



Title: **Needs & Redistribution Technical Working Group**

Paper: NR TWG 16/25 A long list of possible cost drivers by the Department for Communities and Local Government

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POLICY DEVELOPMENT: NOT A STATEMENT OF GOVERNMENT POLICY

Introduction

This paper seeks comments on a long list of potential cost drivers for the new needs assessment formulas which will form a future round of public engagement. The long list below is based on the papers read and discussed to date by the Needs and Redistribution Technical Working Group (TWG). Our aim remains that this should be significantly shortened firstly by an engagement process and secondly by statistical techniques, which we can deploy subsequently, to identify and present to the TWG those which are 'key'. Initially setting out a comprehensive list will mitigate the possibility of missing any which the TWG view as important.

Papers discussed by the TWG have focused on 'defining need'. This is as per the published work plan and will pre-empt any lengthy data collection which may be necessary. The TWG has therefore commissioned and received a number of associated papers including 4 on statistical methodology, 3 on cost drivers and 6 on specific service areas (for a full breakdown please see Annex A). These discussions have been complemented by the Review's other analytical work and its cross-Whitehall engagement undertaken to identify cost drivers for services delivered by councils.

As the issue over how and whether formulas are grouped is to be addressed in due course, we have structured the list below according to headline service areas and based on what has been provided to us by policy officials outside of DCLG. This also includes a section for discussion on cross cutting cost drivers.

Our next steps are to understand the sector's views on these drivers through public engagement and ascertain whether there are any others we have missed. This will help us to begin narrowing down the right variables for the new needs assessment formulas.

We have summarised a list of questions for the TWG at the end of this paper.

Adult social care

Provided to us by policy officials from the Department of Health (DH):

- Projected household and supported residents aged 65 and over
- Number of entitled attendance allowance claimants aged 65 and over per person aged 65 and over
- Number of people aged 85 and over with a limiting (significantly) condition per Census person aged 65 and over
- Number of people aged 80 and over claiming pension credit per person aged 65 and over
- Number of couple households aged 65 and over per Census household aged 65 and over
- Number of home owner households (outright ownership only) aged 65 and over per Census household aged 65 and over
- Number of properties in Council Tax bands A, B, C, D and E per all Council Tax banded properties
- Number of properties in Council Tax bands F, G and H per all Council Tax banded properties
- Sparsity adjustment for people aged 65 and over
 - Population sparsity for people aged 65 and over
 - Population super sparsity for people aged 65 and over
- Area cost adjustment for older people's personal social services
- Low income adjustment for older people's personal social services

Children's Services

Provided to us by policy officials from the Department for Education (DFE):

- Increase in service demand including -
 - numbers and rates of care applications
 - numbers of children subject of a child protection plan
 - care leavers eligible for care leaver support
 - specialist SEN places.
- The increasing number of children aged less than 18 years old.
- Demographic vulnerability in population including an increase in unaccompanied asylum seeking children (UASC).
- Deprivation
- Radicalisation:
 - number of small number of children and families which require intensive intervention
 - the number of children with complex needs
- Increased awareness – differing prevalence of awareness raising campaigns on child abuse and neglect which may bring to light unmet needs and increased demand.

Highways maintenance

In collaboration with officials from the Department for Transport:

- Road lengths
- Usage / Traffic flow
- Day time population per kilometre
- Snow days / forecast snow days
- Area cost adjustment for highway maintenance
- Cost of oil

Waste and recycling

From policy officials from the Department for the Environment, Food and Rural Affairs (Defra).

- Number of households
- Ward sparsity / rurality (the household density **and** distances to other households)
- Deprivation (e.g. % population as social grade D&E or IMD deciles)
- Number of high rise blocks of flats (these incur higher costs - but data issues)
- Demand for municipal and civic amenity waste collection
- Varying capability for cost recovery including gate fees
- Extent of service integration across LAs
- Proportion of population aged 18 to 64 who work in Routine or Semi Routine Occupations

Crosscutting

There are some recurring cost drivers which impact multiple services delivered by local government. We have listed some of these below with comments as a starting point for discussion on how to treat and prioritise during the course of development.

- **Demographics** – which is a core driver of need and has been discussed elsewhere. The Office of National Statistics provides detailed breakdowns by age group, and publish future projections every year in arrears, although 30 year projections are published every 2 years, using data from 2 years prior to publication.
- **Rurality** – policy officials in Defra have defined the particular drivers affecting rural areas as following:
 - Lower population densities / ward sparsity (the penalties of distance: lower economies of scale, higher per capita costs of service delivery through higher travel costs and higher levels of unproductive staff time).
 - The demographics and environment of rural areas
 - Services which are specific or more prevalent in rural areas than they are in urban areas.
- **Deprivation** – In the past we have used benefit data from the Department for Work and Pensions (DWP) as a proxy, which measure income and employment levels. The robustness of similar such data in future formula development or updates is

impacted by the partial roll out of Universal Credit (UC). Another way to measure and factor deprivation could be the Index of Multiple Deprivation, which makes data available at a detailed sub-local authority level. There is a question over how to incorporate such indicators within individual formulas.

The DWP Client Statistics team have been in touch with the following information regarding data available for Universal Credit:

- Figures are published monthly on the gov.uk website, relating to over 400,000 people on UC
- These include breakdowns by Jobcentre geographies, local authority, tier of local government, constituency, and individuals' details such as age, employment, duration
- Their future data release strategy can be found here:
<https://www.gov.uk/government/publications/universal-credit-statistics-background-information/universal-credit-statistics-background-information> - and includes information about households.

Other – suggested by Other Government Departments

The below services have had a bespoke set of cost drivers suggested by officials from other government departments across Whitehall (in no particular order).

Concessionary travel – there was agreement at the November TWG that the current formula was appropriate:

- Modelled concessionary bus boardings
- Projected population of older adults

Flood funding – from policy officials in Defra:

- Current levels of national funding for flood risk and coastal erosion management.
- The level of risk of flooding from surface water, ordinary watercourses and groundwater in their area.
- The need for maintenance of ordinary watercourses and land drainage in their area.
- The need for coastal erosion protection
- Development pressure and numbers of planning applications
- Climate change

Cultural services – from policy officials in the Department for Culture, Media and Sports (DCMS):

- Positive day time inflow of day visitors (reference to Great Britain Day Visits Survey

- Number of overnight tourists (reference to Great British Tourism Survey)
- Local supply of cultural assets and facilities
- Population figures

Youth services - Recreational and educational leisure time from policy officials In DCMS

- number of young people not in education, employment or training
- number of young people 10-18
- number of young people up to 25 with disabilities

School transport – from policy officials in DFE.

- Pupils aged 3 to 18
- Resident pupils aged 3 to 18
- Ward sparsity
- Area Cost Adjustment for Education

Homelessness – from policy officials in DCLG

- Number of local authority acceptances
- Number of prevention/relief achieved by securing a private rented sector tenancy
- Differing rental costs across the country
- The additional cost of housing larger families in some areas
- The high numbers of historic temporary accommodation in some areas

Younger People's Social Care – from policy officials in DH

- Projected population aged 18 to 64
- Number of people aged 16 to 64 inclusive whose day-to-day activities are limited a lot per Census person aged 16 to 64 inclusive
- Sum of people claiming any of the following benefits [JSA (aged 16+) plus IS (aged 16 to 59) plus ESA (aged 16 to 59)] per person aged 16 to 59 inclusive
- Number of people living in households with one family (all ages) per Census person (all ages)
- Number of people aged 16 to 24 inclusive per person aged 16 to 64 inclusive
- Area cost adjustment for children's social care and younger adults' personal social services

Learning Disability and Health Reform - from policy officials in DH

- Projected household and supported residents aged 65 and over
- 2013-14 Adult Social Care RNF
- Area cost adjustment for older people's personal social services
- Learning Disability transfer 2010 baseline

Preserved Rights - from policy officials in DH

- Number of preserved right clients aged 18 to 64 (new data needed)
- Number of preserved right clients aged 65 and over (new data needed)
- Area Cost Adjustment
- HIV/AIDS (rolled into settlement in 2011/12)
- HIV/AIDS data –SOPHID – Survey of People with HIV Infections Diagnosed. Details of the calculation are not published as data is confidential.

Other – from existing RNFs

The below cost drivers refer to existing RNFs for services delivered by local government.

For Info: does not assume the Review is aiming to replicate a similar set of formulas.

Capital Financing

- Interest Rate
- Debt 1 ie Assumed outstanding debt at 1 April 2013
 - Assumed outstanding debt as as 1 April 1990
 - Notional debt as as 1 April 1990
 - Estimate of actual debt as as 1 April 1990
 - Credit Approvals from 1990-91 to 2003-04
 - Supported Capital Expenditure (Revenue) from 2004-05 to 2010-11
Assumed capital repayment

Fire and rescue

- Projected population in 2013
- Coastline
- Population density
- Population sparsity
- COMAH sites
- Property and societal risk
- Community Fire Safety
 - Pupils in maintained and independent schools aged 5-10
 - Resident living in areas with a greater need for fire safety education, based on ACORN classifications
 - Resident population aged 65 and over
- Area cost adjustment for fire and rescue

Early intervention

- Weighted Projected Population Aged 13 to 19 in 2013
 - Projected population aged 13 to 19 in 2013
 - Projected population aged 13 to 14 in 2013
 - Projected population aged 15 to 17 in 2013
 - Projected population aged 18 to 19 in 2013
- Weighted Pupils Aged 13 to 19
 - Pupils Aged 13 to 19

- Pupils Aged 13 to 19 and under in Further Education
 - Pupils Aged 13 to 19 and under in Secure Accommodation
- Weighted Pupil Attainment
- Population Aged 16 to 18 not in Employment, Education or Training
- Deprivation Index (AH)
- Projected Population Aged 0 to 4 in 2013
- Ward sparsity
 - Super sparsity
 - Sparsity
- Area Cost Adjustment for Education

Continuing EA Levies / Coast protection

- Environment agency (England) levy

Local transport services

- 2010-11 Road Safety Grant
- 2010-11 Rural Bus Subsidy Grant
- 2010-11 Detrunking Grant

Supporting People

- Projected population aged 60 and over in 2013
- Weighted population aged 60 and over
- Index of Multiple Deprivation - Employment and Income
- Index of Multiple Deprivation – Geographical Barriers
- Index of Multiple Deprivation – Indoors Living Environment
- Population Density Index
- Population Sparsity Index
- Labour Cost Adjustment Index
- Projected Population Aged 20 to 59 in 2013
- Households that are Eligible, Unintentionally Homeless and In Priority Need
- Projected Population Aged 16 to 25 in 2013
- Births to Teenage Mothers
- Young People Who Cease to be Looked After In Care
- Single Homeless Households
- Rough Sleepers
- People Treated for Drug Misuse
- Projected Population Aged 16 to 64 in 2013
- People Treated for Mental Health Problems
- Asylum Seekers Population
- Population with HIV
- Gypsies and Travellers
- Projected Population Aged 20 to 64 in 2013

- People with Learning and Physical Disabilities That Are Using Community Based Services

Housing Strategy for Older People

- Projected population aged 60 and over in 2013
- Weighted population aged 60 and over
- Index of Multiple Deprivation - Employment and Income
- Index of Multiple Deprivation – Geographical Barriers
- Index of Multiple Deprivation – Indoors Living Environment
- Population Density Index
- Population Sparsity Index
- Labour Cost Adjustment Index

Animal Health and Welfare

- 2010-11 Animal Health and Welfare Grant

Localised Council Tax Support

- 2012-13 Band D Council Tax Amount
- 2012-13 Band D Area Council Tax Amount
- 2012-13 Band D Precepting Council Tax Amount
- 2012-13 Band D Parish Precept Council Tax Amount
- 2012-13 Band D Non-Police Precepting Council Tax Amount

Council Tax Freeze Compensation

- 2011-12 Council Tax Freeze Grant
- 2013-14 Council Tax Freeze Grant
- 2014-15 Council Tax Freeze Grant

QUESTIONS FOR THE TWG

1. Are there any cost drivers which are missing from any of these lists?
2. Are there any problems with any of the cost drivers in these lists?
3. While this paper does not presuppose service specific formulas, what are your views on some of these categories? And are there alternative possible categories?
 - For example, the ALATs group have previously suggested 'Learning, skills and employment'; 'Electoral Services'

Annex A – Papers discussed by the Needs and Redistribution TWG

Defining Need	Cost drivers	<ul style="list-style-type: none"> NR16/04 'Cost Drivers for Local Government Services' – an early discussion on service groupings and cost drivers NR 16/06 'Indicators used in the 2013-14 allocation of the SFA' – a summary of those used in the last needs assessment NR16/17 'ALATs update' – a summary of the work of ALATs on key cost drivers
	Statistical methodology	<ul style="list-style-type: none"> NR16/05 'Measuring Need' – a summary of the current approach and the expenditure lines used to construct the RNFs in 13-14 NR16/08 'Alternative approaches – Outcome measures' from CIPFA on outcomes-based regression analysis NR16/19 'An approach to assessing need using key cost drivers' – from ALATs proposing a single basket of indicators. NR16/20 'Different statistical techniques for assessing need' – the pros and cons of 6 possible methodologies.
	Particular service areas	<ul style="list-style-type: none"> NR16/14 'Approaches to estimating relative needs for Adult Social Care' –from DH discussing different approaches and underlying drivers for measuring need for ASC NR16/18 'Cost drivers for children's services' – from DfE discussing trends in spend, cost and demand on children's services with an assessment of key drivers NR16/21 'Looked after children and pressures' – from ANEC linking the number of children in care with deprivation indicators NR16/23 'Transport cost drivers' – from DfT on highways maintenance and bus support current and future cost drivers NR 16/24 'Capital financing paper' – summarising how the current CF RNF is derived NR16/11 'EPCS – Assessment of Needs' – by ANEC on statutory services funded by this block, with figures and discussing whether it is an appropriate grouping
	Other	<ul style="list-style-type: none"> NR16/03 'Local authority comparisons of 2014-15 reported expenditure' – analysis of expenditure per person using 14-15 data broken down by class of authority, service block and region
Systems	Resets	<ul style="list-style-type: none"> NR16/10 'Needs and Resets' – on arrangements for updating relative needs to coincide with partial resets NR16/16 'Resets update' – an update on the work of the Systems Design Working Group
	<i>Future topics</i>	<ul style="list-style-type: none"> Transitional arrangements after implementation of the new needs assessment baselines Integration with the wider 100% business rate reforms The approach to future reviews or updates of needs assessments
Resources	Council Tax	<ul style="list-style-type: none"> NR16/12 'Taking Account of Differences in Ability to Raise Council Tax Income' – a paper by ANEC discussing its place in a needs assessment
	<i>Future topics</i>	<ul style="list-style-type: none"> Other income streams available to councils, such as parking charges Differences in ability to grow business rates and how these might factor into a needs assessment