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# Impact of Comprehensive Spending Review on Housing

# CSR 2010 headlines.....

The logo for APSE (Association of Public Sector Employers) is located in the top right corner. It consists of the word "apse" in a white, lowercase, sans-serif font, set against a magenta oval background.

- Provides the level of spend for the next four years (2011-12 to 2014-15)
- Based on overall spending levels set in the June 2010 budget
- Average loss of grant of 7.25%, in real terms, in each of the next four years for local councils.
- But...could be much higher



# Council tax freeze or trade off?



***“If you choose to freeze council tax in 2011-12, we will fund the equivalent of a 2.5% increase in council tax that year for the Spending Review period”***

# End to ring-fenced grants

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- End to ring fencing of revenue grants from 2011 (with the exception of school grants)
- A new Public Health Grant from 2013 and reforms to Housing Revenue Grant
- Impact on councils more dependent upon special funding?

# HRA review



- Rents retained locally rather than going to central pot for redistribution
- Local take on of debt
- Accountability and transparency, better planning
- Legislation so no choice – previously it was an offer
- Come into effect in April 2012
  
- Subsidy determination - allowances for management , maintenance and major repairs will increase on average by 2%
- This will lead to more into negative subsidy and higher debt levels compared with original off last Spring

# Right To Buy



- 75% of income from RtB back to Government for the next 4 years
- Can keep 100% of money from disposals of properties provided sent on affordable housing or regeneration
- Definition of regeneration is loose
- Number of RtB varies across the regions

# Decent Homes



- £2.1 billion for the Decent Homes programme - 2011-15
- Consultation process under way
- Some with severe backlog of non-decency e.g. NW Leicestershire – 70% non decent (4,400 units), Enfield – 67% (11,500), NE Derbys - 51% (8,200), Salford – 37% (10,500)
- No funding for those with less than 10% non decency level
- Bidding criteria - programmes in progress, high non decency, offer VFM, have other funding in place, demonstrate lower costs/improved value through early spend - energy efficiency also an issue
- Focus on decent homes standard rather than DHS+/local standards
- Aim is 150,000 refurbished homes over 4 years
- Removal of 2\* rating requirement for ALMOs
- HRA reform will include resources for future DDA
- The well managed subsidise the not well managed!

# New Build



- 50% cut to social housing budget
- Resources for new build through HRA reform
- New tenants rent levels closer to market rents up to 80% for social housing
- New Homes Bonus – reward/incentivise LAs and local communities to support housing growth, equivalent to matching the additional council tax from every new home for each of the following six years.
- Knock on effects to construction industry – Connaught, Rok...
- Access to Regional Growth Fund

# 'Housing' money



- £4.5 billion in affordable housing over the next four years
- £200 million over four years to the Mortgage Rescue Scheme
- £100 million for Empty Homes
- Widespread changes to housing benefits

# 'Additional' money



- £2 billion to support adult social care by 2014-15; of which
- £1 billion will be found from NHS sources and an additional £1 billion by 2014-15 into formula grant;
- New funds available through the Supporting People workstream
- Community Budgets in 16 areas from April 2011, by pooling departmental budgets at source for 16 places, to tackle families with complex needs – intended that all areas will be able to take this approach from 2013.

# How will savings be found?

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- **Local innovation**
- **Elimination of waste**
- **Better productivity to drive through savings**
- **Better procurement**
- **Shared services**
- **Controlling 'excessive' senior pay levels**
- **Drawing on expertise from the community and voluntary sector**

# Impact on public sector jobs



- Job losses in the public sector are cited as being 490,000 with local government taking a high proportion
- Some estimated 600,000 job losses ( Price Waterhouse Copper suggest the total impact as nearer to 1 million)
- The Centre for Economics and Business Research (CEBR), found that the unemployment rate will exceed 10% in Wales and the North of England

# Local economic impact

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- APSE's own research on the economic footprint of public services shows that for every £1 spent by the public sector there is a return of £1.64 to local economies.
- A third of this 'economic return' relates to employee spend in local economies.
- Impact of public sector job losses could be felt in both local and national businesses in terms of supply chains to the public sector
- Retail sector accounted for around a 45% drop during the economic downturn.
- There are also estimates which put losses to the Treasury at around £4.6bn in lost tax revenue ( income tax etc) and £6.1bn increase in benefits.

# Demographic time bomb?



- Housing changes – supply shortfall and changes to benefits – pressure properties, services, regions
- Older people – what will be the demographic impact on service delivery
- Crime and environment – where will investment dry up first ?
- Dependency on public sector jobs and the local economy?

# APSE's approach



- **Effective benchmarking costs** in frontline services which allow sharing of best practice and cost comparisons between local authorities which helps in the delivery of efficiencies through promoting and sharing best practice on costs, quality and service delivery mechanisms and approaches.
- **Income generation:** through the promotion and sharing of case studies on using trading and charging to generate income into services to help offset service costs and improve the ratio and distribution of overheads as well as more productive use of resources
- **Service improvement planning:** APSE has assisted many authorities carry out service reviews including exploring business processes, stripping out unnecessary processes to help manage more effectively service delivery, use of 'lean HR' to better match resources to need and minimize the need for overtime and other unplanned of payments.
- **Developing green initiatives:** APSE has explored with a number of authorities the potential income generation and carbon efficient methods of developing waste to energy schemes and use of greener energy to minimize utility costs to the public sector.

**LOCAL SERVICES**

**LOCAL SOLUTIONS**



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