Fund budget over the next 2 years (and the rationale for the proposed growth).

This projection includes an expectation that a number of initiatives can be used to reduce the cost of TA:

- Prevention measures
- Acceleration of WCC acquisition
- Options for procuring new supply
- Options to develop new supply



	Net TA Spend	Grants	Full-Year Forecast	2023/24 Budget	Projected Variance
2023/24	£35.1m	(£6.8m)	£28.3m	£10.8m	£17.5m
2024/25	£40.1m	(£4.9m)	£35.2m	£10.8m	£24.4m
2025/26	£43.8m	(£4.9m)	£38.9m	£10.8m	£28.1m



# Investments

## 2024/25 to 2026/27

The following planned investments will be funded as one-offs from reserves.

### **Housing GF Revenue Investment 1: HSS Contract (£0.850m)**

To effectively manage the increased volume of homelessness demand being managed by the customer facing elements of the HSS contract, a short-term investment of £850k is proposed to boost capacity up to the contract expiry date. This would not only improve the quality of advice offered but offer greater potential for identification of prevention opportunities (that will ultimately reduce pressure on TA spend).

### **Housing GF Revenue Investment 2: TA Acquisition Team (£0.252m)**

In 2023/24 the Council allocated an additional £85m of capital budget to support increased acquisition of properties to be used as TA. This investment is needed to boost the staff capacity of the acquisitions team to enable accelerated delivery of this programme. Whilst most of the staff time is capitalised, there is a need for increased revenue budget to cover costs that cannot be funded in this way.

### **Housing GF Revenue Investment 3: Housing Improvement Programme (£0.500m)**

A substantial programme of work has been underway across the Housing service. Whilst the focus has been on the HRA to date, this will expand to cover Homelessness (with a number of initiatives already identified, including the commissioning strategy, TA stock condition, etc).

# Pressures and Investments

## 2024/25 to 2026/27 Summary

<b>Pressures</b>	<b>2024/25 over 2023/24 £m</b>	<b>2025/26 over 2024/25 £m</b>	<b>2026/27 over 2025/26 £m</b>	<b>TOTAL £m</b>
Temporary Accommodation	24.400	3.700	0.000	28.100
<b>Total</b>	<b>24.400</b>	<b>3.700</b>	<b>0.000</b>	<b>28.100</b>

<b>Investments (one-off injections of funding)</b>	<b>2024/25 over 2023/24 £m</b>	<b>2025/26 over 2024/25 £m</b>	<b>2026/27 over 2025/26 £m</b>	<b>Total £m</b>
HSS Contract	0.850	(0.850)	0.000	0.000
TA Acquisition Team	0.126	0.000	(0.126)	0.000
Housing Improvement Programme	0.500	(0.500)	0.000	0.000
<b>Total</b>	<b>1.476</b>	<b>(1.350)</b>	<b>(0.126)</b>	<b>0.000</b>

# 2024/25 Budget

## Housing GF – Revenue

Housing GF	Net Exp (£m)
Housing Operations	1.591
Homelessness	4.121
Rough Sleeping	6.034
Supporting People	4.676
Temporary Accommodation	35.228
Affordable & Private Sector	(0.157)
<b>TOTAL</b>	<b>51.493</b>

# Consultations

## 2024/25 Proposals

- No consultations required (as no budget reductions are being proposed)