

## CC(3)-17-10 Paper 1

### Communities and Culture Committee

**Date:** 24 November 2010

**Time:** 9.00 to 9:40 am

**Title:** Evidence paper – Housing and Regeneration  
Draft Budget Allocations for 2011-12

#### Introduction

This paper provides comments and information to the Committee regarding the future programme budget proposals for the Housing Directorate as outlined within the draft budget which was laid on 17 November 2010. It outlines those areas covered by the remit of the Communities and Culture Committee. As such I have set out the budget position for Housing and Regeneration.

#### Budget Overview

Table one shows the overall effect on the Housing and Regeneration Departmental Expenditure Limit (DEL) baseline budget.

*Table one: housing and regeneration financial summary*

	2010-11 £000s	2011-12 £000s	Change £000s	Change %
Capital	342,328	304,735	37,593	11.0
Revenue	171,925	169,254	2,671	1.6
Total	514,253	473,989	40,264	7.8

This does not include Annually Managed Expenditure (AME) which is outside the Welsh Assembly Government's Departmental Expenditure Limit.

## **Budget Movements**

The budget reductions are all in respect reduced settlement for the Welsh Assembly Government. I reported to this committee last year that the 2010-11 housing capital budget was reduced by £40 million. This was due to this amount being used in previous years to act as a financial stimulus during the recession. I am pleased that as a part of the budget allocation process this was recognised and the £40 million was reinstated into the housing budget. Excluding this £40 million, the like for like capital reduction was over 20%.

With effect from 1 April 2010 the Regeneration portfolio was transferred to the Environment, Sustainability and Housing (ESH) Main Expenditure Group (MEG). This transfer was transacted as part of the 2010-11 Supplementary Budget process, which was laid in July 2010.

The Housing and Regeneration budgets were published as part of the wider ESH MEG. The summary budget tables as published on 17 November are included at annex one to this paper.

## **Key points arising from the three year budget**

Within Housing and Regeneration we have prioritised the budget into our strategic priorities, included in One Wales as well as protecting as far as possible those most vulnerable and in need within Wales. We have taken account of equality issues in formulating this budget for Housing and Regeneration. During the three year budget setting process we considered closely the relative priorities across my areas of responsibilities. The following are the key messages arising from our budget setting work:

- I am protecting the £108 million Major Repairs Allowance/Dowry Payments capital budget. This is used to invest in current and former local authority housing stock to help bring it up to the Welsh Housing Quality Standard. Not only does this improve people's living conditions, it also provides local economic and community regeneration.
- The Supporting People programme is vital in supporting those most vulnerable in our society. I am pleased that as part the allocation to the MEG, we received an additional £2 million in 2011-12 to help provide a level of protection to this vital budget. I have protected the supporting people budget using the 2011-12 budget as a baseline by targeting housing revenue resources in subsequent years. Investment in this area can save resources in the NHS, social care and community safety.
- I am also protecting the Rapid Response Adaptations capital programme budget. This allows people to remain in their own homes. It also saves resources in the NHS and social care.

## **Budgets by Action**

Included at annex two is the detailed budget expenditure line analysis. This section of the paper sets out a broad understanding of the main budget lines.

### *Supporting people*

I have already set out, my commitment to the Supporting People Programme. We are protecting this vital area more than other revenue budget lines within the housing budget. It accounts for over 90% of the total housing revenue budget, further protection would be very difficult because the disproportionate effect on other budget lines. Between the two years we have limited the reduction to around 1.5%.

### *Social Housing Grant*

The Social Housing Grant Programme is made up of the main programme for affordable homes, extra care and substance misuse budgets. For the main programme in Wales, we are currently working towards the achievement of 6,500 new affordable homes before the end of the current term. We are progressing well against this target. Taking account of the reinstatement of the £40 million and the re-allocation of some budgets, the Social Housing Programme is decreasing in cash terms by £31 million, a reduction of 31%. This means that we plan to build a lower number of units.

However, we must be aware of the growth to this programme in recent years as well as the £62million from the Strategic Capital Investment Fund which has had a significant impact on achieving the One Wales commitment and to the local economy. Additionally, we are hopeful that the developing Welsh Housing Investment Trust will become operational and achieve the aim to promote capital market investment in social housing, enabling the Social Housing Grant to level funds that will achieve significant more output.

### *Major Repairs Allowance/Dowry Payments*

I have set out above my intention to protect this £108 million capital budget at its 2010-11 level.

### *Renewal Areas*

This budget supports housing regeneration and wider community and economic regeneration and environmental sustainability, including action to improve the energy efficiency of homes and to bring empty homes back into use. This capital budget reduces from £24.1 million to £16.6 million over the two years.

### *Tackling Homelessness*

In 2010-11 we invested some additional funds in this area, so even with the reductions our level of spending in this area is still higher than that in 2009-10. We have introduced a series of new programmes to prevent homelessness to help keep people in the own homes.

### *Home Improvement Agencies*

This relates primarily for the running of Care and Repair. This budget was increased in 2010-11 by £0.4 million, so even with the reductions the budget is still higher than the 2009-10 level. The Care and Repair service helps keep older people in their own homes in comfort, safety and security, by preventing them entering the NHS or residential care. As such, I am protecting the Rapid Response programme, which Care and Repair manage.

### *Developing Housing Policy, Legislation and Regulation*

This relatively small revenue budget is being reduced in line with other areas. It supports areas such as our regulation programme as well the stock transfer process for local authorities.

### *Regeneration*

In line with the new Framework for Regeneration Areas, we are seeking to reduce our legacy commitments so that we can focus investment on our seven Regeneration Areas. Whilst overall our capital budget is reducing by just over 20%, we are able to protect to some degree spending in our Regeneration Areas. Across the Regeneration Areas the total capital budget has reduced by 10%.

We have managed the revenue budget cuts by working with legacy project partners to find ways of delivering more cost effectively.

### *General Capital Funding for Local Government*

Within my budget I have two budget lines for local authority general capital funding. This funding is unhypothecated and as such, once it is distributed to individual local authorities as part of the wider local government settlement, we are not able to direct its' spend. These two budget lines have decreased in total by £27.8 million or 29% across the two years. However, a significant proportion of my capital budgets are paid to local authorities.

**Jocelyn Davies AM**  
**Deputy Minister for Housing and Regeneration**

ENVIRONMENT, SUSTAINABILITY AND HOUSING MAIN EXPENDITURE GROUP (MEG)						
REVENUE BUDGET - Departmental Expenditure Limit						
SPA	Actions	2010-11 Baseline as per Supplementary Budget June 2010	Budget Reduction & Reallocation Changes	2011-12 New Plans Draft Budget	2012-13 Indicative Plans	2013-14 Indicative Plans
Climate Change and Sustainability	Develop and deliver overarching policy and programmes on sustainable development and environment	1,200	-45	1,155	1,100	1,047
	Develop and implement climate change, emission prevention, and fuel poverty policy, communications, legislation and regulation	12,230	677	12,907	12,710	12,520
	Develop and implement flood and coastal risk, water and sewage policy and legislation	20,432	-768	19,664	21,041	27,278
	Facilitate clean and secure energy and industry investment	1,281	-41	1,240	1,140	1,080
	Manage and Implement the Waste Strategy and waste procurement	84,450	-1,931	82,519	79,484	77,982
<b>Total Climate Change and Sustainability</b>		<b>119,593</b>	<b>-2,108</b>	<b>117,485</b>	<b>115,475</b>	<b>119,908</b>
Environment	Deliver nature conservation and marine policies	2,454	2	2,456	2,410	2,367
	Develop an appropriate evidence base	953	-36	917	874	832
	Manage and implement EU Waste legislation, LEQ and contaminated land	6,360	-1,582	4,778	3,200	3,200
	Promote protected landscapes and countryside access	11,550	-300	11,250	11,221	11,205
	Sponsor and manage delivery bodies	62,655	-1,157	61,498	63,421	60,259
<b>Total Environment</b>		<b>83,972</b>	<b>-3,074</b>	<b>80,898</b>	<b>81,125</b>	<b>77,863</b>
Housing	Achieve quality housing	146	128	274	274	274
	Develop Housing policy, legislation and regulation	2,702	-85	2,617	2,549	2,561
	Enable people to live independent lives	146,728	-2,272	144,456	141,079	141,681
	Increase the supply and choice of housing.	100	-3	97	95	95
	Tackle homelessness	7,541	-220	7,321	7,150	7,181
<b>Total Housing</b>		<b>157,217</b>	<b>-2,452</b>	<b>154,765</b>	<b>151,147</b>	<b>151,792</b>
Planning	Planning policy development, Planning Inspectorate and regulation	8,074	-302	7,772	7,403	7,090
<b>Total Planning</b>		<b>8,074</b>	<b>-302</b>	<b>7,772</b>	<b>7,403</b>	<b>7,090</b>
Regeneration	Implementation of Strategic Regeneration Areas	2,215	2,974	5,189	6,436	6,497
	Management Delivery of Legacy Regeneration Areas	10,453	-2,253	8,200	7,900	7,900
	Prepare Future Strategic Regeneration Areas	50	-50	0	0	0
	Community Development	2,176	-1,076	1,100	0	0
<b>Total Regeneration</b>		<b>14,894</b>	<b>-405</b>	<b>14,489</b>	<b>14,336</b>	<b>14,397</b>
<b>Total Revenue - Environment, Sustainability and Housing</b>		<b>383,750</b>	<b>-8,341</b>	<b>375,409</b>	<b>369,486</b>	<b>371,050</b>

**HOUSING AND REGENERATION FUNDING ANALYSIS 2010 - 2014**

COMMITMENT	BEL or Sub-BEL	2010/11 - for Baseline Purposes		2011/12		2012/13		2013/14		
		REVENUE	CAPITAL	REVENUE	CAPITAL	REVENUE	CAPITAL	REVENUE	CAPITAL	
<b>Housing</b>				-	-	-	-	-	-	
	<b>Increase the supply and choice of housing.</b>	<b>100.00</b>	<b>99,900.00</b>	<b>97.09</b>	<b>69,248.00</b>	<b>94.82</b>	<b>60,615.00</b>	<b>95.22</b>	<b>48,134.14</b>	
	Social Housing Grants (SHG)		82,300.00		63,335.00		55,439.00		44,023.90	
	Receipts/Repayments of SHG following Property Sale		400.00		275.00		241.00		191.37	
	ExtraCare		9,000.00		6,188.00		5,417.00		4,301.62	
	Management Promotion & Publicity									
	Not 4 Profit Nursing Homes		5,000.00							
	SHRG Support		4,000.00							
	Housing Enablers	100.00		97.09		94.82		95.22		
	<b>Achieve quality housing</b>	<b>-</b>	<b>40.00</b>	<b>211,352.00</b>	<b>274.00</b>	<b>178,503.00</b>	<b>274.00</b>	<b>169,714.00</b>	<b>274.00</b>	<b>157,006.86</b>
	Financial Assistance for First Time Buyers			500.00						
	Housing Rev Ac Sub Housing el									
	Major Repairs Allowance			108,000.00		108,000.00		108,000.00		108,000.00
	Housing General Support			78,400.00		53,906.00		47,186.00		37,470.23
	Renewal Areas			24,138.00		16,597.00		14,528.00		11,536.63
	Stock Trans/Comm Mutual Support & Capacity Build	274.00			274.00		274.00		274.00	
	Home Safety/Construction	-	314.00	314.00						
	<b>Tackle homelessness</b>		<b>7,541.00</b>		<b>7,321.00</b>	<b>-</b>	<b>7,150.00</b>	<b>-</b>	<b>7,181.00</b>	<b>-</b>
	Homelessness & Rough Sleeping		7,541.00		7,321.00		7,150.00		7,181.00	
	<b>Enable people to live independent lives</b>		<b>146,728.00</b>	<b>1,641.00</b>	<b>144,456.00</b>	<b>1,641.00</b>	<b>141,079.00</b>	<b>1,641.00</b>	<b>141,681.00</b>	<b>1,641.00</b>
Home Improvement Agencies		4,926.00		4,783.00		4,671.00		4,691.00		
Rapid Response Adapt Prog		453.00	1,641.00	440.00	1,641.00	430.00	1,641.00	432.00	1,641.00	
Supported People Grant		63,336.00		62,395.00		60,936.00		61,196.00		
Supporting People Grant-Local Authorities		76,831.00		75,690.00		73,921.00		74,236.00		
SHRG Rev Subs Misuse/Young Offenders		1,182.00		1,148.00		1,121.00		1,126.00		
<b>Develop Housing policy, legislation and regulation</b>		<b>2,702.00</b>	<b>-</b>	<b>2,616.72</b>	<b>-</b>	<b>2,548.99</b>	<b>-</b>	<b>2,560.59</b>	<b>-</b>	
Regulation Inspection Programme		181.00		176.00		172.00		173.00		
Management and Advice		246.00		246.00		246.00		246.00		
Affordable Homes		115.00		115.00		115.00		115.00		
SHMG Black Minority Ethinc (BME) Housing Budget		404.00		392.00		383.00		384.00		
Social Housing Management Grant		1,756.00		1,687.72		1,632.99		1,642.59		
<b>£ 469,924.00</b>		<b>157,031.00</b>	<b>312,893.00</b>	<b>154,764.81</b>	<b>249,392.00</b>	<b>151,146.81</b>	<b>231,970.00</b>	<b>151,791.81</b>	<b>206,782.00</b>	
<b>Regeneration</b>				0.96	0.87	0.95	0.93	0.95	0.90	
				3.5%		4.8%	7.0%	4.8%	10.4%	
	Strategic Regeneration Areas		2,405.00	44,125.00	5,189.00	39,693.00	6,436.00	36,500.00	6,497.00	33,000.00
	Legacy Areas		10,263.00	7,147.00	8,200.00	3,900.00	7,900.00	3,400.00	7,900.00	2,000.00
	Future Implementation		50.00	-	-	-	-	-	-	-
	Community Development		2,176.00	-	1,100.00	-	-	-	-	-
	Coalfields Regeneration Trust		-	320.00	-	250.00	-	-	-	-
Regeneration and other Local Services - Gen Cap Funding BEL			17,843.00		11,500.00		11,577.00		10,888.00	
<b>£ 84,329.00</b>		<b>14,894.00</b>	<b>69,435.00</b>	<b>14,489.00</b>	<b>55,343.00</b>	<b>14,336.00</b>	<b>51,477.00</b>	<b>14,397.00</b>	<b>45,888.00</b>	
<b>Total</b>										
		<b>171,925.00</b>	<b>382,328.00</b>	<b>169,253.81</b>	<b>304,735.00</b>	<b>165,482.81</b>	<b>283,447.00</b>	<b>166,188.81</b>	<b>252,670.00</b>	