



FOLKETINGET
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FOLKETINGET
RIGSREVISIONEN

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Extract from Rigsrevisionen's report
submitted to the Public Accounts Committee

The state's reimbursement of municipal expenses for homeless people's accommodation in shelters

1. Introduction and conclusion

1.1. Purpose and conclusion

1. When homeless people stay at a shelter, the state reimburses a portion of the municipalities' expenses for their accommodation. The purpose of this report is to examine whether the reimbursement from the state is correctly calculated, meaning that the state reimburses the costs that it should – neither more nor less.

By the end of 2023, there were 114 shelters in 53 Danish municipalities, and approx. 7,200 people had stayed at a shelter for shorter or longer periods. The state's reimbursement of expenses for citizens' accommodation at shelters increased from DKK 501 million in 2014 to DKK 716 million in 2023 (2023 prices).

This study was initiated in response to a number of instances of incorrect reimbursement of expenses. For instance, the Ministry of Social Affairs and Housing intervened in a specific case about a shelter in the municipality of Copenhagen. The ministry found that the reimbursement charge included expenses that were not eligible.

In its report on the pathway for patients in the psychiatric system to supported housing published in 2023, Rigsrevisionen noted significant variations in the daily rates charged by the shelters. According to data on the *Tilbudsportalen*, the rates varied in 2022 between DKK nil and DKK 6,062 per day according to data on the *Tilbudsportalen*. The study also presented an example of a rate charged by a shelter that, in the opinion of the agency overseeing social services, was out of proportion with the staffing ratio. If the rates are too high, the state's reimbursement will also be too high.

2. The purpose of the study is to assess whether the Ministry of Social Affairs and Housing has ensured correct reimbursement of the municipality expenses for citizens' accommodation in shelters. The report answers the following questions:

- Have the municipalities ensured that the basis for requests for reimbursement of expenses related to accommodation in shelters is correct?
- Has the Ministry of Social Affairs and Housing supported the municipalities in ensuring that their requests for reimbursement of expenses related to accommodation in shelters are correct?

Shelters

Shelters provide temporary accommodation for homeless people who have specific social problems and do not have a home – or who are unable to stay in a home of their own. The municipality's obligation to provide accommodation in a shelter follows from the Danish Services Act, section 110.

In the report, the term shelter includes reception centres.

Tilbudsportalen

This website provides information regarding various types of social services. It is an online portal that assists the municipalities in selecting services for the citizens. It is intended to increase the transparency of the services that are accessible on the portal.

3. The Ministry of Social Affairs and Housing has the overall responsibility for homelessness legislation, including the regulation of the state's reimbursement of the municipalities' expenses for accommodation in shelters. In order to ensure correct reimbursement of municipal expenses, it is imperative that the tariffs for staying in the shelters are established in accordance with the current regulations, as they serve as the foundation for determining the reimbursable amount.

The encompasses 41 shelters situated in 23 municipalities, corresponding to 37% of all shelters in Denmark.

4. Rigsrevisionen initiated the study in August 2023.



Conclusion

The Ministry of Social Affairs and Housing has not adequately ensured correct reimbursement by the state to the municipalities for expenses related to homeless people's accommodation in shelters. Rigsrevisionen finds this unsatisfactory. The result is that in some instances, the state has reimbursed expenses that should have been paid by the municipalities.

The municipalities have not adequately ensured a correct basis for their requests for reimbursement of expenses for accommodation in shelters.

The tariffs calculated by the municipalities in the study, which serve as the foundation for reimbursement, are all affected by one or more errors. Consequently, the municipalities have requested reimbursement for expenses that were not eligible for reimbursement. Several municipalities have expressed their uncertainty regarding the interpretation of the regulations. Consequently, certain municipalities have included expenses in their tariffs that others have not. Due to inadequate documentation and unclear rules, it has not been possible for Rigsrevisionen to estimate the total amount of expenses that have been incorrectly reimbursed.

The Ministry of Social Affairs and Housing has not supported the municipalities adequately in ensuring that their requests for reimbursement of expenses relating to accommodation in shelters are correct

The Ministry of Social Affairs and Housing's monitors reimbursements based on the reports of private auditors and on individual cases. The agency overseeing social services oversees the financial position of the shelters.

The study found that the Ministry of Social Affairs and Housing had failed to specify the audit criteria for the private auditors prior to approving the tariffs. Rigsrevisionen noted great variations in the scope of the audit and the basis upon which the auditors sign off on the tariffs. The ministry has given the agency overseeing social services instructions regarding financial supervision, but not regarding the role of the audit reports in the supervision and when the ministry should be informed of audit findings affecting the calculation of the tariffs. Thus, it is left to the agency overseeing social services to determine whether the auditors' reports on the tariffs should be included in their financial supervision of the shelters. The agency overseeing social services approves the annual budgets of the shelters, however, neither the basis for the calculation of tariffs nor the tariffs themselves are approved. In some cases, the private auditors have indicated that the calculation of the tariffs may be incorrect. The ministry has not been informed of such cases.

Lastly, the study shows that the Ministry of Social Affairs and Housing has acted in two specific cases on the knowledge that expenses have been reimbursed in conflict with the regulations. However, the ministry has not in continuation of these specific cases clarified the rules to the municipalities in general. This is the basis for Rigsrevisionen's assessment that the ministry has not supported the municipalities adequately in their interpretation of the regulations. The ministry should ensure that the regulations are clear. The Ministry should take a proactive approach, since the regulations also by the ministry are considered difficult to understand. The ministry should consider whether the results of this study give rise to examine other policy areas where expenses are reimbursed by the state.

Overall, the Ministry of Social Affairs and Housing has not established the necessary basis for determining whether the tariffs have been fixed in compliance with the rules. As a result, the ministry cannot be confident that the basis for the calculation of reimbursements is correct.