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Llywodraeth Cymru  
Welsh Government

Ein cyf / Our ref: LF/CS/0184/14

Jocelyn Davies AM  
Chair  
The Finance Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA



February 2014

Dear Jocelyn

**Housing (Wales) Bill – Finance Committee – provision of further information**

Thank you for inviting me to the Finance Committee on 5 February 2014 to discuss the Housing (Wales) Bill and for your letter of 7 February seeking further information on some issues.

I am pleased to provide this information, listed below:

(i) Data sharing of Housing Benefit.

*Data sharing in relation to housing benefit and council tax information is something to which we are currently giving more consideration. Section 237 of the Housing Act 2004 covers the sharing of information in relation to HMO and selective licensing schemes, and we are considering this in the context of making provision for the sharing of information for the purposes of the proposed registration and licensing scheme. Further information on this matter will be available when our proposals are more finalised.*

(ii) Spending on Gypsy and Traveller sites.

*A note on this is provided at Appendix One.*

(iii) Amendments at Stages 2 and 3 that will seek to change any financial aspects in the Bill

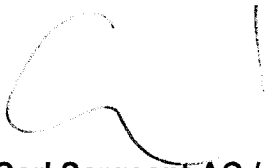
*I am currently considering possible amendments to the Bill in the light of discussions and Committee scrutiny of the Bill and will write again outlining the financial implications of amendments when they are tabled.*

Members also asked that I provide a note identifying how the proposed £1m savings associated with the priority need status of prisoners has been calculated.

*A note on this is provided at Appendix Two.*

I trust that the additional information I have supplied will assist Members in their scrutiny of the Housing (Wales) Bill. Should you or any Member have any further queries or require more information on any aspect, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'CS', written over a light blue horizontal line.

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### Gypsy and Traveller Sites Capital Grant

The current level of Sites Capital Grant funding available is £1.5m per annum. The Welsh Government continues to consider the options to meet anticipated demand over the coming years if the Housing (Wales) Bill is passed. Although funding is a crucial component of this issue, political leadership is just as important. This is evidenced by previous years of unspent funds against this grant.

The following table outlines the total grant available in each year since the inception of the New Sites Grant (which was combined with the refurbishment grant in 2010/11) and actual spend.

#### Gypsy and Traveller Sites Capital Grant funding by financial year

	Available	Actual Spend	New Sites
2008/09	£2,500,000	£220,195	No
2009/10	£2,500,000	£1,616,232	No
2010/11	£2,500,000	£1,100,853	No
2011/12	£2,000,000	£1,966,261	No
2012/13	£1,750,000	£1,301,630	No
2013/14	£3,250,000	Full spend expected	Yes

*NB: In some years expenditure has been allocated to the following financial year due the period in which it was claimed by local authorities.*

In 2008/09 and 2009/10 £1.5m of the total was set aside for New Site development but was not spent. As a result, the New Sites and Refurbishment grants were amalgamated in 2010/11 to offer more flexibility for the funds to be spent on deliverable projects. The budgetary constraints caused by the recession meant that these grants were subject to funding reductions, as it could not be demonstrated that the grant was achieving its objective. The overall grant was reduced to £2m in 2011/12 and then £1.75m in 2012/13. However in 2013/14 the baseline funding of £1.5m was 'topped up' by £1.75m for the development of the first new site in Wales since 1997.

Local authorities have stated that they expect a significant increase in demand for this grant if the Housing (Wales) Bill is passed but the data above shows that a lack of site provision is not purely about the availability of funding. Welsh Government officials are continuing to work through options in relation to the level of Sites Capital Grant required in due course.



## HOUSING (WALES) BILL: PART 2 HOMELESSNESS PROVISIONS

FINANCIAL IMPACT CALCULATION OF  
AMENDMENT TO PRIORITY NEED STATUS OF FORMER PRISONERS

Paragraph 7.121 of the Explanatory Memorandum to the Housing (Wales) Bill describes the potential saving associated with the removal of the blanket priority need status for former prisoners. Over and above matters of principle about former prisoners automatically being considered for housing ahead of others in need, in recent years, local authorities have expressed increasing concern about the cost of finding accommodation for this group, which now comprise 15 percent of all people accepted for the full re-housing duty (around 1,100 per year).

A survey of local authorities by the Welsh Government in summer 2013 revealed that the average cost of meeting their homelessness duty to each former prisoner was £2,100. Based on an assumption that under the proposed legislation, local authorities find that 10 per cent of applicants who are or have been prisoners meet the revised definition, and accounting for the cost of providing the enhanced prevention and relief duties to this group, the change will reduce the net costs for local authorities of discharging their homelessness duties by approximately £1,200,000 per year.

Paragraph 4 of Annex B refers to the potential saving in the context of meeting the initial additional costs of implementing the provisions in the Bill. The Draft Budget includes £4,900,000 new funding. £1,000,000 will be saved from the cost of duties for released prisoners, resulting from provisions in the Bill. This is a year-on-year saving. In 2016-2017, it is estimated that this £1,000,000 saving will be ongoing and will be accompanied by a further £1,000,000 saving from existing Homelessness budgets. The latter will be achieved as a result of the major review that is currently being undertaken into the deployment of the £7 million Homelessness Grant programme. The review will align future expenditure with the core prevention goal of the Housing Bill.

The £1,000,000 saving is based on a comparison of the current average cost of accommodating a former prisoner with the likely cost under the new legislation. It takes into account the prevention rates and tighter priority need definition.

Table 1 estimates the current cost of accommodating former prisoners based on the average unit cost calculated after the exercise undertaken by my officials during the summer of 2013.

**Table 1: Cost of duty to former prisoners in current legislation**

Type of assistance	Households [former prisoners]		
	No.	Unit cost (£)	Total cost (£)-total
Full homelessness duty owed to former prisoners	1,100	2,100	2,310,000
		<b>Total</b>	2,310,000



In order to make a comparison, the same number of presentations is assumed for the new legislation (1,100). The revised average unit cost and agreed prevention filters have been taken from the research commissioned from Cardiff University, both of which have been supported by the WLGA. The expectation is that the majority of former prisoners will have their housing needs met as a result of the prevention and relief stages of the legislation leaving a small number left to access the full duty as a result of their priority need either via the amended prisoner definition or via one of the other priority need categories.

**Table 2: Cost of duty to former prisoners in proposed legislation**

Type of assistance	Households [former prisoners]		
	No.	Unit cost (£)	Total cost (£)-total
Enter Prevention stage	946	993.00	939,378
Direct to Relief stage	154	1,184.00	182,336
Passed to Relief stage	341	191.25	65,216
Full duty owed	47	2,030.50 <sup>1</sup>	95,433
		<b>Total</b>	<b>1,282,363</b>

Unit cost does not include costs associated with the earlier prevention or relief stages. Table 3 below compares the two calculations above. It shows the estimated saving as just over £1,000,000. This differs slightly from the figure at 7.121 of the Explanatory Memorandum because that saving was calculated by comparing legislative costs using the same higher average unit cost for both the current and proposed legislation, thereby calculating the savings in relation to the new proposed model for supporting people threatened with homelessness. In order to budget for the proposals, it is more appropriate to consider the actual cost savings by making the comparison using the existing unit cost, provided by Welsh authorities, against the new unit cost.

The savings are considered to be achievable on the basis that the average unit cost as agreed with WLGA errs on the generous side for local authorities. It also does not take into account the unknown number of former prisoners who will now no longer present to a local authority due to the removal of priority need.

**Table 3: Estimated savings**

Current legislation (£)	New legislation (£)	Savings (£)
2,310,000	1,282,363	1,027,637

