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| **Directorate** | **Population & Wellbeing** |
| **Service Director** | **Colin Moone** |
| **Service Area** | **Housing** |
| **Service Manager** | **Nazakat Ali** |
| **Budget Deficit £3.5m** | **GH6000** |

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| **Explain the context behind the budget deficit and what has caused it**   * **Since when has the budget been in deficit (provide the year, e.g. 2020/21)** * **Provide details of activity levels and the key cost/income drivers and how these have changed (this is needed for each year including the year prior to when the budget was first in deficit)** |
| **Since when has the budget been in deficit (provide the year, e.g. 2020/21)**  The Temporary Accommodation budget has been in deficit since 2017/18. The current TA deficit for this year is £3.5 million (2023/24).  Temporary Accommodation costs have been rising each year but there has not been an inflationary increase to the Temporary Accommodation budget.  **Provide details of activity levels and the key cost/income drivers and how these have changed**  Key costs drivers:   * Increase in homeless approaches- 200 per month in May 2021 and 527per month in Nov 2023 * Lack of availability of affordable private rented accommodation for TA use * Difference between Local Housing Allowance and Market rents is approx. 40% making it unaffordable for people on low income to rent privately in Luton. * Use of expensive unaffordable B&B and Nightly paid accommodation * Lack of resources   The key cost drivers has been an increase in the use of B&B and Nightly Let accommodation. This has been due to the increase in demand in the service.  In Feb 2022 we had 21 households in B&B this has increased to 119 in November 2023  In Feb 2022 we had 91 households in Nightly Lets this has increased to 171 in November 2023  A number of factors have contributed to the increase in B&B and Nightly Lets. We have had to hand back over 120 PSL properties to landlords in the last 18 months due to landlords wanting these properties back. At present we have 143 properties which we use for Temporary Accommodation and the landlords have issued notice to us and we need to hand these properties back. The main reason for notices is landlords wanted rent increases and we were unable to agree rent increases to the levels landlords were requesting due to our budget. More property agents are likely to issue notice to us because we do not have a budget to pay market rents.  The increase in market rents has made it more unaffordable for the Council to source properties from the private rented sector for temporary accommodation.  The average difference between Local Housing Allowance and market rent for a 2 and 3 bedroom property in Luton is between £350-£450 per month. Therefore making it unaffordable for households on low incomes to rent in the private sector.  Due to the governments new Renters Reform Bill there is concern nationally that a lot of landlords will exist the private rented sector. A number of landlords have already left the buy to let market due to interest rises and reduction in tax relief. There is a shortage of affordable private rented accommodation in Luton.  During 2022/23 we discharged 161 into the private rented sector, so far this year 2023/24 we have only completed 102 because it has been so difficult to source properties in the private rented sector. |

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| **How can the budget deficit be addressed?**   * **What needs to be done? If there is more than one option explain each option in detail** * **Are there any barriers or factors beyond your control that will affect your ability to recover the deficit?** * **Explain how the cost/income drivers can be managed** |
| **What needs to be done? If there is more than one option explain each option in detail**  Work with members to set realistic expectations that Luton cannot provide temporary accommodation to everyone and that residents need to look at alternative options such private rented instead of social housing.  Re visit Members giving approval to placing households out of borough.  We need to enhance our private rented scheme so that we can take on more properties in the private rented sector and reduce the overall number of households in Temporary Accommodation. We are in the process of finalising the scheme so that we can use the Homeless Prevention Grant funding in 24/25 to pay for the scheme.  We are purchasing larger properties which can be used for Temporary Accommodation to reduce our costs. We have purchased a property at Lansdowne Road which has 31 units. The property will need some works and is likely to be ready by April 2024.  We are having some works done on a Council owned property at London Road which has 8 units.  **Are there any barriers or factors beyond your control that will affect your ability to recover the deficit?**  Homeless approaches have drastically increased from 200 a month in May 2021 to 527a month in November 2023. We have a statutory duty to provide accommodation to homeless households who meet the criteria in the Homeless Legislation. The demand on the service is unprecedented. There are lack of resources within the homeless service to deal with the high demand coming in.  The private rented sector in Luton is in high demand with markets rents approximately 40% above Local Housing Allowance which is making it unaffordable for households on low incomes. In addition a lot of landlords are issues notices to tenants. Approximately 50% of the households that approach the council as homeless are being evicted by private landlords.  In addition the Council has been struggling to source properties at low rents from the private sector for some time. The current level of budget in 2023/24 does not allow us to match market rents, therefore making it very difficult to source affordable properties therefore leading to increase use of B&B and Nightly Lets which are very expensive.  The table below shows the B&B projections which we revise based on the current situation. The table also shows the actuals. Due to high demand with approx. 450 cases coming through as homeless every month and we have had a huge shortage of private rented accommodation therefore we have had to use more B&B. The same applies to the Nightly Let table below.  B&B Projections and Actuals   |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Month | April 23 | May 23 | June 23 | July 23 | August 23 | Sept 23 | Oct 23 | Nov 23 | Dec 23 | Jan 24 | Feb 24 | Mar 24 | | B&B Projection | 114 | 104 | 94 | 84 | 90 | 78 | 58 | 41 | 33 | 50 | 45 | 40 | | B&B Actual | 125 | 104 | 86 | 95 | 85 | 71 | 96 | 119 | 63 |  |  |  |   Nightly Let Projections and Actuals   |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Month | April 23 | May 23 | June 23 | July 23 | August 23 | Sept 23 | Oct 23 | Nov 23 | Dec 23 | Jan 24 | Feb 24 | Mar 24 | | Nightly Projection | 144 | 144 | 144 | 144 | 170 | 169 | 169 | 168 | 168 | 173 | 173 | 173 | | Nightly Actual | 150 | 158 | 167 | 164 | 163 | 170 | 172 | 173 | 174 |  |  |  |   .  **Explain how the cost/income drivers can be managed**  Work is being done with Members to highlight the huge demand on the homeless service and pressures on the TA budget. Households who are threatened with homelessness need to have more realistic expectations that the Council cannot provide temporary accommodation and therefore households need to be thinking of other solutions such as private rented accommodation. During 23/24 the Council has so far spent £418k to help households prevent homelessness by supporting with rent arrears, rent in advance, deposits and shortfall in rents. Some Members are being very supportive in helping to set realistic expectations to residents.  We are also offering landlords incentive payments to procure more affordable and suitable accommodation. |

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| **Timescale for budget deficit recovery**   * **List the key milestones required to deliver the budget recovery, the estimated amount to be delivered and the estimated date for each** | | |
| MILESTONE DETAILS | £ | Date |
| Have under 20 households in B&B | TBC | June 24 |
| Enhance our private rented scheme to enable us to move more people out of TA | Work in progress | April 24 |
| Session with Members to set realistic expectations |  | March 24 |
| Invest more in homeless preventions by helping people with rent arrears, deposits, rent in advance, shortfall in rent. | Investment required to be confirmed | April 24 |

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| **Quarterly Monitoring updates**   * **Provide quarterly progress updates against milestone delivery to align with the quarterly budget monitoring reports to executive. Where milestones have not been met please provide an explanation, revised milestone dates, and how delivery can be brought back on track** * **If the recovery plan cannot be delivered, THERE IS NO NEW MONEY AVAILABLE so please provide an alternative proposal as to how budgets can be realigned so that it can be considered by DMT** | |
| **QUARTER 1 (to 30/06/23)** | |
| On Target ? (Yes = GREEN; Partial (e.g. milestones slipped) = AMBER, No = RED) | RED |
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| **QUARTER 2 (to 30/09/23)** | |
| On Target ? (Yes = GREEN; Partial (e.g. milestones slipped) = AMBER, No = RED) |  |
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| **QUARTER 3 (to 31/12/23)** | |
| On Target ? (Yes = GREEN; Partial (e.g. milestones slipped) = AMBER, No = RED) |  |
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| **QUARTER 4 (to 31/03/23)** | |
| On Target ? (Yes = GREEN; Partial (e.g. milestones slipped) = AMBER, No = RED) |  |
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