

## ***Distribution Sub-Group (2024) Paper 09 – Updates to the Non HRA Formula***

***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 Formula**

#### **Summary**

1. This paper summarises alternative data items that can be used to replace existing '**Total Homelessness decisions**' data and '**Housing Benefit Recipients**' data used within the non-HRA Formula.

#### **Views sought**

2. DSG are asked to consider the replacement dataset suggestions for the current '**Housing Benefit Recipients**' data used with the settlement
3. DSG are asked to consider the replacement dataset suggestions for the current '**Total Homelessness decisions**' data used within the settlement.
4. Members are asked to discuss options for the treatment of the non-HRA housing IBA for the 2025-26 Settlement and beyond.

#### **Related papers**

5. Distribution Sub-Group (2019) Paper 10 – Homelessness Indicator and Non-HRA formula
6. Distribution Sub-Group (2018) Paper 22 – Homelessness Indicator
7. Distribution Sub-Group (2018) Paper 10 – Homelessness Indicator

#### **Background**

8. The formula for distribution of the current non-HRA housing 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 Benefit Recipients

9. In 2024-25, the **non-HRA housing IBA** distributed nearly **£92.7 million** of Standard Spending Assessment (SSA).
10. The '**Housing benefit Recipients**' data distributes **£15.4 million (0.2%)** of Standard Spending Assessment (SSA). The data currently used is the number of Housing Benefit recipients by Council taken from the Single Housing Benefit extract (SHBE) from Department for Work and Pensions (DWP). An average of 24 months leading up to May of the data year are taken.

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11. Due to the rollout of universal credit DSG agreed to freeze the data and take a three-year average 2016-2018.
12. The **'Total Homelessness Decisions'** data distributes **£29.6 million (0.4%)** of Standard Spending Assessment (SSA). The data currently uses a three-year average of the annual number of total homelessness decisions taken by eligibility and a Council (as reported by Councils to the Welsh Government on form (WHO12) up to and including March of the data year.
13. Due to the data no longer being published DSG agreed to freeze the data and take a three-year average 2013-14 to 2015-16.
14. This data does not reflect the current homelessness legislation (in the Housing Wales Act 2014) which suggests that this indicator is not reflective of current need and pressures within the homelessness system, which have also been further exacerbated following the Covid-19 pandemic.

### **Housing benefit Recipients' – Alternative data source**

15. Within the current non-HRA IBA the **'Housing benefit recipients'** data source was frozen due to the roll out of Universal Credit, the current data used is an average of 24 months June 2016 to May 2018. Now that Universal Credit has been fully rolled out, an updated data source which takes a sum of the [total number of households on Universal Credit \(with housing entitlement and receiving payment\) and the total number of households receiving housing benefit, averaged over 24 months](#), from June 2021 to May 2023. These two data sources are mutually exclusive therefore there won't be a risk of double counting.

### **Total Homelessness Decisions' – Alternative data source**

16. Within the current non-HRA Housing IBA the homelessness data source used was an average of total homelessness decisions by Local Authority, frozen as a result of data quality concerns when the new statutory data collection was first introduced, and subsequently continued to be frozen due to concerns of large funding re-distributions.
17. This data measure no longer exists within the new statutory data collection; therefore, a new measure has been used within the updated option to proxy prevention and relief activity. The updated data source uses a total of the [number of households threatened with homelessness within 56 days \(section 66\)](#) and [the number of households assessed as homeless and owed a duty to secure accommodation \(section 73\)](#), averaged over the past 3 years, it is understood that some double counting will occur between these two categories given a household can re-present during the same reporting period more than once, but as % shares are used within the distribution formula this seems to us to be an acceptable measure.

### **Initial Analysis**

18. The following section will investigate the financial implications of **the alternative non-HRA indicator data sources** on the 2024-25 settlement.

### **Comparison across datasets**

19. [Table 1](#) in [Annex A](#) shows the current 'Housing Benefit Recipients' data compared to the alternative suggested data source.

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20. [Table 2](#) in [Annex A](#) shows the current 'Total homeless Decisions' data compared to the alternative suggested data source.

### **Re-distributional effect**

21. [Table 3](#) in [Annex A](#) analyses and exemplifies the re-distributive financial impact on the 2024-25 settlement of using the alternative data sources.

22. Using **all the alternative data sources**, Bridgend, Caerphilly and Flintshire have the largest monetary increases of £1,091k (0.31%), £628k (0.14%) and £568K (0.16%) respectively. The largest monetary decreases can be seen in Swansea and Blaenau Gwent with decreases of £3,927k (0.67%) and £496k (0.28%) respectively.

### **Discussion**

23. DSG are asked to consider the effects of applying the alternative data sources to the 2025-26 Settlement and provisionally agree the latest data.

- i) **Option 1:** Update the formula with just the '**Housing benefit Recipients**' alternative data source.
- ii) **Option 2:** Update the formula with both the '**Housing benefit Recipients**' and '**Total Homelessness Decisions**' alternative data source.
- iii) **Option 3:** Update the formula with the '**Housing benefit Recipients**' alternative data source and phase the '**Total homelessness Decisions**' alternative data source into the settlement over a period of several years. – not exemplified
- iv) **Option 4:** Do not update the formula with the latest data until the weightings for each dataset are recalibrated.

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**Annex A**

**Table 1: Housing benefit recipients data sources**

	Original	Original (%) Share)	Alternative	Alternative (%) Share)	Percentage point difference	Percentage point difference	ssa change (£)
Isle of Anglesey	4,769	2.1%	5,404	2.0%	-0.05%	0.05	-£7,135
Gwynedd	7,473	3.2%	8,602	3.2%	-0.02%	0.02	-£3,491
Conwy	8,266	3.6%	9,543	3.6%	-0.01%	0.01	-£2,219
Denbighshire	7,711	3.3%	8,732	3.3%	-0.08%	0.08	-£11,884
Flintshire	8,516	3.7%	10,796	4.0%	0.34%	0.34	£53,073
Wrexham	10,253	4.4%	12,251	4.6%	0.14%	0.14	£20,983
Powys	7,252	3.1%	8,479	3.2%	0.03%	0.03	£4,126
Ceredigion	4,205	1.8%	4,815	1.8%	-0.02%	0.02	-£3,373
Pembrokeshire	8,619	3.7%	9,801	3.7%	-0.07%	0.07	-£10,949
Carmarthenshire	12,552	5.4%	14,173	5.3%	-0.14%	0.14	-£21,660
Swansea	19,800	8.6%	23,387	8.7%	0.16%	0.16	£24,951
Neath Port Talbot	12,929	5.6%	14,400	5.4%	-0.22%	0.22	-£33,747
Bridgend	10,861	4.7%	12,202	4.6%	-0.14%	0.14	-£22,318
The Vale of Glamorgan	8,266	3.6%	9,725	3.6%	0.05%	0.05	£8,185
Rhondda Cynon Taff	18,548	8.0%	20,971	7.8%	-0.20%	0.20	-£30,434
Merthyr Tydfil	5,274	2.3%	6,075	2.3%	-0.01%	0.01	-£2,238
Caerphilly	14,390	6.2%	16,355	6.1%	-0.12%	0.12	-£18,729
Blaenau Gwent	7,150	3.1%	7,868	2.9%	-0.16%	0.16	-£24,189
Torfaen	7,951	3.4%	9,672	3.6%	0.17%	0.17	£26,105
Monmouthshire	4,702	2.0%	5,483	2.0%	0.01%	0.01	£1,868
Newport	12,600	5.5%	15,160	5.7%	0.21%	0.21	£31,855
Cardiff	29,038	12.6%	34,031	12.7%	0.14%	0.14	£21,218
<b>Wales</b>	<b>231,125</b>	<b>100%</b>	<b>267,927</b>	<b>100%</b>		<b>SSA Element</b>	<b>£15,392,680</b>

**Original**

Average of 24 months June 2016 to May 2018 of the total number of households receiving housing benefit.

**Alternative**

Total number of households on Universal Credit (with housing entitlement and receiving payment) and the total number of households receiving housing benefit, averaged over 24 months, from June 2021 to May 2023.

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**Table 2: Total Homelessness Decisions data sources**

	Original	Original (%) Share)	Alternative	Alternative (%) Share)	Percentage point difference	Percentage point difference	ssa change (£)
Isle of Anglesey	233	1.5%	310	1.5%	-0.07% -	0.07	-£20,698
Gwynedd	373	2.5%	378	1.8%	-0.67% -	0.67	-£198,769
Conwy	317	2.1%	742	3.5%	1.43%	1.43	£422,942
Denbighshire	183	1.2%	591	2.8%	1.60%	1.60	£471,469
Flintshire	158	1.0%	587	2.8%	1.74%	1.74	£514,699
Wrexham	525	3.5%	617	2.9%	-0.54% -	0.54	-£159,579
Powys	327	2.2%	774	3.7%	1.52%	1.52	£448,326
Ceredigion	413	2.7%	332	1.6%	-1.16% -	1.16	-£341,497
Pembrokeshire	547	3.6%	693	3.3%	-0.32% -	0.32	-£95,220
Carmarthenshire	1,160	7.7%	1,620	7.7%	0.03%	0.03	£7,804
Swansea	3,275	21.6%	1,743	8.3%	-13.37% -	13.37	-£3,951,809
Neath Port Talbot	475	3.1%	984	4.7%	1.53%	1.53	£453,318
Bridgend	402	2.7%	1,352	6.4%	3.77%	3.77	£1,113,207
The Vale of Glamorgan	287	1.9%	650	3.1%	1.19%	1.19	£352,403
Rhondda Cynon Taff	522	3.4%	1,038	4.9%	1.48%	1.48	£437,948
Merthyr Tydfil	220	1.5%	482	2.3%	0.84%	0.84	£246,812
Caerphilly	403	2.7%	1,022	4.9%	2.19%	2.19	£646,686
Blaenau Gwent	518	3.4%	385	1.8%	-1.60% -	1.60	-£472,243
Torfaen	268	1.8%	594	2.8%	1.05%	1.05	£309,608
Monmouthshire	352	2.3%	487	2.3%	-0.01% -	0.01	-£3,419
Newport	975	6.4%	1,368	6.5%	0.05%	0.05	£15,491
Cardiff	3,195	21.1%	4,306	20.5%	-0.67% -	0.67	-£197,479
<b>Wales</b>	<b>15,128</b>	<b>100%</b>	<b>21,055</b>	<b>100%</b>		<b>SSA Element</b>	<b>£29,557,722</b>

**Original**

A three-year average (2013-14 to 2015-16) of the annual number of total homelessness decisions taken.

**Alternative**

The updated data source uses a total of the number of households threatened with homelessness within 56 days (section 66) and the number of households assessed as homeless and owed a duty to secure accommodation (section 73), averaged over the past 3 years 2020-21 to 2022-23.

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**Table 3: Summary Standard Spending Assessment (SSA)**

£'000

Unitary Authority	Settlement				Difference Value			Difference %		
	2024-25	Scenario 1:	Scenario 2:	Scenario 3:	Scenario 1:	Scenario 2:	Scenario 3:	Scenario 1:	Scenario 2:	Scenario 3:
Angelsey	176,490	176,483	176,470	176,463	-7	-21	-28	0.00%	-0.01%	-0.02%
Gwynedd	311,474	311,471	311,276	311,272	-3	-199	-202	0.00%	-0.06%	-0.06%
Conwy	283,999	283,996	284,422	284,419	-2	423	421	0.00%	0.15%	0.15%
Denbighshire	265,475	265,463	265,946	265,934	-12	471	460	0.00%	0.18%	0.17%
Flintshire	362,270	362,323	362,785	362,838	53	515	568	0.01%	0.14%	0.16%
Wrexham	319,083	319,104	318,924	318,945	21	-160	-139	0.01%	-0.05%	-0.04%
Powys	335,781	335,785	336,229	336,233	4	448	452	0.00%	0.13%	0.13%
Ceredigion	186,352	186,348	186,010	186,007	-3	-341	-345	0.00%	-0.18%	-0.19%
Pembrokeshire	308,341	308,330	308,246	308,235	-11	-95	-106	0.00%	-0.03%	-0.03%
Carmarthenshire	471,555	471,533	471,563	471,541	-22	8	-14	0.00%	0.00%	0.00%
Swansea	583,938	583,963	579,986	580,011	25	-3,952	-3,927	0.00%	-0.68%	-0.67%
Neath Port Talbot	363,586	363,552	364,039	364,006	-34	453	420	-0.01%	0.12%	0.12%
Bridgend	347,141	347,118	348,254	348,232	-22	1,113	1,091	-0.01%	0.32%	0.31%
Vale of Glamorgan	310,780	310,788	311,132	311,141	8	352	361	0.00%	0.11%	0.12%
RCT	611,842	611,812	612,280	612,250	-30	438	408	0.00%	0.07%	0.07%
Merthyr	153,678	153,675	153,924	153,922	-2	247	245	0.00%	0.16%	0.16%
Caerphilly	447,269	447,250	447,916	447,897	-19	647	628	0.00%	0.14%	0.14%
Blaenau Gwent	178,361	178,337	177,889	177,864	-24	-472	-496	-0.01%	-0.26%	-0.28%
Torfaen	233,771	233,797	234,081	234,107	26	310	336	0.01%	0.13%	0.14%
Monmouthshire	201,944	201,946	201,941	201,942	2	-3	-2	0.00%	0.00%	0.00%
Newport	402,006	402,038	402,022	402,053	32	15	47	0.01%	0.00%	0.01%
Cardiff	861,219	861,240	861,022	861,043	21	-197	-176	0.00%	-0.02%	-0.02%
<b>Total Unitary Authorities</b>	<b>7,716,355</b>	<b>7,716,355</b>	<b>7,716,355</b>	<b>7,716,355</b>						

**Notes:**

- Scenario 1:** Housing Benefit Recipients Data Only
- Scenario 2:** Total Homelessness Decisions Data Only
- Scenario 3:** Scenario 1 & Scenario 2