Measuring Need

Introduction

1. One of the key aims of this working group is to agree on an approach for measuring need. At the last technical working group meeting it was suggested at a paper outlining how need was measured in 2013-14 would help inform a discussion about the best approach to measuring need in the future.

2. This paper provides a summary of the expenditure lines used in the creating the last assessment of need which was based on measures of previous expenditure. The Group will also hear a presentation on CFO Insights which is an outcomes focused database.

RNF methodology in 2013-14

Expenditure lines used in constructing the 2013-14 RNFs

3. The group asked for a summary of which Revenue Outturn data lines had been fed into the individual RNFs. The accompanying suite of 2015-16 RO forms has been annotated to provide this information.

Methods used to construct the 2013-14 RNFs

4. In addition, the table below provides a summary of the way that each of the 2013-14 Relative Needs Formulae were originally constructed.

RNF Block	How the 2013-14 RNFs were constructed
Local Education Authority Central Functions	• Survey of costs, plus judgement to account for unmet need
Youth and Community	• Survey of costs, plus judgement to account for unmet need
Children's Social Care	• Multi-level modelling against individual spend
Younger Adults' Social Care	• Small area modelling
Older Peoples' PSS	• Small area modelling
Police	• Multiple WLS regressions against crime statistics • Multiple WLS regressions against spend
Fire and rescue	• Principal Component Analysis to create indices • WLS regression
District-Level EPCS	• Judgement

RNF Block	How the 2013-14 RNFs were constructed
County-Level EPCS	• Judgement
Concessionary Travel	• Logistic regression for the probability of holding a concessionary bus pass • WLS regression for numbers of boardings
Flood Defence	• Historical expenditure on IDB levies • Geographical characteristics for own spend
Coast Protection	• Historical expenditure
Fixed Costs	• Fixed amount per authority
Capital Financing	• Funding

Does the group agree that these are sensible groupings of services?

5. For those techniques where the data is used at an individual authority level data is generally readily available. However, the group agreed at the previous meeting that regressions against past expenditure should be avoided if possible, since past expenditure was influenced by the amount of funding previously allocated via the Local Government Finance Settlement.

6. The group suggested that one alternative that may be worth exploring was multi-level modelling. The small area/multi-level modelling techniques allow the impact of differences in policies and levels of efficiency across local authorities to be minimised. They use data at small geographic levels, either individuals or wards. Whilst much of the population, administrative and census data that are used in the current RNFs are readily available at this level, it is not true of expenditure data. A one-off data collection was carried out in 2003 collecting information on costs and service usage. 141 authorities supplied data.

7. To adopt these techniques in the future a similar bespoke data collection would need to be completed to collect expenditure data to determine the factors and weightings at the start of the 100% business rates scheme. Collecting expenditure and service usage data will take time, and will necessarily require local authorities to provide additional data. Previously it took around 2½ years to develop the formula, including the original data collection.

Does the Group wish to consider using multi-level modelling techniques given that this may take longer to generate results?

If you do think it is necessary is it a suitable technique for all service areas or should we concentrate on social care where costs are driven by characteristics of individual users.

Does the Group believe that all authorities that provide Social Care collect individual client data on the cost of providing services split by type of activity?