

HOMELESSNESS BUDGET

PROGRAMME AREA RESPONSIBILITY – CORPORATE STRATEGY AND FINANCE SOCIAL CARE ADULTS AND HEALTH

CABINET

9TH JUNE, 2005

Wards Affected

County-wide.

Purpose

To consider virement proposals from within the base budget 2005/06, to meet anticipated additional costs arising from increased demand for homelessness provision.

Key Decision

This is not a key decision.

Recommendation

That a budget virement from the provision for Waste Disposal to Homelessness be agreed.

Reasons

The budget provision for Homelessness is under extreme pressure in terms of meeting statutory provision and will overspend in the event that additional resources are not identified.

Considerations

1. Cabinet considered a confidential report on Homelessness and Housing Advice at its meeting on 19th May. In addition to determining a basis for the future provision of the service, the report also highlighted the trend of increasing numbers of people requiring support and the consequent pressure on the homelessness budget.
2. The following paragraphs highlight the position and the potential over commitment of the budget in 2005/06 particularly as a result of increase demand in recent months.
3. The ability to manage expenditure within budget has been reported to Cabinet as a risk within budget monitoring reports throughout the 2004/05 year.
4. The expenditure on homelessness in 2004/05 was £821,000 against a budget of £380,000, an overspend of £441,000. The overspend is entirely due to the costs associated with the use of temporary accommodation. This position is clearly unsustainable. The overall overspend within the budget for Strategic Housing was £235,000, an increase of £72,000 from the last reported position almost entirely due

Further information on the subject of this report is available from
on Ian Hyson, County Treasurer on 01432 260235

to homelessness pressures.

5. The earlier report to Cabinet highlighted the increase in the number of applicants accepted as homeless. The number of homelessness applications increased by 22% between 2003/04 and 2004/05 from 591 to 722.

6. In April 2004, the Homelessness (Suitability of Accommodation) Order (England) 2003 came into force, which requires that homeless families with children or pregnant women are not placed in B & B accommodation. In any event, these households must not remain in B & B for a period longer than 6 weeks and a breach of this order could result in legal challenge. Since January 2005 there have been particular difficulties. Up to December 2004 the authority had only 1 family in B & B for more than 6 weeks. Since January 2005, the number of families in B & B for more than 6 weeks are as follows:

January 2005	4
February 2005	9
March 2005	8
April 2005	19

7. The total numbers currently (as at 17th May 2005) in B & B accommodation are as follows:

Single People	35
Families	22

8. At an average cost of £35 per night per single person, and £50 per night per family, the total cost based on current demand is £2,325 per night, £16,275 per week or £846,300 over the full year. This represents a shortfall of £457,000 on the current budget of £436,000 for 2005/06. This level of demand cannot be resourced from within the current budget available for Strategic Housing.

9. There may be potential to utilise Supporting People funding to complement homelessness and accommodation agenda, for example, through the provision of prevention services and support services associated with homelessness and care leavers respectively. This may be possible through the utilisation of a reasonably small element of the Supporting People grant efficiency savings, achieved since the commissioning of the Supporting People programme which could be used on a short term basis (1 to 2 year contracts) using interim contracts without the risk to long term Supporting People budget and strategy.

10. There are further alternatives being considered as initiatives to help potentially homeless people. These initiatives cannot be resourced from within the current commitments on the homelessness budget. The "invest to save" initiative proposals will be subject to a separate report to Cabinet at a later date.

11. Cabinet has already agreed to resource a project manager to examine a range of costed options regarding the future of homelessness and housing advice.

12. Notwithstanding the action underway to minimise costs, consideration needs to be given to identifying virement from within the 2005/06 Budget to meet the additional costs. Whilst reserves could be utilised, in view of the likely recurring nature of the additional costs faced such an approach is not recommended. Clearly, the pressures on the Social Care budget, also considered by Cabinet on 19th May,

militate against virement from within that area.

13. An alternative solution would be to vire resources from the budget provision for Waste Disposal. Members will recall that this budget provision, due to its nature, is treated as a corporate budget heading, i.e. not impacting on the Environment budget. Such a proposition has become possible as a consequence of the delays encountered in securing sites for the delivery of waste minimisation processes delivered through the joint Herefordshire and Worcestershire PFI scheme. Budget provision for 2005/06 was made in the expectation that further progress in securing sites, with consequent increases in costs, would be made. The delay will also have a knock on effect into 2006/07 and, quite possibly, 2007/08. A solution for the medium term is therefore possible without significant impact on the Council's Medium Term Financial Strategy.
14. A virement of £300,000 is proposed which whilst not wholly addressing the potential increase in costs does encourage the cost reductions measures as outlined earlier.
15. The position would of course be kept under review and reported within existing performance reporting arrangements and revisited as part of the budget process for 2006/07. In the unlikely event that underspendings occur then these would be returned to corporate funds.

Risk Management

Not addressing the budget for Homelessness will result in overspend in the current financial year.

Consultees

Not applicable.

Background Papers

None identified.