

Distribution Sub-Group (2019) Paper 21 – 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 presents a detailed analysis of alternative data items that can be used to replace the existing total homelessness decision data currently used within the settlement model. This paper also looks at the potential for updating the weightings behind the non-HRA formula.

Previous papers

Distribution Sub-Group (2018) Paper 22 – Homelessness Indicator

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

Views sought

1. DSG are asked to consider the replacement for the current frozen homelessness decision data used to distribute funding across local authorities.
2. The group are also asked to consider whether the weightings behind the non-HRA housing data items should be recalibrated to reflect the additional funding put in for the service over the past 3 financial years.

Background

3. The current 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. In 2018-19, the Non-HRA housing IBA distributed nearly £45.2 million of Standard Spending Assessment (SSA).
5. In 2017-18 and 2018-19, £6 million recurrent funding was included in each of the Settlements for homelessness prevention which is distributed on the same indicators used in the non-HRA housing IBA, hence the total amount distributed on the non-HRA housing IBA (including homelessness prevention) in 2019-20 was £51.2m.

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6. The Housing Act (Wales) 2014 included a number of changes to statutory homelessness legislation, which were introduced on 27 April 2015. This resulted in the homelessness data used in the settlement no longer being collected, with it not possible to directly compare the number of 'homeless households' collected under the current and previous legislations. The flowchart in annex A outlines the assessment process, but under the new legislation it is possible for a single household to have up to three separate outcomes depending on the duty owed under the act. Further information on the change in the legislation and data can be found on the [Welsh government website](#).
7. Due to this, DSG (2016) paper 04 presented a number of options for the approach to the Non-HRA housing IBA in the 2017-18 Settlement for DSG members to consider. This resulted in a decision to continue with the existing formula and freeze the total homelessness decisions data (3-year average from 2012-13 to 2014-15).
8. 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. Welsh Government Knowledge and Analytical Services (KAS) branch worked with local authorities to resolve issues with the data and they are now confident that the quality and accuracy issues previously experienced have been resolved. Therefore there are now 3 years of robust homelessness data (2016-17 to 2018-19) available.
9. DSG (2018) Paper 22 was presented to the group to highlight the difference in the new data to the historic data. The group agreed to continue to use the frozen historic data for 2019-20 with time for further analysis to be done ahead of the 2020-21 settlement.
10. As discussed in DSG (2018) paper 22, there are now multiple different options to distribute the funding, with data available on both outcomes and prevention/relief: Section 66, Section 73, Section 75 or a combination of all three (see Annex A for more information).
11. This paper outlines the distributional impact of changing the homelessness data, and ask DSG for recommendations for the 2020-21 settlement.
12. The group have previously agreed that, as additional funding had been transferred into the settlement for homelessness prevention, the indicators weights within the Non-HRA housing IBA would be re-calibrated to reflect the latest Revenue Outturn (RO) data (2018-19). This is because the 2018-19 RO data will be the first year that includes the full £12m transferred into the settlement.
13. This re-weighting will have an impact on the financial exemplifications provided in this paper, but the underlying Revenue outturn data is currently unavailable.

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14. The group are asked if they still agree to continue with the recalibration of the Non-HRA indicator weightings for the 2020-21 settlement to reflect the current service spend or if they would prefer to delay this an additional year?
15. If the group do agree to continue with the re-calibration then further exemplifications will be shared once the financial data becomes available.
16. The rest of this paper will investigate the possibility to replace the existing frozen homelessness data used within the model.

Analysis

17. This section provides an overview of the different options available going forward, but also looks at the distribution of the homelessness data currently used within the settlement.
18. Note, the latest data available are rounded to the nearest three to adhere to disclosure control. If any of the data items are less than 3 they would have been suppressed by the data providers. In this analysis any suppressed values have been treated as 1 (the average of the possibilities).

Data comparisons

19. The total homelessness decisions data (3-year average from 2012-13 to 2014-15) currently used within the settlement as it is largely dominated by Swansea and Cardiff, having 21.6% and 21.1% share of the indicator respectively.
20. The distribution of the post legislation change data (three year average 2016-17 to 2018-19) is not similar to the previous distribution, after comparing the different variables of the new data (see annex B).
21. Annex C demonstrates the absolute difference between the relative shares of the historic homelessness data to a subset of the data items captured under the new legislation.
22. Any changes over 3 percentage points (around £500K) are in red (see Annex C). This highlights that the change in the relative percentage share across authorities are different to the distribution currently used.
23. The main exception to this is Swansea, which has a large decrease in their percentage share across all but one of the data items used in this analysis. This data item is the “Eligible, but not homeless or threatened with homelessness”. This could be one of the reasons for the distributions change between new and historic data collections, with the historic cases potentially having a higher prevalence than the new outcomes based approach.

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24. Annex C demonstrates that of the data items used in this analysis, the distribution that is closest to the historic distribution is the “total prevention” data item at 40.8 percentage points. This reduces to 27.7 percentage points when Swansea is removed.
25. Any of the data items used in this analysis are therefore going to have a large financial impact (see annex D), particularly to Swansea, as the relative percentage shares of latest data indicators differ substantially to the historic share.
26. In terms of financial change shown in annex D, the total prevention data item moves the least amount of absolute funding (£6.5m) followed by the combined data items - “outcomes 66 and 73” (£6.9m).
27. This financial information suggests that any change to the homelessness data item may need to be phased over multiple years, to remain consistent with the stability principle.

Which data item should be used going forward

28. The previous analysis investigates the difference in the historic homelessness data to the new data. This is intended to provide some consistency in the model, but does not necessarily reflect the need to spend on that service.
29. Table 1 shows the relationship between the net current homelessness expenditure (excluding specific grants) to assess if this can help inform if there is an indicator which has good statistical relationship with the spend on the homelessness service.

Table 1: The relationship (R^2) between net current expenditure (excluding specific grants) compared to the homelessness data items.

	2016-17	2017-18
Current data used - total homelessness decisions	23.3%	17.7%
Unsuccessful prevention - Eligible, threatened with homelessness, prevention assistance provided (Section 66)	36.5%	29.8%
Number of outcomes - Eligible, homeless, subject to duty to help to secure (Section 73)	56.3%	40.1%
Successfully relieved - Eligible, homeless, subject to duty to help to secure (Section 73)	45.5%	39.5%
Unsuccessfully relieved - Eligible, homeless, subject to duty to help to secure (Section 73)	54.4%	24.8%
Total Outcomes	42.7%	26.5%
Total prevention / Relief	37.1%	31.3%

30. The table shows that there is some relationship between the homelessness data items and the expenditure.

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31. Similarly other data sources, outside of the homelessness data collection, such as temporary accommodation ($R^2 = 52.5\%$ in 2016-17 and 44.2% in 2017-18) shows a relationship with the data items and the expenditure.
32. Given the first 4 data items in table 1 only related to a specific section of the process, using one of these would suggest a favourable bias towards that stage.
33. Similarly using either outcomes or prevention would favour one over the other, and would not align to Welsh Government policy.
34. The group are asked to consider one or preferably a combination of the data items above, to replace the existing homelessness data.

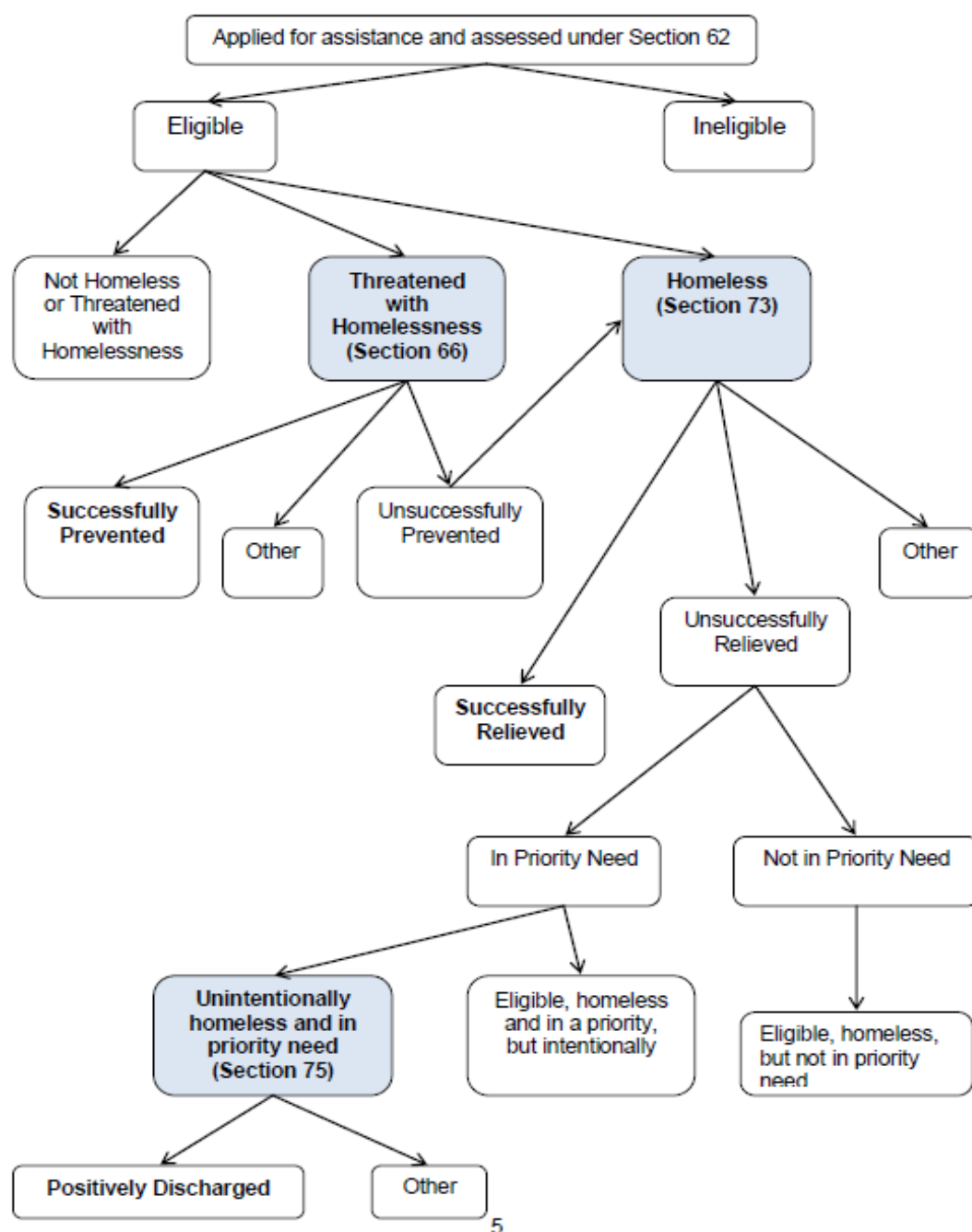
Other information

35. In the [Scottish government's 2019-20 settlement calculations](#) they used “*homeless or threatened with homelessness applications*” data to distribute funding on the homelessness services.
36. In [England, the local government settlement](#) uses mid-year population with the index of multiple deprivation average scores to distribute the funding across authorities.
37. The Office for National Statistics (ONS) are currently developing a new set of [homelessness indicators better measure the factors that influence homelessness](#). They are working with Centre for Homelessness Impact to develop a framework that has recently finished the consultation period.
38. This information might be useful in the long term development of the indicator, but is unlikely to have progressed quickly enough for the 2020-21 settlement.

Conclusion

39. DSG members are asked to discuss:
 - a. if they agree whether the Non-HRA IBA weightings should be re-calibrated regardless of if the frozen homelessness data are updated.
 - b. if they would prefer to keep the frozen historic homelessness data for 2020-21 until better a driver of the need to spend is identified,
 - c. if they would like to use any of the data items outlined in this paper, to replace the existing homelessness indicators,?
 - d. if the group would prefer to consider the a new specific data item
 - e. the group are also asked to discuss if they believe any change to the formula should be phased over a set number of years.

Assessment process for homelessness decisions



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1 - 'Other' includes assistance refused, non co-operation and other reasons

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Annex B – Relative share of the specified homelessness data

	Total homelessness decisions (data currently used)	All outcomes	Total prevention	Outcomes 66 and 73	Successfully 66 and 73	Eligible, but not homeless or threatened with homelessness	Unsuccessfully relieved - 66 and 73
Isle of Anglesey	1.5%	1.82%	1.65%	1.81%	1.93%	2.94%	0.68%
Gwynedd	2.5%	1.81%	2.65%	2.19%	2.76%	0.54%	1.44%
Conwy	2.1%	3.67%	3.74%	4.01%	3.78%	1.32%	4.82%
Denbighshire	1.2%	3.21%	3.16%	3.68%	3.10%	0.52%	3.90%
Flintshire	1.0%	3.81%	3.75%	4.04%	4.11%	3.59%	2.63%
Wrexham	3.5%	4.25%	4.35%	4.44%	4.98%	6.44%	1.36%
Powys	2.2%	1.92%	2.12%	2.10%	2.05%	0.80%	2.40%
Ceredigion	2.7%	1.64%	1.80%	1.77%	1.91%	1.64%	1.44%
Pembrokeshire	3.6%	3.40%	4.19%	3.63%	4.33%	2.63%	3.08%
Carmarthenshire	7.7%	7.04%	5.84%	6.14%	5.38%	10.55%	8.94%
Swansea	21.6%	8.89%	8.53%	7.53%	9.51%	21.61%	2.68%
Neath Port Talbot	3.1%	5.40%	4.22%	4.85%	4.28%	8.03%	7.51%
Bridgend	2.7%	4.30%	4.38%	4.47%	4.61%	1.95%	5.62%
Vale of Glamorgan	1.9%	2.93%	4.24%	3.56%	4.20%	0.04%	3.11%
Rhondda Cynon Taf	3.4%	5.47%	6.58%	5.84%	6.99%	6.34%	3.22%
Merthyr Tydfil	1.5%	1.84%	1.36%	1.81%	1.42%	1.81%	1.86%
Caerphilly	2.7%	6.34%	5.68%	5.11%	5.74%	14.14%	3.62%
Blaenau Gwent	3.4%	2.14%	2.35%	2.47%	2.56%	1.46%	1.51%
Torfaen	1.8%	3.85%	2.76%	3.84%	2.81%	1.60%	5.17%
Monmouthshire	2.3%	2.17%	2.38%	2.21%	2.49%	2.02%	1.25%
Newport	6.4%	7.52%	5.42%	6.98%	4.78%	4.44%	12.72%
Cardiff	21.1%	16.57%	18.85%	17.52%	16.28%	5.59%	21.05%

Source: Homelessness data collection, Welsh Government

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Annex C – Absolute difference in relative share percentage points compared with the Total homelessness decisions data currently used.

	All outcomes	Total prevention	Outcomes 66 and 73	Successfully 66 and 73	Eligible, but not homeless or threatened with homelessness	Unsuccessfully relieved - 66 and 73
Isle of Anglesey	0.3%	0.1%	0.3%	0.4%	1.4%	0.9%
Gwynedd	0.7%	0.2%	0.3%	0.3%	1.9%	1.0%
Conwy	1.6%	1.6%	1.9%	1.7%	0.8%	2.7%
Denbighshire	2.0%	2.0%	2.5%	1.9%	0.7%	2.7%
Flintshire	2.8%	2.7%	3.0%	3.1%	2.5%	1.6%
Wrexham	0.8%	0.9%	1.0%	1.5%	3.0%	2.1%
Powys	0.2%	0.0%	0.1%	0.1%	1.4%	0.2%
Ceredigion	1.1%	0.9%	1.0%	0.8%	1.1%	1.3%
Pembrokeshire	0.2%	0.6%	0.0%	0.7%	1.0%	0.5%
Carmarthenshire	0.6%	1.8%	1.5%	2.3%	2.9%	1.3%
Swansea	12.8%	13.1%	14.1%	12.1%	0.0%	19.0%
Neath Port Talbot	2.3%	1.1%	1.7%	1.1%	4.9%	4.4%
Bridgend	1.6%	1.7%	1.8%	2.0%	0.7%	3.0%
Vale of Glamorgan	1.0%	2.3%	1.7%	2.3%	1.9%	1.2%
Rhondda Cynon Taf	2.0%	3.1%	2.4%	3.5%	2.9%	0.2%
Merthyr Tydfil	0.4%	0.1%	0.4%	0.0%	0.4%	0.4%
Caerphilly	3.7%	3.0%	2.4%	3.1%	11.5%	1.0%
Blaenau Gwent	1.3%	1.1%	1.0%	0.9%	2.0%	1.9%
Torfaen	2.1%	1.0%	2.1%	1.0%	0.2%	3.4%
Monmouthshire	0.2%	0.1%	0.1%	0.2%	0.3%	1.1%
Newport	1.1%	1.0%	0.5%	1.7%	2.0%	6.3%
Cardiff	4.5%	2.3%	3.6%	4.8%	15.5%	0.1%
Wales	43.1%	40.8%	43.2%	45.5%	58.8%	56.2%
Wales (exc Swansea)	30.4%	27.7%	29.1%	33.4%	58.8%	37.2%

Source: Homelessness data collection, Welsh Government

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Annex D –Difference in funding compared with the data currently used (£s).

		All outcomes	Total Outcomes 66 prevention	and 73	Successful 66 and 73	Unsuccessfully relieved - 66 and 73
Isle of Anglesey		44,442	17,555	43,029	61,860 -	138,348
Gwynedd	-	104,825	29,086 -	44,103	46,241 -	163,979
Conwy		251,981	263,757	306,646	270,837	436,356
Denbighshire		319,579	312,550	395,117	302,708	429,862
Flintshire		442,280	432,596	479,580	490,872	252,995
Wrexham		124,460	140,570	155,580	241,160 -	338,441
Powys	-	38,128 -	6,368 -	9,208 -	17,992	38,609
Ceredigion	-	175,278 -	149,262 -	154,364 -	131,578 -	206,318
Pembrokeshire	-	33,640	92,681	2,907	114,795 -	85,626
Carmarthenshire	-	99,997 -	293,231 -	244,859 -	366,870	203,837
Swansea	-	2,042,918 -	2,100,160 -	2,261,441 -	1,944,159 -	3,037,549
Neath Port Talbot		361,210	173,529	274,137	183,369	700,492
Bridgend		264,196	276,106	290,704	313,434	474,511
Vale of Glamorgan		165,870	375,370	266,662	369,603	195,147
Rhondda Cynon Taf		323,169	500,966	383,481	566,636 -	36,882
Merthyr Tydfil		62,340 -	15,748	57,142 -	5,606	65,167
Caerphilly		588,994	482,723	391,968	492,310	152,433
Blaenau Gwent	-	206,399 -	173,056 -	152,554 -	139,286 -	306,316
Torfaen		331,795	157,695	330,331	166,121	543,222
Monmouthshire	-	24,040	9,595 -	18,880	26,928 -	171,685
Newport		172,594 -	163,547	85,276 -	267,201	1,004,072
Cardiff	-	727,686 -	363,408 -	577,153 -	774,182 -	11,557

Source: Homelessness data collection, Welsh Government