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BRIEFING PAPER
COMPREHENSIVE SPENDING REVIEW 2004
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Summary and Conclusions

The Comprehensive Spending Review 2004 is set in a different context to the previous comprehensive spending reviews of the current government. Resources are more constrained and there is less room for manoeuvre. This means that expenditure on public services can only increase at a faster rate than gross domestic product if efficiency savings are found. It is therefore unsurprising that the government is seeking reforms aimed at greater efficiencies. This means that it is about redistributing resources and finding improvements in efficiency rather than distributing increased budgets. Hence the conclusion of many commentators that this has been a relatively 'boring' Comprehensive Spending Review.

As expected, health and education continue to be the government's main spending priorities, and housing has seen a relatively modest increase in its resources. Within this the main emphasis has been on funding the provision of more affordable social housing in the identified growth areas in southern and eastern England. There is also an increase in resources available for market renewal in the north and the midlands. However, there are no additional resources for the decent homes standard.

Despite new affordable housing being the priority, the funds that have been allocated are not sufficient to meet the level of investment that was identified as required by the Barker review or that which was proposed by the National Housing Federation, Chartered Institute of Housing and Local Government Association.

The strategy behind the Comprehensive Spending Review 2004 is dependent on the public sector realising the savings that have been identified as part of the Gershon review. Social housing is expected to play its part in realising these savings and in providing improved services from smaller budgets. Most of these savings are expected to arise from improvements in procurement and from reductions in staffing due to the implementation of e-government. **This implies that both local authorities and housing associations will need to address procurement and e-government as important elements of their business plans.**

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Most commentators expect that a general election will be held in 2005 and that a new government at the beginning of its term will carry out the Comprehensive Spending Review 2006. By then, the Treasury's projections of future revenue will have been subjected to a 'reality check' as will Sir Peter Gershon's projection of efficiency savings. This combination of circumstances should make the Comprehensive Spending Review 2006 a little less 'boring' than the Comprehensive Spending Review 2004!

Introduction

The Chancellor of the Exchequer announced the outcome of the 2004 Comprehensive Spending Review to Parliament on 12th July 2004. As significant increases in expenditure on health and education had already been announced, and as increases in government revenues were forecast to slow, a generous settlement was not expected for other services including social housing.

However, while total spending remained unchanged, at £580 billion for 2007/2008, a drop in the costs of servicing debt and unemployment meant more cash could be channelled into departmental budgets.

The main theme of the comprehensive spending review, though, was to combine increased investment in frontline services with challenging targets for efficiency savings across the public sector. These efficiency savings are based on the conclusions of the Gershon report that concluded that savings of 2.5% a year could be made across the whole public sector, principally through improved procurement and the increased use of e-technology. A programme of public asset sales to raise £30 billion over the next ten years was also announced.

The main headlines are:

- Overall spending to increase by 2.8% in real terms in 2006 to 2008. Savings on debt interest and unemployment benefits mean overall departmental spending will rise in real terms by 4.2% annually.
- Public spending by government departments will rise from £279.3 billion this year to £301.9 billion next year to £321.4 billion in 2006/2007 and £340.5 billion in 2007/2008.
- A gross reduction of 84,150 civil servants by Whitehall and a further 20,000 by the devolved administrations.
- 20,030 civil service jobs will be moved out of the southeast.
- £6 billion of savings in procurement by 2008, contributing to £21.5 billion of savings overall
- £30 billion from sale of government assets

Economic Position

The overall growth in this year's review is lower than in the 2002 review and neutral over the review's three years.

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The amount allocated to departments is to rise by 5.5% in 2005/2006 but subsequent increases in the next two years will fall to 3.6% and 3.1%. The increases are to be paid for from a combination of much smaller increases in some departments, such as the Foreign Office and the Department of Trade & Industry and projected efficiency savings.

Total spending, set out in the budget, is still to rise from £488billion in 2004/2005 to £580billion in 2007/2008. Next year, the first of the three years covered by the review, is the last in terms of the surge in spending with real spending growth of 4.2%.

After that, public spending will increase in real terms by 2.5% in 2006/2007 and 2.9% in 2007/2008 – the last two years of the review. This equates to an annual average of 3.2% over the review's three years, which is neutral since it is roughly in line with the economy's projected growth rate.

Economists consider that the room for gaining from further improvements in macro-economic performance is now small. The Treasury forecasts the average surplus on the current budget at 0.1% of gross domestic product between 1999/2000 and 2005/2006 and again between 2005/2006 and 2008/2009. This means that the 'golden rule' that current spending must be met by current revenues over the time of an economic cycle will only just be met, leaving no room for error or for additional spending on public services.

The scope for moving resources into frontline public services from elsewhere is also reducing. Debt interest has already fallen from 3.6% of gross domestic product to 2%, while unemployment benefit has fallen from 1% of gross domestic product to 0.3%. With net debt forecast to increase as a proportion of gross domestic product and levels of employment already high, further savings in these areas are unlikely.

This means that expenditure on public services can only increase at a faster rate than gross domestic product if efficiency savings are found. It is therefore unsurprising that reforms aimed at greater efficiencies are being sought by the government.

Housing and Sustainable Communities

The Office of the Deputy Prime Minister will receive increased resources of more than £1.3 billion over the Spending Review period (3.3 per cent growth a year in real terms) to deliver thriving, sustainable and inclusive communities, and to tackle the nation's shortage of housing.

However, despite gaining additional funds to develop infrastructure in planned growth areas, the Office of the Deputy Prime Minister has ceded their control to the Department of Transport.

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Gordon Brown said that successive governments had 'seriously neglected investment in housing' with the number of new homes being built reducing from 400,000 a year in the 1960s to 200,000 a year in the 1990s. In response to the Barker Review, funding will be provided for 10,000 new social housing units a year by 2007-08 – a 50% increase on current targets. However, this target falls short of the 23,000 new social housing units a year that was recommended by Barker.

Housing experts have predicted that the cost of meeting this increase will be £660million, but only £430million is being provided. Tied in with the extra money is a demand for £835million in efficiency savings across the social housing sector.

An additional £150million of funding will be made available to target support for areas of low housing demand in parts of the North and Midlands. This will bring the total funding to £450million.

The main announcements with reference to social housing were:

- Housing spending – including regional and local programmes – will be over £1.3 billion higher in 2007-08 than in 2004-05, equivalent to an annual average growth rate of 4.1% in real terms;
- £430million of this is for new supply, while £300million is for market renewal areas
- There will be a 50 per cent increase in new social house building – an extra 10,000 homes a year to turn around the growth in homelessness;
- The affordability of housing will be improved with resources allocated to provide 200,000 additional homes in four growth areas, and going further to respond to new proposals for growth, including a new £150 million Community Infrastructure Fund by 2007-08 held by the Department for Transport.
- Substantial new investment to regenerate areas suffering from low housing demand enabling an expanded programme for the North and Midlands.
- A strengthened approach to improving outcomes in the most deprived areas through continued support for neighbourhood renewal of £525 million a year through to 2007/2008.
- The Office of the Deputy Prime Minister expects to provide £180 million for gap funding to enable negative value housing transfers to proceed.
- Measures to promote economic development in the regions through an increase in funding for Regional Development Agencies (Regional Development Associations).
- To achieve 50% growth from a 25% increase in cash funding, the Office of the Deputy Prime Minister are relying on:
 - An unprecedented level of efficiency savings. Efficiency savings within Office of the Deputy Prime Minister will realise at least £620 million by 2007-08 of which two-thirds can be released for front-line activities.
 - Private Finance Initiative programme: Private Finance Initiative credits are to grow from £325 million in 2004/5 to £360 million in 2005/6 and £610 million a year (up 88%) in the following two years.
- There is no announcement of significant extra funding for Decent Homes investment - either for ALMOs or mainstream HRA housing.

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New outputs announced by the Office of the Deputy Prime Minister in response to the Comprehensive Spending Review 2004 include:

- 10,000 extra homes a year for social rent, a 50% increase – giving a total of 75,000 new social rented homes over the 3 years up to 2007/08;
- 11,000 fewer families with children in temporary accommodation;
- over 40,000 homes for key workers and low cost home ownership in areas of high housing demand;
- a total of 1.1 million new homes across London and the South East by 2016;
- 600,000 reduction in non-decent homes in the social sector.

The final report of the review undertaken by Kate Barker into housing supply, 'Building Stability: Securing Our Future Housing Needs' was published in March 2004. In response to Kate Barker's recommendations the Spending Review:

- Funds the 200,000 additional houses set out in the Communities Plan by 2016 in four growth areas and provide resources to respond to further proposals for growth. The Government's Sustainable Communities plan: Building for the Future was published in February 2003. The four growth areas are: the Thames Gateway; Milton Keynes/South Midlands; Ashford; and London –Stansted – Cambridge.
- establishes a £150 million a year Community Infrastructure Fund in the Department for Transport
- funds a 50% increase in new social house building - an additional 10,000 new social housing units a year by 2007-08
- establishes market affordability as a long-term goal for housing supply enshrined within the Public Service Agreement
- Continues the Planning Delivery Grant to support the implementation of further planning reform.
- £525 million a year will be available for deprived areas through the Neighbourhood Renewal Fund – roughly the same level as now.
- £200 million in total by 2007/2008 for a new Community Infrastructure Fund for local infrastructure needs. This will be held as part of the Department for Transport's budget.
- An additional £95 million p.a. by 2007/2008 will be allocated in new capital grants for the private sector Warm Front Programme.
- An average of £140 million a year Planning Delivery Grant over three years to implement the planning reforms recommended in the Barker Review - similar to the current level of grant.

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Annual average real increases of 4.8% are planned in the already record levels of Local Authority investment in schools, housing and other key services through capital support and Private Finance Initiative over the three years to 2007-08. The table below shows how the total is allocated between services:

Department	Baseline	Additions	
	2005-06	2006-07	2007-08
DfES	1,200	50	100
Home Office	110	0	10
Health	90	25	45
DCMS	65	0	0
DfT	500	60	420
Transport for London	60	0	200
DEFRA	130	125	150
Office of the Deputy Prime Minister (housing)	360	250	250
Office of the Deputy Prime Minister (fire)	50	15	25
Office of the Deputy Prime Minister (other)	65	0	0
TOTAL	2,630	525	1200

Hitherto the use of Private Finance Initiative for high cost area new build schemes has needed high levels of cross-subsidy, for example from sales of extra homes built on site.

The government says that the provision of new private and social housing will not be at the expense of the environment. As well as preserving or increasing the area of land designated as greenbelt and to raising the density of development to minimise land take, the Government is committed to at least 60% of new housing to be on previously developed 'brownfield' land. The Government is also committed to ensuring that new housing will be built to high standards in relation to energy and water efficiency, waste and building materials, taking into account the findings of the Sustainable Buildings Task Group. The Sustainable Buildings Task Group published its report: Better Buildings – Better Lives in May 2004.

Balancing housing supply and demand

The government says that providing affordable homes for those who need them most is a key element of their programme to create sustainable communities. By 2008 they will have more than doubled spending on new affordable housing since 1997, reaching £2 and a quarter billion in 2008.

The plan to provide an extra 10,000 homes a year for social rent represents a 50% increase compared with today - which means enabling 75,000 new social rented homes over the 3 years. In addition more than 40,000 homes are planned for essential public sector workers and low cost home ownership in areas of high housing demand. It is hoped that the programme to increase the amount of affordable housing will also help turn around the rising trend in homelessness.

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Based on historical funding shares allocations, London would receive 3,000 a year of these extra homes. If 80% went to homeless households the additional housing would be about half the current rate of increase in London's numbers in temporary accommodation.

The government intends that this growth in affordable housing will be achieved over the next three years through money for the Housing Corporation and Regional Housing Boards, Private Finance Initiative credits for new homes and procurement savings. Put together these are calculated to be worth over £1.5 billion.

The government acknowledges that the Barker Report called for more housing supply. This Spending Review plans to build an extra 200,000 homes in the growth areas to tackle the urgent and pressing need for more homes and to respond to further proposals for growth. This means a total of 1.1 million new homes across London and the South East by 2016 - an increase of 20% over the number of homes originally planned.

The Government is working in new ways to co-ordinate their approach and to support innovative public private partnerships. One example is the way English Partnerships and Bellway Homes are forming an ambitious joint venture to develop Barking Reach. Altogether there will be more than 10,000 new homes - a new sustainable community with affordable and market housing.

The government is doubling Office of the Deputy Prime Minister's expenditure on the growth areas outside the Thames Gateway to help prepare sites and improve local infrastructure to unlock the land for development.

The Department for Transport is creating a new Community Infrastructure Fund to provide an extra £200 million for transport infrastructure in the growth areas over the Review period.

The nine Market Renewal Pathfinders set up in the North and the Midlands under the Sustainable Communities Plan are designed to address the problems of market failure and surplus houses.

The settlement includes a trebling of spending on combating low demand and housing market failure - from £150 million this year to over £450 million in 2008. This should maintain the growth of the Pathfinders.

The government is maintaining the Neighbourhood Renewal Fund, at £525 million a year, alongside the continuing 10 year commitment to the New Deal for Communities.

The Department for Trade & Industry will be providing the Regional Development Associations with £4.7 billion over 3 years. Funding of Regional Development Associations in 2007-08 will be virtually double the amount they received in 2001.

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Decent homes and places

In 1997 there was a £19 billion backlog of repairs in public sector housing. Since then there has been a reduction in the number of non-decent homes in the social sector by 1 million. It is calculated that the Spending Review will allow a reduction of a further 600,000 homes. By 2008, over 2.5 million people will have benefited from the decent homes programme.

A number of local authorities that wish to carry out a housing stock transfer have experienced a funding gap between the income from rents and the cost of renewing the homes. The government expects to provide £180 million for gap funding to enable these transfers to proceed. The Department for the Environment, Food and Rural Affairs will be delivering an additional £95 million a year by 2008 for the Warm Front programme to help end fuel poverty for vulnerable households by 2010. Rural areas will also benefit from the substantial increase in social housing in this Settlement.

The Office of the Deputy Prime Minister and the Home Office will be bringing together existing funding streams amounting to at least £660 million to create a new Safer and Stronger Communities Fund. This will be designed to improve the quality of people's local environment and their safety. This money could, for example, be used to provide up to 5,000 new wardens.

Financial Allocations

The table below shows the resources that have been allocated to the Office of the Deputy Prime Minister, and the proportion of this that has been allocated to social housing.

Office of the Deputy Prime Minister				
£ million		2005-06	2006-07	2007-08
Resource Budget		5,048	5,393	5,896
<i>Of which Administration Budget</i>		334	332	330
Capital Budget		2,428	2,471	2,518
Total Departmental Expenditure Limit		7,460	7,836	8,377
Total housing		6,408	6,651	7,211

1 The resource budget includes capital grants to the private sector, including Registered Social Landlords, classified as capital in National Accounts.

2 Full resource budgeting basis, net of depreciation.

3 Housing spend classified as regional policy consistent with international definitions from UN Classification of the Functions of Government (COFOG). Actual outturns are subject to spending decisions by local authorities.

However, viewed in the overall context the increased allocation to housing is not impressive as the table below shows:

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Shares in the rise in departmental and locally financed expenditure 2004/2005 to 2007/2008:

Health & Social Services	43%
Education	22%
Defence and International	8%
Transport	5%
Criminal Justice	5%
Housing	2%
Other services	15%

The Reform Agenda

The White Paper commits the government to strengthen Public Service Agreements further, collaborating with local authorities and housing associations to identify and remove obstacles to effective delivery and devolved decision making. The second generation Local Public Service Agreements will focus on addressing local priorities and building more effective local partnerships.

The White Paper outlines approaches to rationalise funding by amalgamating existing separate funds from the Office of the Deputy Prime Minister into a single Safer and Stronger Communities Fund.

The government is looking for local authorities and housing associations to manage these budgets with greater efficiency in accordance with the conclusions of the Gershon review. In particular:

- Strengthening links between central and local government through local Public Service Agreements, pooling existing funds into a Safer and Stronger Communities Fund and piloting Local Area Agreements to provide a common framework for departments to deliver additional funding and devolve decision making;
- Development of Local Area Agreements
- Rationalising funding streams, including the single Safer and Stronger Communities Fund
- Barry Quirk, Chief Executive of Lewisham, has been appointed to work with local authorities, government departments and other partners on the efficiency agenda to share and promote best practice on the ground.
- £25 million is available over 2004-05 and 2005-06 to support innovative programmes and Regional Centres of Excellence to promote best practice in procurement and achieve efficiency savings by streamlining back office functions and transactional services. A further £20 million will be available over 2006-07 and 2007-08 through the Capacity Building Fund raising the total to £50million.

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The government anticipates that its reform and efficiency measures will give rise to £160million in annual efficiencies in social housing. Efficiency savings in social housing would therefore reach £620 million a year by 2007/2008 - almost all from housing associations and "further efficiencies in local government "procurement and operations. The local authority share could be £350 million a year – substantial but less than 5% of gross local authority housing spend. This equates to around £150 per home a year, and is more than the 2.5% savings that have been referred to by Gershon.

Expenditure nationally on management and maintenance in 2002/2003 was £4billion according to the 2003 subsidy review and national need to spend model report. Total management and maintenance allowances within subsidy are £3.2billion in the current year. There are a significant number of authorities, especially in the north of England that are currently spending at levels below the management and maintenance allowances, and it would not be consistent with the 2003 review to require them to spend less. It may be considered by some that there is limited scope at the national level to make savings in revenue expenditure in either local authorities or housing associations. However, the government has pointed to the need to consolidate housing associations to reduce the numbers operating in areas such as Liverpool and North London; and is proposing the creation of unitary local authorities in the north of England. Presumably they are anticipating savings resulting from these changes. It is possible that savings will be sought in revenue expenditure to help to fund the programme for new affordable homes.

Most expenditure is now being focused on 'new build' and it is possible that attention will be focused on ensuring that the greatest possible value for money is secured in procuring this investment. However, if the projected increase in land values does not materialise and efficiency savings in procurement are realised, would it be realistic to expect the drive for revenue savings to cease?

One anticipated source of revenue savings is the use of cheaper electronic services to handle transactions including collecting rents and paying housing benefits. It will be interesting to see the extent of savings that will arise from these initiatives.

Comments

Deputy Prime Minister, John Prescott said:

"I welcome this substantial increase in investment. It will allow us to build on the Sustainable Communities Plan to increase housing supply in the growth areas, substantially expand social housing provision to help tackle homelessness and regenerate areas with a legacy of housing decline. In doing so, we will protect the countryside and deliver the services and infrastructure needed for genuinely sustainable communities, which are safer, cleaner and greener. In addition we will intensify action to reduce social exclusion and deprivation and narrow the gap in outcomes between deprived areas and the rest of the country. This is an excellent outcome for delivering our aim of creating places where people want to live and promoting a better quality of life for all.

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"The 2004 Spending Review allows this Government to take the next steps to create sustainable communities across the country. By 2008, my Office will have over £1.3 billion more to spend on our main programmes than this year - that's an average annual increase of 3.3% in real terms. By 2008, our spending on housing will also be £1.3 billion higher than this year - that's an annual average increase of 4.1% in real terms. But it's not just about housing - looking across the 5 years up to 2008, my Office will spend £38 billion on creating sustainable communities. That's £16 billion more than the £22 billion in the Sustainable Communities Plan that I launched in February last year.

"A lot has already been done since I launched the Sustainable Communities Plan in February 2003. We know there's still a great deal more to do, and I will publish a five-year Strategic Plan for my Office in the autumn, setting out our plans to create sustainable communities across the country in more detail. This Spending Review will allow us to move up a gear. We will be spending a record sum - £38 billion over 5 years - on new homes, new infrastructure, and new open spaces, as well as rebuilding and renewing existing towns and cities. That's our agenda for reform and renewal: To bring prosperity and pride across all regions; to work harder for the most vulnerable people in society; to create sustainable communities for all.

Oliver Letwin MP, the Conservative Shadow Chancellor, said:

"What this review means is more bureaucracy, more targets, more initiatives, more taskforces, more centralisation, more regulation, more borrowing and more taxes.

"Why is the Chancellor the only person in Britain who thinks the way to waste less is to spend more? He told us today he has wasted £21.5 billion and not a word of apology. Now he sets himself up as 'wastefinder-general'. Does anyone believe him?

"(It is a) manifesto for fat government and fake savings."

Edward Davey MP, Liberal Democrat Local Government spokesman, said:

"Gordon Brown has failed to provide the cash his own housing review demanded.

"Kate Barker argued for an extra 17,000 extra units of social housing a year, yet the Chancellor will only manage an extra 10,000 in three year's time.

"The Chancellor plans to build houses with £355 million of efficiency savings he's not yet made, along with £215 million of Private Finance Initiative deals not yet concluded.

"This isn't prudent mortgage finance. This is building without foundations."

Vincent Cable MP, Liberal Democrat Finance spokesman added:

"If this waste is so easily available, why hasn't it been dealt with already?

"This search for waste, desirable though it may be is evading the key issue, which is choosing those areas of government that the government can withdraw from and then deducing from that the manpower implications rather than starting with an arbitrarily chosen headline cut in numbers and then working out from that what the implications for services will be."

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Pierre Williams of the House Builders' Federation made a more fundamental challenge to the role of the social housing sector:

"Private house building firms have repeatedly demonstrated they can deliver affordable housing at best value to the taxpayer, but to do so they must be allowed to compete on equal terms with the social housing sector."

Alistair McIntosh, Managing Director of the Housing Quality Network, added:

"Great play by the government. If you don't make savings, people don't get housed!"

How does this compare with what the social housing sector sought?

In April 2004, the National Housing Federation, Chartered Institute of Housing and Local Government Association made a joint submission to government on the 2004 comprehensive spending review. The main proposals contained in this submission are listed in Appendix A.

Many of the sector's proposals are already being addressed by government, or will be addressed in future announcements. The Comprehensive Spending Review 2004 has also provided additional funding for many of the proposals, including increased funding for the market renewal areas. However, in other aspects the Comprehensive Spending Review has not delivered what the sector proposed.

In particular, the sector argued for an additional mixed housing association programme costing £8.4billion to deliver 60,000 affordable rented, low cost ownership and intermediate rented homes a year by 2007/2008 (£3.6billion), building up from a programme of 35,000 in 2005/2006 (£2.1billion) and 45,000 in 2006/2007 (£2.7billion). The 10,000 additional homes a year that have been offered is a small proportion of this.

There is no significant additional funding for the decent homes standard and no greater flexibility for local authorities that are unable to fund the decent homes standard from their present resources.

The sector also requested additional freedoms and flexibilities for local authorities and housing associations to enable them to deliver increased savings and efficiencies. Most of these proposals have not been accepted. For example, local authorities will not be allowed to use a greater proportion of 'right to buy' receipts.

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Despite new affordable housing being the priority, the funds that have been allocated are not sufficient to meet the level of investment that was identified as required by the Barker review or that which was proposed by the National Housing Federation, Chartered Institute of Housing and Local Government Association.

The strategy behind the Comprehensive Spending Review 2004 is dependent on the public sector realising the savings that have been identified as part of the Gershon review. Social housing is expected to play its part in realising these savings and in providing improved services from smaller budgets. Most of these savings are expected to arise from improvements in procurement and from reductions in staffing due to the implementation of e-government. **This implies that both local authorities and housing associations will need to address procurement and e-government as important elements of their business plans.**

Most commentators expect that a general election will be held in 2005 and that the Comprehensive Spending Review 2006 will be carried out by a new government at the beginning of its term. By then, the Treasury's projections of future revenue will have been subjected to a 'reality check' as will Sir Peter Gershon's projection of efficiency savings. This combination of circumstances should make the Comprehensive Spending Review 2006 a little less 'boring' than the Comprehensive Spending Review 2004!

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Appendix A – The Main Proposals of the National Housing Federation, Chartered Institute of Housing and Local Government Association

- **Creating Balanced Housing Markets**
 - Initiatives to grow regional economies outside the wider southeast
 - A better mechanism for distributing resources equitably to all regions
 - A presumption that all new housing developments will cater for the full spectrum of needs within a community and be mixed in nature
 - Maintaining the requirement for contributions for affordable housing through section 106 agreements to be provided in kind and on site to promote mixing
 - The provision of guidance on what constitutes affordable and intermediate market housing
 - A land tax geared to promoting release of sites for housing
- **New Housing Provision**
 - Mixed housing association programme costing £8.4billion to deliver 60,000 affordable rented, low cost ownership and intermediate rented homes a year by 2007/2008 (£3.6billion), building up from a programme of 35,000 in 2005/2006 (£2.1billion) and 45,000 in 2006/2007 (£2.7billion)
- **Market Restructuring**
 - Expenditure of £290million a year to carry market renewal pathfinder schemes forward
 - A new funded National Strategy for housing market restructuring. To fund this initially a sum of £50million would be required over the comprehensive spending review 2004 period
- **Decent Homes and Sustainable Communities**
 - Support for existing options
 - Continued funding of future rounds of ALMOs throughout the period and funding to honour the outstanding commitments to the existing three ALMO rounds
 - Funding within the ALMO pot for sustainability work
 - Gap funding for negative value transfers
 - Support for authorities that cannot meet the target
 - A new funding programme to support the introduction of community ownership transfers
 - Continued funding of the centrally based Community Housing Task Force
 - New funding for an improvement programme to assist struggling local authorities to improve their performance thus becoming eligible for ALMO funding
 - Policy Framework
 - Enabling local authorities with complex markets that believe they will struggle to meet the decent homes target by 2010 to negotiate a longer but deliverable timescale

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- Simplifying the Private Finance Initiative option to enable more use to be made of it
 - Work to develop the self financing option for ALMOs
 - Work to explore a way forward for local authorities that have no realistic options available for meeting the decent homes target
 - Housing Associations
 - An asset management fund of £60million a year and changes to the rules around grant recycling
 - Private Sector
 - £100million should be made available for setting up and running equity release/loan products that would eventually be self-financing
 - Funding is secured to support the ongoing work of the Community Housing Task Force with its remit extended to cover private sector housing
 - Work is undertaken to revisit the standard and target as it relates to vulnerable households in private sector non-decent homes
- Improving Efficiency and Effectiveness
 - General
 - Allowing local authorities and housing associations to agree a programme for delivering decent homes in sustainable communities with their regional housing boards
 - Simplification of access to existing revenue streams creating better value for money
 - Promoting the increased use by local authorities and associations of joint procurement
 - Measures to improve land supply for affordable housing, enabling land value to be enhanced in and captured by the social sector
 - An increased emphasis on partnership, collaborative and consortium working by all organisations
 - Consideration by government of the impact of rent restructuring and housing benefit reform on delivery of the 'Sustainable Communities Plan' and Decent Homes Standard.
 - Local Authorities
 - Enabling them to spend a greater proportion of their capital receipts from 'right to buy' sales
 - Developing the self-financing ALMO model
 - Housing Associations
 - Making fuller use of associations' asset base by freeing up rules around grant recycling and use of surpluses
 - Use by associations of untapped balance sheet capacity through aggregation vehicles

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