

Homelessness Prevention Grant technical note – 21/22 funding formula

This document provides a technical description of how we calculated the allocations for the Homelessness Prevention Grant in 2021/22 (and for 2022/23, as cash allocations were rolled over for this year, other than the domestic abuse new burdens element).

We considered the allocations in three elements. The first element considered the allocation of £200m using the Flexible Homelessness Support Grant formula. The second element considered the allocation of £63m using the Homelessness Reduction Grant formula. The third element considered the allocation of £47m using a new formula first introduced in 2021/22 for the uplift in funding following a review of the Homelessness Reduction Act new burdens (referred to as the Homelessness Reduction Act uplift formula).

1. £200m

Allocated in the same way as the Flexible Homelessness Support Grant.

The funding was allocated according to a formula which reflected relative

homeless pressures, while at the same time aiming to protect local authorities which

currently have high levels of Temporary Accommodation. Relative homelessness pressures were calculated by adding number of acceptances + prevention and relief cases achieved by securing a private rented sector tenancy, with the following adjustments:

* accounting for private sector rental costs in different areas[[1]](#footnote-2).
* ensuring a minimum allocation level of £40,000.
* ensuring that no authority receives an annual allocation less than 75% of what we estimate they would have received under the DWP Temporary Accommodation Management Fee (TAMF) in 2019/20

MHCLG Homelessness data from the year to March 2017 was used to assess levels of acceptances and preventions, and then projected into the future based on current trends.

MHCLG Homelessness data for the financial year 2016/17 was used to estimate levels of the DWP TAMF, then projected into the future based on current trends.

1. £63m

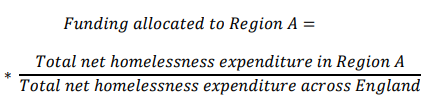
The first £47.9m was allocated using the Homelessness Reduction Act New Burdens formula, in two stages.

* Stage 1 allocated funding regionally and uses different sub-formulas depending on which sub-duty is being allocated – using:
  + RO4 finance data - homelessness expenditure for homelessness administration, support and prevention
  + Homelessness stats – number of people with duty owed, acceptances to the main housing duty
* Stage 2 distributed the regional funding to authorities within each region. Demand for homelessness services in each authority within a region was estimated by weighting Office for National Statistics (ONS) 2018[[2]](#footnote-3) midyear population estimates with MHCLG 2019 Index of Multiple Deprivation[[3]](#footnote-4) average scores.

Further detail regarding the methodology can be found [here](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/652257/Distribution_methodology_note.pdf).

The remaining £15m was also allocated in two stages.

* Stage 1 distributed funding regionally using the ‘duty to secure accommodation’ sub-formula.



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* Stage 2 allocated regional funding by weighting population estimates with MHCLG Index of Multiple Deprivation average scores. This is identical to Stage 2 of the New Burdens formula above.

1. £47m

The first £37.6m was allocated using a relative estimate of pressures using the following elements:

* A: The number of housing benefit claimants at December 2019. This is the sum of private and social rented sector housing benefit claimants and households on universal credit with a housing entitlement in the private and social rented sector. This information can be found on DWP stat Xplore.
* B: Lower quartile monthly private rented sector rents for two-bedroom properties 2019/20[[4]](#footnote-5)
* C: Area cost adjustment, as used in allocating COVID-19 related funding to lower-tier authorities.[[5]](#footnote-6)

Calculated using the following formula:

*Pressure* = *A* \* (*B* + *C* \* 8 *hours* \* £15 *per hour*)

The allocation for each local authority was derived as the proportion of the total pressure across all local authorities.

The remaining £9.4m was allocated based on the share of total single adult households owed a prevention or a relief duty in 2019/20[[6]](#footnote-7).

**MISSING DATA**

*For elements 1 and 2:*

For the recently formed Buckinghamshire Council, the allocation for 2021-22 was the sum of the 2020-21 allocations of the four local authorities merged to form the council: Aylesbury Vale, Chiltern, Wycombe and South Bucks.

*For element 3:*

For the first £37.6m, we did not have a total number of housing benefit claimants for the newly formed Buckinghamshire Council. We estimated the total using the values for the four local authorities merged to form the council: Aylesbury, Chiltern, Wycombe and South Bucks.

We also did not have rent data for the following local authorities: Buckinghamshire Council; Bournemouth, Christchurch and Poole; West Suffolk; Somerset West and Taunton; East Suffolk; Dorset. We estimated rents in these local authorities using a weighted average of rents across the local authorities that merged to create them (Buckinghamshire = Aylesbury, Chiltern, Wycombe and South Bucks; Bournemouth, Christchurch and Poole = Bournemouth, Christchurch and Poole; West Suffolk = Forest Heath and St Edmundsbury; Somerset West and Taunton = Somerset West and Taunton; East Suffolk = Suffolk Coastal and Waveney; Dorset = East Dorset, North Dorset, Purbeck, West Dorset and Weymouth and Portland). Weights were based on the total number of homelessness prevention and relief duties owed in 2018/19[[7]](#footnote-8).

We also did not have data on an area cost adjustment for Isles of Scilly. We used the area cost adjustment for Cornwall in its place.

For the £9.4m, where there is missing data in the published homelessness tables, we estimated local authority shares using the share of the first 80% but reduced this share by 25% to ensure that local authorities did not gain (relative to 75% of local authorities) as a result of missing data. We then rescaled all shares to ensure the total across all local authorities added to 100%.

*Overall:*

Allocations for West Northamptonshire and North Northamptonshire were calculated as the sum of what would have been allocated for their constituent parts (West Northamptonshire = Daventry District, Northampton and South Northants; North Northamptonshire = Wellingborough, Kettering, Corby and East Northants)

1. Lower quartile monthly private rented sector rents for two-bedroom properties 2019/20: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/privaterentalmarketsummarystatisticsinengland>, Table 2.4 [↑](#footnote-ref-2)
2. <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/mid2018> [↑](#footnote-ref-3)
3. <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019> [↑](#footnote-ref-4)
4. <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/privaterentalmarketsummarystatisticsinengland>, Table 2.4 [↑](#footnote-ref-5)
5. More detail: <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/928337/Technical_Note_October2020Allocations.pdf>, Annex B. Data is available here: <https://www.gov.uk/government/publications/covid-19-emergency-funding-for-local-government> [↑](#footnote-ref-6)
6. <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness> [↑](#footnote-ref-7)
7. <https://www.gov.uk/government/statistical-datasets/live-tables-on-homelessness> [↑](#footnote-ref-8)