

APPENDIX B

Actions on General Fund Projected Budget Pressures

The key General Fund variations and budget pressures were reported to September cabinet in the month 4 budget monitor. Cabinet approved the following mitigations to contain overspends. Progress on these at month 8 are summarised below.

- 1) Budgetary pressure at month 8 of £2m in Education, mainly driven by higher demand and cost pressures in home to school transport. The continued growth in children and young people with Education Health Care Plans (EHCPs) reflected in increased demand for the home to transport service. Currently, approximately 25% of children and young people with EHCPs receiving travel assistance. Budget pressures are especially affected by the number of high costs of 'out of borough' placements. In addition, the current economic conditions and the rise of inflation has led to increased costs in the taxi and bus contracts.

Mitigating activities and progress

The department has implemented a number of initiatives to reduce the budget pressure in line with the Special Educational Needs and Disability (SEND) strategy. The strategy is expected to develop in-borough provision to meet needs which is expected to reduce the number of children requiring transport out of borough. In addition reducing demand for EHCPs into and across the system through a strengthened universal offer and early intervention. Work also continues to increase take up of the independent travel training programme, reviewing and promoting direct payments and reviewing the 16-25 transport as well as the high costs placement commitments. These actions sit within a wider review of managing the costs of the SEND provision and with the Safety Valve programme.

There has been an improvement in comparison to month 4. This is due to lower than forecasted demand on the bus service which is based on a demand led banding system. In addition, with the start of the new academic term, we may see the impact of the introduction of personal budgets to reduce costs further.

- 2) £1.5m pressure in the costs supporting those with 'No Recourse to Public Funds' (NRPF)

The cost of living crisis has increased pressure on families subject to NRPF, which has resulted in significant increases in client payment and

accommodation costs. Data from the NRPF Network' for 2021-22 highlighted that 72 councils were providing accommodation and financial support for 3,423 households at a cost of £64 million per annum. Latest Southwark data shows the council supporting 435 households at a cost of £6.2m in 2022-23. This represents a 15% increase in the number of households supported between 2021-22 to 2022-23, together with rising costs for accommodation, utilities and care costs resulting in an overspend last year. Year to date figures, at month 4, was an expected overspend of £1.3m. At month 8 this is projected to be £1.5m.

Mitigating activities and progress

Officers are exploring options that could help manage/bring down these costs over the medium term, as the statistics show that we are funding a disproportionate number of families at 8% of the total number in the Network.

Work is ongoing to devise a strategy to bring down these costs over the medium term. A growth bid has also been submitted as part of the 2024-25 budget challenge process, to provide an uplift to the budget for the service.

- 3) The continuing budget pressure in homelessness and demand for temporary accommodation (TA) which is exacerbated by the cost of living crisis. In addition, there is an emerging supply-side pressure, as providers are exiting the private rental market due to rising interest rates impact on the financial return. As there are no effective controls to prevent private sector rent rises and continued restrictions on Local Housing Allowance (LHA) rates, many who are on welfare benefits and those on low incomes will find themselves struggling to pay rents. This in turn will increase the demand for local authority provision.

Mitigating activities and progress

The council is part of the Inter-Borough Accommodation Agreement (IBAA) which is a Pan London arrangement to set consistent rent levels across London for the provision of accommodation. Whilst this has worked well in the past, the cost of living crisis has seen rates rise by 10% since March 2023, and given the diminishing availability of suitable properties, has seen councils breaching the agreement and procuring at rates in excess of the IBAA rates. The council is working with current providers to maintain good working relationships in order to negotiate competitive overnight rates and maintain supply.

The council has established a cross-departmental board, overseen by the Section 151 officer, to review all aspects of temporary accommodation provision. This group is considering best practice for demand management and

taking practical steps to increase the supply of appropriate housing solutions including the use of empty housing stock and increase void turn-round times. The council is also actively reviewing its procurement strategy and examining alternative investment models to help increase supply and looking at how its allocations policy could assist with additional local provision.

Within the Housing Solutions service which administers the wider service, including homelessness prevention, additional temporary staffing resources have been put in place to increase case management capacity and drive forward new processes designed to increase efficiency.