Going Home Staying Home

Resource allocation

Why do funds for homelessness need to be redistributed?

Over the last 30 years, the Specialist Homelessness Services (SHS) program funding allocations have been based on historical agreements, rather than need. Over time, changes in demographic and population trends mean that clients' needs have changed. SHS program funding has not been altered to reflect these demographic changes.

The Going Home Staying Home (GHSH) reform aims to achieve a more effective service system for people who are homeless or at risk of homelessness in NSW. Integral to the reform is the allocation of resources to where they are needed the most.

How have the GHSH reforms resulted in a better distribution?

For the first time, SHS program funding will be based on evidence. A population-based Resource Allocation Model (RAM) has been developed, the outputs of which have been factored into the setting of budgets for each of the 15 Family and Community Services (FACS) Districts.

This means that resources will be fairly and equitably distributed across NSW, rather than concentrated around the Sydney area, as they currently are.

What is a Resource Allocation Model (RAM)?

A RAM is a way of using evidence of need to inform decisions about how resources should be distributed. The RAM for the SHS program was developed independently to inform an equitable distribution of homelessness funds based on population need across NSW.

How does the RAM work?

Using the population as a starting point, the RAM then takes into account a range of factors that contribute to homelessness and increases the risk of occurrence, including socio-economic disadvantage, age, income, overcrowding, rates of domestic violence assaults, mental health, the misuse of alcohol and other drugs and remoteness.

Because homeless clients have different needs and require different levels of support, the RAM factors in client complexity. A needs index is then applied to account for differences in service delivery costs in different Districts.

The RAM uses this data to develop a proportionate allocation of SHS program grant funds, which is then applied to the available SHS Program grant budget to produce "ideal" District allocations. The RAM will be implemented over the next two contract cycles, the first starting in July 2014, the second in July 2017.

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What else has been taken into consideration in applying the RAM?

A number of other factors need to be taken into consideration, including the impact of the ending of the National Partnership Agreement on Homelessness funding at 30 June 2014[1], the movement of homeless clients between Districts; and the flow of homeless clients from regional and suburban areas to the inner city Sydney (or inner city drift) where there is currently a high concentration of services and crisis accommodation.

These have been factored in and the following parameters have been placed around the application of the RAM:

- implementation of the RAM will be *phased* over two contract periods to smooth the transition. One third of the RAM 'ideal' resource shift will occur in the first contract period, starting July 2014, with the remaining change in the second contract period, starting July 2017, after the RAM has been re-run with updated data

- the Sydney, South Eastern Sydney and Northern Sydney Districts' SHS program budgets will be *clustered* – that is, service planning for those areas will be undertaken together, in recognition of the client inter-flows and the close ties between the Districts

- the budget for the *inner city* LGA of Sydney will be ring fenced, and service planning and procurement will

be undertaken through a collaborative roundtable process, in recognition of that area's special circumstances, such as the existence of significant NGO-owned crisis and transitional accommodation. A separate fact sheet, *Inner City of Sydney procurement approach*, describes this process.

We will review the implementation of phase one of the RAM before the beginning of the next funding cycle to determine the correct annual District allocations over the July 2017 to July 2020 period. The data in the RAM will be updated, so that we can factor in information about demographic changes.

The current SHS program budgets for each District and the new annual District allocations for the July 2014 – July 2017 period are shown on the following page. Twelve of the 15 FACS Districts receive an increase in base SHS funding.

How were the service packages developed?

The District annual budget allocations contributed to the service planning process to develop homelessness service packages for each District, with input from sector representatives and Regional Homelessness Committees, in accordance with procurement guidelines.

Want to know more?

Visit the FACS website at www.housing.nsw.gov.au/GHSH.

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[1] The Australian Government has made no commitment to any further NPAH funding post 30 June 2014.

FACS District	2013-14 SHS Funding budget ($m)	2014-17 Phase 1 Annual Allocations ($m)
Central Coast	$5.45	$5.56
Far West	$1.04	$1.19
Hunter New England	$16.40	$17.91
Illawarra Shoalhaven	$5.93	$6.97
Mid North Coast	$3.48	$4.77
Murrumbidgee	$5.46	$5.94
Nepean Blue Mountains	$6.64	$6.68
Northern NSW	$5.50	$6.53
Northern Sydney*	$5.89	$6.90
South Eastern Sydney*	$23.80	$18.64
South Western Sydney	$13.68	$14.02
Southern NSW	$4.94	$4.87
Sydney*	$15.74	$14.08
Western NSW	$8.51	$8.68
Western Sydney	$12.57	$12.97
Total	**$135.03**	**$135.71**

The funding amounts are estimated at the present value.

*Northern Sydney, South Eastern Sydney and Sydney Districts with have their budgets clustered.