

Distribution Sub-Group (2018) Paper 10 – Homelessness Indicator

This discussion paper has been written by officials of the Welsh Government. Ministers have not had an opportunity to comment on the contents. Exemplifications of changes are provided simply to inform discussion by DSG members. They are not Welsh Government proposals or statements of Government policy for or against changes.

Homelessness Indicator

Summary

1. This paper follows on from DSG (2016) paper 4 and considers, more widely, the Non-HRA housing Indicator Based Assessment (IBA) formula in the calculation of the Settlement for 2019-20 and beyond.

Views sought

2. Members are asked to discuss options for the treatment of the Non-HRA housing IBA for the 2019-20 Settlement and the possible options for future Settlements.

Background

3. The formula for distribution of the current Non-HRA housing IBA is below:

Weight	Indicator
0.313 x	Total homelessness decisions
0.292 x	All dwellings
0.232 x	Housing General Capital Funding
0.163 x	Housing benefits recipients

4. The previous paper (DSG (2016) paper 04) highlighted a change in housing legislation from April 2015 and a fundamental change in the homelessness data collected from Local Authorities. The Housing (Wales) Act 2014 brought in new duties on Local Authorities to help prevent and relieve homelessness. Under the new legislation, the information collected is outcome based rather than a count of final decisions made. The changes to legislation mean that the definition of homelessness decisions has changed.
5. The previous paper presented a number of options for the approach to the 2017-18 Settlement for DSG members to consider. This resulted in a decision to continue with the existing formula and freeze the homelessness data (3-year average from 2012-13 to 2014-15).
6. The above approach was used in the calculation of the 2018-19 Settlement, allowing time for local authorities to adjust to the new legislation and for the new data collection to embed.
7. In 2017-18, £6 million was included in the Settlement for homelessness prevention, with an additional £6 million included for 2018-19, bringing the total amount of additional funding for homelessness prevention up to £12 million.

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8. For the 2018-19 Final Settlement, £33.494 million and the additional £12 million were distributed on the Non-HRA housing IBA. The formula shows that 31%, £14.2 million (£10.5 million Non-HRA housing and £3.8 million homelessness prevention) was distributed on total homelessness decisions.
9. In August 2016, when the new homelessness data was published for the first time, there were concerns regarding the quality and accuracy of the data. In the light of these concerns, the Homelessness Statistics data for 2015-16 were temporarily de-designated from National Statistics, by the UK Statistics Authority.
10. Welsh Government colleagues in the Knowledge and Analytical Services (KAS) branch continued to work closely with local authorities resolving issues with data recording and data quality since the introduction of the new legislation. They are now confident that the quality and accuracy issues previously experienced have been resolved and, following discussions with the Office for Statistics Regulation (the regulatory arm of the UK Statistics Authority), the temporary National Statistics de-designation came to an end in July 2017. Therefore, by the publication of the 2019-20 Provisional Settlement there will be 2 years of data (2016-17 and 2017-18) available. KAS have highlighted that they are confident that the previous issues with the data have been resolved.

Analysis

11. The current formula for the Non-HRA housing IBA is set on past expenditure taken from the Revenue Outturn 8 (RO8) form submitted by Local Authorities. The formula uses the sum of the net current expenditure and specific and government grants (columns 10 plus 11). The table below details the RO8 lines that feed into each element of the formula.

Table 1

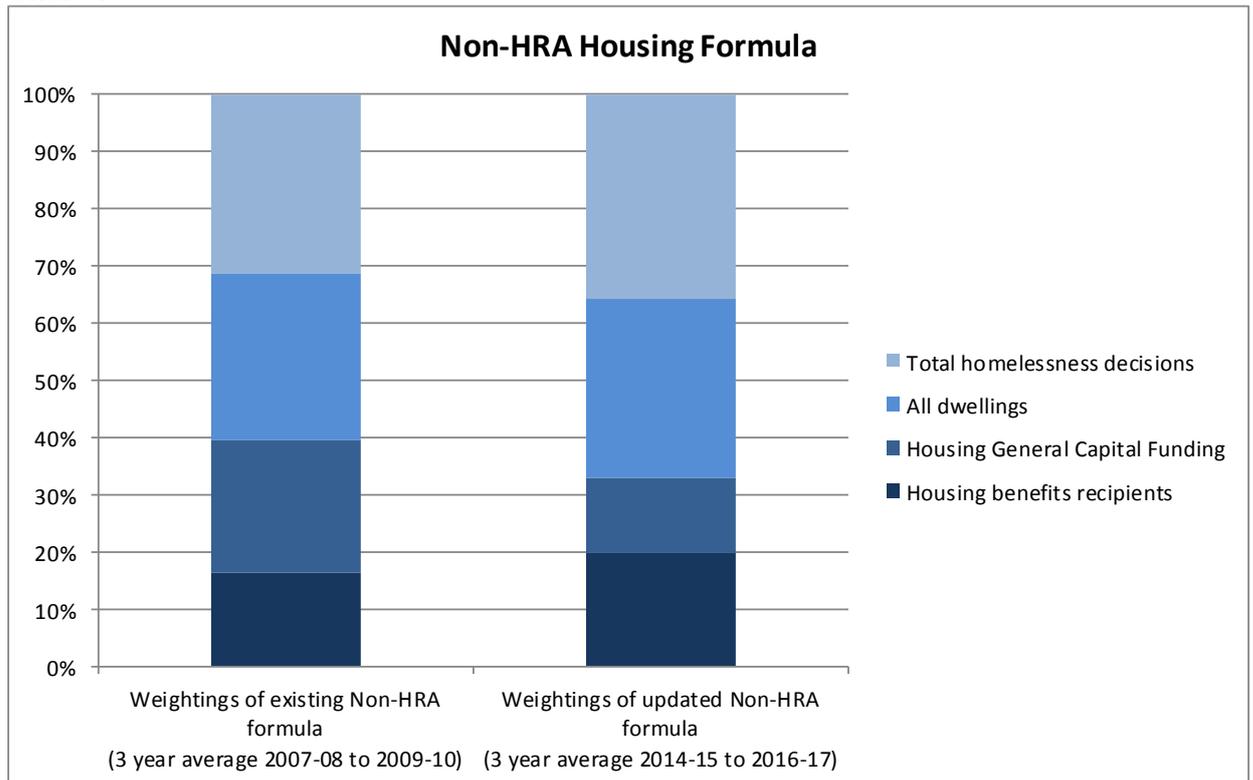
Indicator	RO8 row Description	RO8 row reference
Total homelessness decisions	Housing advice	3
	Total homelessness (lines 8 to 12)	13
All dwellings	Housing strategy	1
	Registered social landlords	2
	Housing advances	4
	Total other council fund housing services (lines 19 + 20 + 24)	25
Housing General Capital Funding	Private sector housing renewal	7
	Licensing of private sector landlords	7.1
Housing benefits recipients	Housing benefit administration	18

12. As it has been 7 years since this formula has been reviewed, this may be an appropriate time to re-visit the formula as the underlying expenditure data has changed considerably since this indicator was last reviewed.
13. Chart 1 below shows Non-HRA housing IBA formula; the current weightings (3 year average 2007-08 to 2009-10) and updated weightings (3 year average 2014-15 to 2016-17).

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14. The chart shows that the percentage shares of the underlying financial data have changed, with increases in spending on the lines that underpin the homelessness indicator from 31.3 percent to 35.8 percent; the lines that underpin the all dwellings indicator from 29.3 percent to 31.1 percent; and the line that underpins the housing benefits recipients indicator from 16.3 percent to 19.8 percent. It also illustrates a decrease in spending on the lines that underpin the housing general capital funding indicator from 23.2 percent to 13.3 percent. Table 3 in Annex A exemplifies the potential change in AEF based on the Final 2018-19 Settlement

Chart 1



15. When carrying out this analysis it was discovered that, although housing benefit administration (RO8 row 18) was used in the construction of the formula for the Non-HRA housing IBA as agreed by DSG in 2011, it was not included in the underlying financial data in the RO build. A table detailing the impact of this is included in Annex A. It is proposed to rectify this oversight for the 2019-20 Settlement.
16. The additional £12 million included in the Settlement for homelessness prevention may, over time, have an impact on the underlying financial data that makes up the formula as the spending feeds through the RO8 form.
17. Discussion points:
- Update the formula weightings using the most up-to-date financial data
 - Freeze the underlying financial data until the new spending on homelessness has filtered through the RO form
 - Update the underlying financial data to take account of the omission of row 18

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- d. Continue to use the frozen 3 year average of the homelessness decisions data
- e. Consider options to update the indicator using the new homelessness prevention data

Conclusion

18. DSG members are asked to discuss the possible options outlined in this paper and agree an approach for 2019-20 and future Settlements.

**Local Government Finance Policy
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Annex A

Table 2 – The financial impact of including housing benefits administration in the construction of the 2018-19 Settlement model (£000)

Authority	Published AEF	Amended AEF	Difference	% Difference
Isle of Anglesey	95,812	95,777	-35	-0.04
Gwynedd	175,127	175,051	-76	-0.04
Conwy	153,576	153,529	-47	-0.03
Denbighshire	143,119	143,069	-50	-0.03
Flintshire	189,156	189,036	-120	-0.06
Wrexham	174,636	174,614	-22	-0.01
Powys	174,026	173,934	-93	-0.05
Ceredigion	101,251	101,256	5	0.00
Pembrokeshire	161,774	161,748	-26	-0.02
Carmarthenshire	259,440	259,489	50	0.02
Swansea	319,087	319,452	365	0.11
Neath Port Talbot	212,341	212,367	27	0.01
Bridgend	191,582	191,546	-36	-0.02
The Vale of Glamorgan	152,480	152,419	-61	-0.04
Rhondda Cynon Taf	364,176	364,104	-72	-0.02
Merthyr Tydfil	90,305	90,304	-1	0.00
Caerphilly	267,240	267,164	-76	-0.03
Blaenau Gwent	109,633	109,675	42	0.04
Torfaen	131,543	131,543	1	0.00
Monmouthshire	93,218	93,188	-29	-0.03
Newport	212,790	212,841	51	0.02
Cardiff	440,947	441,150	203	0.05
Wales	4,213,260	4,213,260		

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Table 3 – The difference in SSA based on the 2018-19 Settlement using the updated weightings¹ (£000)

	Published SSA	Updated SSA	Difference	% Difference
Isle of Anglesey	906	902	-4	-0.39
Gwynedd	1,612	1,561	-51	-3.15
Conwy	1,515	1,470	-46	-3.01
Denbighshire	1,176	1,136	-40	-3.43
Flintshire	1,492	1,434	-57	-3.85
Wrexham	1,794	1,799	6	0.33
Powys	1,568	1,519	-50	-3.16
Ceredigion	1,227	1,172	-55	-4.45
Pembrokeshire	1,759	1,758	-1	-0.05
Carmarthenshire	3,025	3,010	-15	-0.48
Swansea	5,620	5,903	283	5.04
Neath Port Talbot	2,164	2,065	-100	-4.61
Bridgend	1,786	1,753	-33	-1.85
The Vale of Glamorgan	1,434	1,407	-27	-1.86
Rhondda Cynon Taf	3,010	2,887	-123	-4.10
Merthyr Tydfil	827	826	-1	-0.16
Caerphilly	2,141	2,100	-40	-1.89
Blaenau Gwent	1,269	1,303	33	2.63
Torfaen	1,274	1,232	-42	-3.28
Monmouthshire	1,124	1,120	-4	-0.32
Newport	2,430	2,487	56	2.32
Cardiff	6,341	6,650	308	4.86
Wales	45,494	45,494		

¹ This exemplifies the Non-HRA housing formula plus Homelessness prevention formula

Recent related papers

Distribution sub-group (2016)

- Paper 04: Non-HRA housing formula

Distribution sub-group (2015)

- Paper 13: Non-HRA housing formula

Distribution sub-group (2011)

- Paper 30: Non-HRA housing formula

Distribution sub-group (2011)

- Paper 22: Non-HRA housing formula

Distribution sub-group (2011)

- Paper 17: Non-HRA housing formula

Distribution sub-group (2011)

- Paper 12: Non-HRA housing formula

Distribution sub-group (2010)

- Paper 40: Non-HRA housing formula

Distribution sub-group (2008)

- Paper 16: Non-HRA housing formula

Distribution sub-group (2007)

- Paper 40: Reviewing the non HRA housing service formula

Distribution sub-group (2006)

- Paper 24: Reviewing the Non-HRA SSA formula
- Paper 12: Reviewing the Non-HRA SSA formula
- Paper 20: Reviewing the Non-HRA service formula