

***Distribution Sub-Group (2016) Paper 04 – Non HRA Housing IBA 2017-18 –  
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.**

**Non HRA Housing IBA for the 2017-18 Settlement - Homelessness Indicator**

**Summary**

1. This paper has been written as an update to DSG (2015) Paper 13.
2. This paper considers the implications of the calculation of the non HRA housing formula for the 2017-18 Settlement and beyond, in particular the homelessness element, following the changes to housing legislation in April 2015.
3. This paper is divided into short term and long term proposals for the Group to consider.

**Views sought**

4. DSG are asked to note the paper and discuss the proposed short term and long term proposals.
5. A decision is required for the 2017-18 Settlement.

## ***Distribution Sub-Group (2016) Paper 04 – Non HRA Housing IBA 2017-18 – Homelessness Indicator***

### **Background**

6. During 2011 members considered a number of papers on the non-HRA housing formula within the Settlement. In July 2011 the indicator was changed (from weighted homelessness cases) to the total number of homelessness decisions. The current non HRA housing Indicator Based Assessment (IBA) is below:

<b>Weight:</b>		<b>Indicator</b>
0.313	x	Total homelessness decisions
0.292	x	All dwellings
0.232	x	Housing General Capital Funding
0.163	x	Housing benefits recipients

7. For the 2016-17 Provisional Settlement, £32.490 million was distributed on this IBA. The formula shows that 31% (almost £10.1 million) was distributed on total homelessness decisions.
8. There have been discussions around using preventative data for the homelessness element of the formula however, prior to April 2015, there has been no suitable data collected.
9. The Group expressed an interest in reviewing the formula in the future to take account of prevention data and noting an anticipated rise in homelessness in forthcoming years due to welfare reform and the expected reduction in public investment in social housing.
10. On 27 April 2015, there was a change in housing legislation. The Housing (Wales) Act 2014 brought in new duties on Local Authorities to help prevent and relieve homelessness, which extended the assistance owed to almost everybody at risk of homelessness. The new law requires Local Authorities to work with people before, and if necessary, after they become homeless by providing reasonable steps to find housing for them, and if those two stages are unsuccessful then a final safety net stage is in place to secure housing for people who are in one of the priority need categories specified in the Act.
11. The changes to legislation mean that the definition of homelessness decisions has changed. Under the previous legislation a decision was made by an Authority on each household presenting as homeless within a 28 day period and only one decision per household was included in the count of total decisions. From April 2015 onwards however, under the new legislation, the information collected is outcome based rather than a count of final decisions made. By the nature of the new legislation this may mean that one household may fall under more than one section of the act and be included more than once in any count of total outcomes. In some cases there could be up to three different outcomes for one applicant household.

### **Analysis**

12. Welsh Government Officials have been investigating the implications of the new legislation, further to the DSG (2015) Paper 13 on this subject. As the previous homelessness data is no longer being collected, it is clear that a decision needs to be made on the formula for 2017-18 and beyond.
13. Two quarters of new data has been collected by colleagues in KAS (April – June and July – September 2015). Unfortunately as expected, there have been some quality issues identified in the data therefore, deeming it not yet robust enough to be used as part of the non-HRA housing IBA for the 2017-18 Settlement.

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14. Options for consideration by the Group have been divided into short term and long term:

**Short term**

15. One of the following options are to be confirmed for the 2017-18 Settlement:

- a) Continue with the current formula and freeze the homelessness data (3-year average from 2012-13 to 2014-15).
- b) Continue with the current formula and **update the homelessness data** to a 2-year average (from 2013-14 and 2014-15).
- c) **Update the indicator weightings\*** in the current formula and freeze the homelessness data (3 year average from 2012-13 to 2014-15).
- d) **Update the indicator weightings\*** in the current formula and **update the homelessness data** to a 2-year average (from 2013-14 and 2014-15).
- e) Completely overhaul the formula

16. \* Current indicator weightings are calculated using RO3 data from 2007-08 to 2009-10. An update to the weightings would use RO3 data from 2012-13 to 2014-15. Members should also consider treatment for the 2018-19 Settlement in the context of the above. i.e. if members decide to move to a 2-year average for 2017-18, should solely 2014-15 data be used for the 2018-19 Settlement.

**Long term**

17. The following options are to be considered for the 2019-20 Settlement to reflect the homelessness agenda with its increased focus on prevention. Both 'activity' and 'performance' data should be considered:

- f) Re-weight the formula to include prevention aspects in addition to relief of duty. This could be introduced on a staged basis over the years providing the opportunity to use homelessness prevention figures in part or as a replacement for homelessness data in future years
- g) Change the homelessness indicator to be based entirely on preventative data
- h) Carry out a more fundamental review when the data is more established

**Conclusion**

18. The group are asked to consider and discuss the short term and long term options as detailed above.

19. A decision is required for the 2017-18 Settlement.

**Local Government Finance Policy Division  
Welsh Government**

**Recent related papers**

*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