

Allocation of Homelessness Prevention Grant 2021-22: technical note

1. Homelessness Prevention Grant

The £310m Homelessness Prevention Grant combines and uplifts what was previously the Flexible Homelessness Support Grant and Homelessness Reduction Grant. In 2020-21 we provided local authorities with £200m through the Flexible Homelessness Support Grant and £63m through the Homelessness Reduction Grant. In 2021-22 we have combined these two funding streams and uplifted them by £47m.

The purpose of the Homelessness Prevention Grant fund is to give local authorities control and flexibility in managing homelessness pressures and supporting those who are at risk of homelessness. We expect local authorities to use it to deliver the following priorities:

- To fully enforce the Homelessness Reduction Act and contribute to ending rough sleeping by increasing activity to prevent single homelessness
- Reduce family temporary accommodation numbers through maximising family homelessness prevention
- Eliminate the use of unsuitable bed and breakfast accommodation for families for longer than the statutory six week limit.

In our review of the Homelessness Reduction Act we committed to reviewing the new burdens funding associated with the Act. This review has been completed and we have assessed the average annual new burden as £77m per year. This is reflected in the £310m allocated for the Homelessness Prevention Grant.

This document provides a technical description of how we calculated the allocations for the Homelessness Prevention Grant. We consider the allocations in two stages. The first stage considers the allocation of the £263m which reflects the value of grants awarded in 2020-21. The second stage considers the allocation of the £47m additional funding being made available in 2021-22.

Allocations for West Northamptonshire and North Northamptonshire are 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).

2. Initial £263m

The first £263m is allocated in the same way as the combined Flexible Homelessness Support Grant and Homelessness Reduction Grant allocations in 2020-21. These can be found here:

<https://www.gov.uk/government/publications/flexible-homelessness-support-grant-and-homelessness-reduction-grant-2020-to-2021>

MISSING DATA

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

3. Additional £47m

This additional funding is allocated via a new formula that takes into account relative homelessness pressures and seeks to ensure the funding is allocated to support delivery of the above priorities. The first 80% of the funding uplift is allocated to reflect relative homelessness pressures. We derive a relative estimate of pressures using the following elements:

- A: The number of housing benefit claimants at December 2019. We expect this to reflect the relative number of households becoming homeless. 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. This reflects the relative costs of prevention in terms of securing accommodation for homeless households. This is available from table 2.4 here: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/private-rental-market-summary-statistics-in-england>
- C: area cost adjustment, as used in allocating COVID-19 related funding to lower-tier authorities. This reflects the relative costs of prevention in terms of staff time. More detail is available at annex B here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/928337/Technical_Note_October2020Allocations.pdf
Data is available here: <https://www.gov.uk/government/publications/covid-19-emergency-funding-for-local-government>

The relative pressure is calculated using the following formula:

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

The allocation share for each local authority (i) is derived as the proportion of the total pressure in each local authority:

$$share_i = \frac{pressure_i}{\sum_i^n pressure_i}$$

MISSING DATA

Variable A – housing benefit claimants

We do not have a total number of housing benefit claimants for the newly formed Buckinghamshire Council. We estimate the total using the values for the four local authorities merged to form the council: Aylesbury, Chiltern, Wycombe and South Bucks.

Variable B – lower quartile rents

We do 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 estimate 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 are based on the total number of homelessness prevention and relief duties owed in 2018/19. This data is available here: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

Variable C

We do not have data on an area cost adjustment for Isles of Scilly. We use the area cost adjustment for Cornwall in its place.

The remaining 20% of the £47m uplift in funding is allocated based on single homelessness pressures. This is calculated as the share of total single adult households owed a prevention or a relief duty in 2019/20. This is available here: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

MISSING DATA

Where there is missing data in the published homelessness tables, we estimate local authority shares using the share of the first 80%, but reduce this share by 25% to ensure that local authorities do not gain (relative to 75% of local authorities) as a result of missing data. We then rescale all shares to ensure the total across all local authorities adds to 100%.