

Technical Annex on the TA Relative Needs Formula (RNF)

Introduction

The Temporary Accommodation (TA) Relative Needs Formula (RNF) intends to capture:

- TA Demand Pressures
- TA Cost Pressures

It does not intend to estimate the absolute value of Local Authority (LA) TA costs but rather the relative difference in cost pressures between LAs.

TA pressures vary significantly across LAs. TA numbers are highly correlated year-on-year, so the formula uses past TA numbers to estimate future relative pressures.

TA unit costs, also vary significantly across LAs, the formula uses Private rented sector (PRS) mean 2 bed rents, to estimate relative cost differences.

The TA Relative needs formula seeks to bring together these pressures into a single 'TA cost score' in order to assess relative TA cost pressures using consistent and objective data sources.

Methodology

The TA RNF calculates a total LA TA pressure 'score' by multiplying the LA's 'TA Numbers' by 'PRS 2-bed mean rents'.

Both variables are standardised before multiplying in order to ensure that both variables are equally weighted in the final pressures score.

'TA numbers' are taken from H-CLIC LA data on the total number of households in TA at the end of each quarter by LA. We take the average of all available values over the last available financial year, so if an LA has a complete set of data, we take the average of all 4 quarters but if they only have one quarter of data available, we use that value.

In a handful of cases an LA may have no data points available across the last available financial year. In this case, we use a predictive method using the national H-CLIC estimates of TA (which include imputed data for LAs with missing data) and compare that to the LA proportions of RO4 TA net spend (from published Revenue Outturn tables). We then estimate their share of this total from the LA RO4 share of spending on TA.

For rents we use monthly, ONS published data on mean two-bed rents, taking the average of the last 12 months in the last available financial year. The Price index of private rents uses a geometric mean to avoid outliers inflating the average. This is a complete data set so does not necessitate an approach to missing data except in the case of the Isles of Scilly, where we use the Cornwall value as a proxy.

We are not seeking to approximate the absolute values of TA costs with PRS rents, rather the relative differences across LAs in nightly costs. This does not imply that temporary accommodation costs are in line with rents. It is based on the assumption that, generally in areas where rents are more expensive, this reflects high demand for rental properties which will also be reflected in TA unit costs

The total 'pressures score' for all LAs is added together and each LA's RNF is determined by their share of total pressures.

Changes from the Fair Funding Review 2.0 consultation

The TA RNF formula has not been changed since the Fair Finding Review. It was also consulted on as part of the 'Funding arrangements for the Homelessness Prevention Grant 2026-27 onward' consultation. See consultation response here - [Funding arrangements for the Homelessness Prevention Grant from 2026-27 onwards - GOV.UK](#).

The Consultation sets out the process taken to develop the formula, including collaboration with a reference group comprised of an independent academic and 15 local authorities representing a cross-section of the different types, tiers and regions in England.

Data and technical definitions

Data used:

- **H-CLIC Detailed quarterly local authority tables - [Tables on homelessness - GOV.UK](#). Table TA 1 column E.**
 - [Detailed local authority tables: April to June 2023](#)
 - [Detailed local authority tables: July to September 2023](#)
 - [Detailed local authority tables: October to December 2023](#)
 - [Detailed local authority tables: January to March 2024](#)
- **Price Index of Private Rents, UK: Monthly statistics (April 2023 to March 2024)- [Price Index of Private Rents, UK: monthly price statistics - Office for National Statistics](#). Table 1 – Column P (2023-24 monthly average)**
- **Local authority revenue expenditure and financing England 2023 to 2024 individual local authority data – [outturn Revenue outturn housing service \(RO4\)](#)-** sum of net current expenditure on 'Nightly paid, privately managed accommodation, self-contained', 'Private sector accommodation leased by authority or by a registered provider', 'Hostels (including reception centres, emergency units and refuges', 'Bed and breakfast hotels (including shared annexes)', 'Local authority or housing association stock', 'Any other type of temporary accommodation (including private landlord and not known)'.