Budget 2017
The Implications for Public Services

November 2017

Clouds over the Houses of Parliament at Westminster!

Introduction

Philip Hammond, the Chancellor of the Exchequer, unveiled his latest budget on Wednesday 22nd November 2017.

The purpose of this briefing paper is to summarise the budget with particular reference to its implications for public services and to provide some commentary.

Economic Background

The economic circumstances are not good. As Rob Whiteman, the Chief Executive of the Chartered Institute of Public Finance & Accountancy points out in the 'Local Government Chronicle':

"Interest rates are rising and we have a £1.8trillion national debt and the worst productivity growth since the second world war… Worse still.. some services (are) stretched to breaking point."

The Institute for Fiscal Studies has also published an interesting report entitled: Autumn 2017 Budget: options for easing the squeeze' that considers options for the budget. In the context of a forecast reduction in productivity growth from 1.6% to 1.0%, a reluctance to increase taxes and under pressure to increase spending, the report suggests that the government will be forced to abandon its objective of balancing the budget. This prediction was effectively confirmed!

Carl Emmerson, Deputy Director of the Institute for Fiscal Studies has told the BBC that:

"Public sector workers, the NHS, the prison service, schools and working-age benefit recipients, among others, would like more money… Does he allow higher borrowing to persist, does he add to that with more spending, or does he try to offset that with greater taxes? Given all the current pressures and uncertainties, and the policy action that these might require, it is perhaps time to admit that a firm commitment to running a budget surplus from the mid-2020s onwards is no longer sensible."

The Institute for Fiscal Studies calculates that the government deficit could more than double to £36billion in 2020/21 or even £70billion if productivity declines still further. It also predicts that 'austerity' will continue for most of the public sector. However, others have argued that, because of the weakness of demand in the economy, the budget should feature increased public expenditure financed through increased borrowing.

The Chancellor announced that the Office for Budgetary Responsibility has revised its forecasts of economic growth downwards to 1.5% in 2017, 1.4% in 2018 and 1.3% in 2019. This is the lowest level of forecast growth in any G7 country. Government borrowing is forecast to be £49.9billion in 2017/18 and £39.5billion in 2018/19 with debt being equivalent to 86.5% of Gross Domestic Product in 2017/18 (it was at 40% in 2007/08). Described as 'fiscal loosening' by Andrew Neil on the BBC. Inflation is forecast to increase to 3%. No statement was made on changes to the 'public sector pay cap'.

Andrew Verity, the BBC's Economics correspondent tweeted that:

"If you blinked you may have missed him saying £14.8billion headroom (for spending or tax cuts) forecast for 2021/22. That's about £11billion less than forecast last time."

And Paul Johnson of 'The Economist' tweeted that:

"March 2016 Budget forecast surplus of £10billion in 2019-20. Today forecast is deficit of £35billion. Quite a turnaround in less than 2 years."

It has been reported that the United Kingdom government is about to offer the European Union £40billion to settle the 'Brexit divorce bill'. It is not clear where this expenditure is shown in the Treasury's financial calculations.

Dan Corry, the Chief Executive of New Philanthropy Capital wrote in 'Public Finance' that:

"This Budget was one of the hardest for many years. The Chancellor, not the most agile or ambitious post holder ever to have held the job, was snookered by both real and political factors – some of his and his Cabinet colleagues own making.

"The economy is not strong partly as a result of the Brexit vote and its consequences for real wages and business investment, partly as a consequence of underlying weaknesses that have been amplified by the impact of austerity. And it is much less strong than he thought at the last financial event in March."

Investment

The government is hoping to increase investment in the economy by providing increased subsidies to business. The National Productivity Investment Fund has been increased from £23billion to over £31billion and extended from five years to six. A new £2.5billion fund is to be created to unlock investment in new businesses. £123million is to be provided for Redcar steelworks.

The government has set aside £3billion for 'Brexit' preparations, in addition to the existing £700million.

£20million will be provided to support colleges of further education.

Housing Budgets

The government made no secret of the fact that the budget would contain measures that will be designed to increase house-building towards the 300,000 dwellings a year that the government now agrees are required. Indeed, there are reports that Sajid Javid, the Secretary of State for Communities & Local Government has been lobbying for a £50billion increase in his department's housing budgets. He gave an interesting interview to Andrew Marr on the BBC on 22nd October 2017. In it, he suggested a significant shift in government macro-economic policy by saying that a distinction should be drawn between borrowing to fund the revenue deficit and borrowing to fund investment. He said that:

"We are looking at new investments and there will be announcements, I'm sure, in the Budget covering housing… But what I want to do is make sure that we are using everything we have available to deal with this housing crisis, and where that means we can, for example, sensibly borrow more to invest in the infrastructure that leads to more housing and take advantage of some of the record low interest rates we have, I think we should absolutely consider that."

And, Lord Gary Porter (Conservative) Leader of South Holland District Council and Chair of the Local Government Association told reporters that he is hopeful that the government will raise the local authority housing 'borrowing cap' as part of the November budget.

In an interview on the Andrew Marr show on the BBC on 19th November 2017, Philip Hammond said that his Budget will set out how the government will build 300,000 new homes a year compared with the target of 1.5million homes over seven years that had been set previously. However, he said that there was no 'single magic bullet' to increase housing supply and the government would not simply 'pour money in'. His intention is to speed up developments where planning permission has been granted and give more help to small building firms.

In the housing and local government sectors, there was some hope (even an expectation) that the budget will include measures to increase the number of affordable and social homes that will be built by housing associations and local authorities through increases in social housing grant and the lifting of the 'borrowing cap' that limits the amount that local authorities can borrow to build new council houses.

The Budget Report states that:

"The government is determined to fix the dysfunctional housing market, and restore the dream of home ownership for a new generation. The only sustainable way to make housing more affordable over the long term is to build more homes in the right places. Government action has already increased housing supply to 217,000 in 2016-17.

"The Budget goes further and announces a comprehensive package which will raise housing supply by the end of this Parliament to its highest level since 1970s, on track to reach 300,000 per year, through:

- *making available £15.3 billion of new financial support for housing over the next five years, bringing total support for housing to at least £44 billion over this period*
- *introducing planning reforms that will ensure more land is available for housing, and that maximises the potential in cities and towns for new homes while protecting the Green Belt*

"The Budget also announces further support for those struggling to get on the housing ladder now. The government will permanently exempt first time buyers from stamp duty for properties up to £300,000, with purchasers benefiting on homes up to £500,000."

The Chancellor announced £44billion of capita funding loans & guarantees to support the housing market to deliver 300,000 homes a year on average by the 2020s. This represents 88% of the amount that Sajid Javid, the Secretary of State for Communities & Local Government was reported to have requested. However, there were few details provided and the sector will be disappointed that the government is not planning to achieve the required level of house building until the 2020s. An announcement about the details of the housing schemes is expected to be made by Sajid Javid soon.

The package includes £15.3billion of new investment and support. This consists of:

- Confirmation of an extra £2billion of investment in affordable housing, including for social rented homes.
- £1.1billion for a new Land Assembly Fund
- An extra £2.7billion for the Housing Infrastructure Fund
- A further £630million for infrastructure and remediation on small sites
- A further £1.5billion for the Home Building Fund targeted at Small and MediumEnterprises
- The creation of £8billion worth of new guarantees to support a range of housebuilding
- Up to £1billion more housing revenue account headroom for councils in high demand areas up to 2021/22/

Laura Kuenssberg of the BBC tweeted that:

"Sounds like a lot, but not clear what it means, underwriting borrowing and giving housebuilders guarantees not the same as spending cash on putting spades in the ground."

There will be an extra £2.7billion to more than double the housing infrastructure fund; and £400million for estate regeneration. Five new garden towns are to be created.

The Homes & Communities Agency is to expand to become 'Homes England' bringing together money and expertise, and planning and compulsory purchase powers with a remit of ensuring sufficient new homes are provided and an improvement in affordability. However, few details were provided regarding what this would mean.

The Chancellor announced that:

"A consultation on barriers to longer tenancies in the private rented sector and how we might encourage landlords to offer them to those tenants who want the extra security."

Philip Hammond stated that there was a need to train more construction workers – presumably to replace those construction workers from other European Union countries who will not be available in future.

Despite these announcements, the Department for Communities & Local Government revenue budgets for housing are set to be reduced from £2.8billion in 2017/18 to £2.3billion in 2018/19 and £2.2billion in 2019/20; although capital budgets are to be increased from £7.7billion in 2017/18 to £8.6billion in 2018/19, £10.5billion in 2019/20 and £11.6billion in 2020/21.

The Chartered Institute of Housing commented as follows:

"The renewed commitment to tackle the nation's housing crisis in today's budget represents significant progress and we particularly welcome the government's ambitious new target to deliver 300,000 new homes a year. Of course, the important thing is that we are building the right homes in the right places and that people can afford them. We have to make sure that any new funding supports the building of new homes that meet the varied needs of individuals and families across the UK. For many people social rents, which are much cheaper than private rents, remain the only truly affordable option and more must be done to support this crucial form of housing. We have long argued that if we are going to build the homes we need councils will have to play a major part and we welcome measures to support this. The government has made a series of announcements in recent months which lay the foundation for housing associations to commit to developing many more new homes and we must do the same for councils. Relaxing borrowing caps for councils in high demand areas is very positive – we hope to see the government build on this move so that we see a return to the levels of council house building we need."

Housing Associations

The Budget has confirmed the Government's intention to proceed with a large-scale regional pilot of the Voluntary Right to Buy scheme in the Midlands. As there are a range of different housing markets in the Midlands it is intended that the pilot will provide valuable learning ahead of the roll-out of the national scheme.

The National Housing Federation commented that:

"Taken together, today's package of measures are a good signal of intent from the Chancellor. However, for a budget that had been trailed as 'the housing budget', today's announcement fell disappointingly short on the measures needed if the country is going to reach the Government's target of 300,000 new homes each year.

"Of course, it had been confirmed before today's announcement that we had secured much of what we were calling for in our Budget 2017 submission – the rent settlement from 2020, an additional £2billion for affordable housing, and the scrapping of the local housing allowance cap.

"But if we are going to significantly increase supply, we need the remaining piece of the jigsaw – access to land. Given that the Chancellor himself acknowledged the importance of land in his speech, it is a missed opportunity that the Government has not taken steps to be actively involved in identifying and releasing land. We will continue to call on the Government to make this a priority."

Prior to the budget there was an interesting exchange in Prime Minister's questions. Robert Blackman MP (Conservative, Harrow East) complained that housing associations held considerable sums in reserves and argued that they should spend them on housing rather than hold them in the bank. This is a common misconception as when housing associations use their own money to fund new housing it appears on the balance sheet as reserves. According to the latest global accounts of housing associations published by the Homes & Communities Agency, reserves in 2016 stood at £41.8billion of which £5.5billion is held as cash, £2.0billion in other net current assets and £34.3billion was invested in housing.

Theresa May did point out that housing associations do invest their reserves but I always find it disappointing when people in authority do not appear to be well informed.

Local Authority Housing

According to the Budget documents, local authorities will be invited to bid for increases in their caps from 2019/20 up to a total of £1bn by the end of 2021/22. The government will monitor how councils respond to the offer and 'consider whether any further action is needed'.

Local authorities will welcome the government's decision to lift housing revenue account 'borrowing caps' for councils in high demand areas. However, it is not clear how 'high demand areas' are to be defined or whether there will be any strings attached. Neither is it clear why local authorities will have to wait until 2019/20 for the scheme to start.

Local authorities were hopeful that the government will make progress on their manifesto commitment to enter into bespoke deals with them in which central government will offer more resources and greater flexibilities (mainly around borrowing and the use of capital receipts) to councils in return for agreed targets for new house building.

The government has struck a 'housing deal' with Oxfordshire that will see the county and its five districts work together to produce a 'joint statutory spatial plan' that will result in 100,000 homes being built in Oxfordshire by 2031. In return, the councils will receive:

"A package of government support over the next five years, including £30m a year for infrastructure and further support for affordable housing and local capacity".

Discussions have been taking place with Newark & Sherwood Homes, Sheffield City Council and Stoke City Council regarding bespoke deals. Janet Sharpe, Director of Housing & Neighbourhoods at Sheffield City Council told 'Inside Housing' that:

"I am certainly optimistic. We've been working closely with the government about the Sheffield bespoke deal and we're hopeful of hearing something positive on this… We're ready to go whenever the government is."

In the event no further announcements were made about these deals other than the announcements about the Oxfordshire deal and the 'borrowing caps'.

Lord Gary Porter, the Chair of the Local Government Association told 'Public Finance' that 'borrowing caps' should be lifted for all councils and that:

"This is an important recognition of our argument about the vital role that councils must play to boost homes for local families in need and solve our housing crisis, but does not go far enough."

Gavin Smart, deputy chief executive at the Chartered Institute of Housing, told 'Public Finance; that:

"Relaxing borrowing caps for councils in high demand areas is very positive – we hope to see the government build on this move so that we see a return to the levels of council house building we need."

The Chancellor announced £28million for three new 'housing first' pilots to reduce rough sleeping in Birmingham, Liverpool and Manchester. They will also provide £20million to support people at risk of homelessness to obtain tenancies in the private rented sector. There is to be a homelessness task force to halve rough sleeping by 2022 and eliminate it by 2027. It has been suggested by critics, though, that the funding envisaged will not be sufficient and that it will not be possible to eliminate homelessness unless house building is increased significantly.

£38million is to be provided for Kensington & Chelsea Borough Council for mental health and counselling services, regeneration projects in areas surrounding Grenfell Tower and a new community space. Phillip Hammond expressed the view that a lack of finance should not prevent a landlord from carrying out fire prevention work and taking appropriate precautions against fire.

Home Ownership

The United Kingdom government's commitment to subsidising home-ownership remains strong. The Chartered Institute of Housing has recently pointed out that subsidies for home-ownership already account for 80% of government housing budgets; and Philip Hammond said that it was 'not acceptable' that young people find it so hard to buy a home, and promised to set out how the government would keep its 'pledge to the next generation'. On 'Peston on Sunday' on ITV he also emphasised that spending money on housing may not be the answer as it may simply increase house prices rather than housing supply – something that many analysts have also concluded!

In his budget presentation, Philip Hammond expressed an intention to make the dream of home ownership become a reality once again.

The Chancellor announced an end to stamp duty on homes purchased for less than £300,000, and a reduction on homes purchased for less than £500,000 for first time buyers. It is intended that this will result in the purchase of an additional 3,000 homes and the Office for Budgetary Responsibility has calculated that it will increase house prices by 0.3%. It was not stated what the cost of this would be in reduced revenues and some commentators have suggested that its effect will be to increase house prices further.

It was announced that 'Help to Buy' has helped 320,000 people to buy a home but that no 'Starter Homes' have been built!

Dan Corry, the Chief Executive of New Philanthropy Capital wrote in 'Public Finance' that:

"The housing package was a political necessity as well as much needed economically. But whether it was wise to see such a high percentage of the actual cash (as opposed to loans and guarantees) going into a headline grabbing stamp duty reduction that will most likely just lead to house price increases, is unclear."

Planning

In addition to extra investment and support, the Chancellor indicated a renewed focus on ensuring the planning system is supporting the delivery of new homes. The government considers that planning reform is crucial to delivering the necessary step change in supply. The government will introduce new measures to ensure that local planning authorities give permission for more developments for first-time buyers and affordable renters.

Councils could be required to increase the density of development in urban areas and ensure that 20% of their housing land supply is made up of small sites in a bid to make it easier for small and medium developers to build. The Budget papers announced the government will consult on detailed proposals for reform of developer contributions following its review of the Community Infrastructure Levy.

Papers published alongside the Budget said the government would consult in due course on strengthening the housing delivery test, first proposed in the housing white paper at the beginning of the year, so that the presumption in favour of development would apply if councils were failing to deliver at least 75% of the housing estimated that is required for their area. This presumption, that is set out in the national planning policy framework, means that planning authorities must have very strong reasons for refusing planning permission.

Other measures designed to increase supply will include 'first-time buyer led developments' where councils will be expected to give permission to land outside their plan on the condition that a high-proportion of homes are offered for discounted sale to first time buyers or for affordable rent.

Councillor Martin Tett (Conservative) of Buckinghamshire County Council said that:

"Planning is simply not a barrier to housing growth. Councils approve nine out of 10 applications and are doing all they can to deliver affordable homes with wider local services and infrastructure… We look forward to contributing to the forthcoming Letwin Review, and will make a vigorous case for councils to be given the strongest powers possible to make sure that developers are held to account."

Welfare

The implementation of Universal Credit has become controversial and £1.5billion will be provided to alleviate some of the problems that have been identified. The seven-day wait will be removed from the start of a Universal Credit claim that will give claimants an extra week's money and will reduces the amount of time they will wait. Universal Credit claimants will continue to receive Housing Benefit for two weeks that will help to prevent tenants falling into arrears. Greater support will be offered to those who need advance payments and claimants will be allowed to apply for up to a month's payment within five days of applying. The repayment period for advances will be extended to twelve months. Targeted affordability funding. for Local Housing Allowance claimants in the private sector struggling to pay their rent is to be increased by £250million.

Laura Kuenssberg of the BBC tweeted that:

"Now onto the Universal Credit fix, or attempt to fix the worst problems - govt removing the 7-day waiting period, extending repayment period for advances, any claimant will get housing benefit for another 2 weeks - package to ease concerns is 1.5 billion."

These measures have been criticised as a loan that only reduces delays from six weeks to five. However, they have been welcomed by the National Housing Federation as follows:

"The undoubted highlight of today's Budget was the announcement of changes that will make a huge difference to the thousands of tenants struggling on Universal Credit.

"These are welcome changes and combined are likely to relieve some of the difficulties tenants and housing associations have faced since the start of the Universal Credit roll-out. We will continue to work with our members and the Government to better understand how Universal Credit can be further improved for people on low incomes."

The National Living Wage is to be increased by 4.4% to £7.83/hour from April 2018. Youth rates will also be increased. This applies to two million workers on minimum wage. The freeze on benefits, including housing benefit will continue despite the increase in inflation.

The Chartered Institute of Housing commented as follows:

"We know that universal credit is causing significant hardship and that the lengthy waiting time for the first payment is a significant problem. Today's measures to help people suffering as a result of the delays are welcome. We hope to see further progress on some of the other issues affecting universal credit claimants, including administrative delays and lack of information. CIH wrote to the Department for Work and Pensions to express our concerns back in July and in particular we are urging the government to slow the roll-out down so that it can make sure it gets this vital reform right Our research has shown that local housing allowance is completely out of step with rents in many areas of the country – especially for younger people. We welcome the extra funding to help support people in areas worst affected by that gap. However, we still think the government should go further and unfreeze local housing allowance rates. The ending of a private tenancy is the leading cause of homelessness in England and we look forward to contributing to the consultation on longer-term tenancies which could give much-needed stability to renters."

Local Government

The government plans to announce the Local Government Finance Settlement for 2018/19 shortly after the budget. It is expected that one of the changes that will be made will be to use the consumer prices index rather than the retail prices index as the basis for uprating business rates. There are fears in local government that this may be the 'thin end of the wedge' and that as local government retains an increasing proportion of business rates, United Kingdom ministers may reduce the rate of increase to below the level of inflation and / or increase the number of exemptions from business rates for small and medium businesses or those in less profitable sectors. This would of course, have an adverse impact on the income of local authorities.

Business rates are to be increased by the Consumer Prices Index rather than the Retail Prices Index from April 2018. Future rate revaluations will take place every three years rather than five. This will save businesses £2.3billion over five years. Discounts for public houses have also been extended. The Treasury has agreed to compensate authorities for the loss of revenue for the time being.

The Chancellor confirmed that London local government will be better off by an additional £240million in 2018/19 under its 100% business rates retention pilot. The pilot will see London keep all the growth in business rates including the levy currently paid by some councils with high levels of growth. Following the 2017 revaluation London is expected to collect £8bn in business rates next year. Under the pilot London will retain 64% of its business rates compared to 50% under the current system. This is equivalent to £5.1billion. The government also intends to launch more pilot schemes.

Councillor Claire Kober (Labour), of Haringey Borough Council and Chair of London Councils, told the 'Local Government Chronicle' that:

"This is an essential step towards more sustainable funding of the local services upon which Londoners and London's businesses depend. It will enable further investment in vital infrastructure to support economic growth and create more jobs across London."

The Chancellor complained about empty houses and announced that local authorities will be able to charge a 100% council tax premium on empty properties.

A £1.7billion transforming cities fund for local transport investment is to be allocated to the city regions with elected mayors and to other cities through a competitive process. Further devolution deals were announced with Tyneside and the West Midlands.

A Mayoral deal was offered to the three 'North of Tyne' councils if they agreed to leave the rest of the northeast combined authority.

The budget did not contain any statement on adult social care. Neither did it contain any statement on children's services. This will be a disappointment to many in the sector but these subjects may be addressed in the local government finance settlement that is expected soon.

The Department for Communities & Local Government's budgets for local government are to be reduced from £6.7billion in 2017/18 to £4.8billion in 2018/19 before increasing to £5.6billion in 2019/20.

Lord Gary Porter (Conservative), Leader of South Holland District Council and the Local Government Association said that:

"It is hugely disappointing that the Budget offered nothing to ease the financial crisis facing local services."

Councillor Nick Forbes (Labour), Leader of Newcastle on Tyne City Council said that:

"This Budget was a slap in the face for local government, and the millions of vulnerable people who rely on us."

National Health Service

Philip Hammond said that the government recognises that the:

"NHS is under pressure right now".

The Budget Report states that:

"The Budget takes further steps to put the NHS on a strong and sustainable footing - both now and in the future – with £6.3 billion of additional funding. The government will invest £3.5 billion in capital by 2022-23, to ensure patients receive high quality, integrated care and improve efficiency and productivity. The government will also provide an additional £2.8 billion of resource funding to improve NHS performance and ensure that more patients receive the care they need more quickly. This is a significant first step towards meeting the government's commitment to increase NHS spending by a minimum of £8 billion in real terms by the end of this Parliament. In addition, the government is committing to funding pay awards for NHS staff on the Agenda for Change contract that are agreed as part of a pay deal to improve productivity, recruitment and retention."

The Office of Budget Responsibility had warned the National Health Service faced a £20billion funding gap by the end of this parliament and a recent joint-report from the King's Fund, Nuffield Trust and Health Foundation said that the health service needed at least £4billion over the next year. National Health service managers have suggested that an additional £8billion is required.

Additional funding of £2.8billion was announced for National Health Service England with £350million extra funding for this winter. Some commentators have pointed out that only £1.6billion of this will be available in 2018/19, that this is less than the £4billion that the National Health Service requires and less than the funding that has been allocated for preparations for 'Brexit'.

When added to the additional funding already announced there will be an additional £10billion in capital investment in front line National Health Services over the course of the Parliament. There will be an additional £3.75billion for the National Health Service in 2018/19; a total increase of £7.5billion over this year and next.

Additional funding will be provided for the upcoming National Health Service pay increase currently being negotiated. However, there is a condition attached to this as follows:

"Any pay deal will be on the condition that the pay award enables improved productivity in the National Health Service"

However, National Health Service bodies have found the chancellor's commitments to the health service in the Budget 'disappointing'. Chris Hopson, Chief Executive of National Health Service Providers, told 'Public Finance' that:

"It is disappointing that the government has not been able to give the National Health Service all that it needed to deal with rising demand."

He also said that the National Health Service was 'trying to live hand to mouth' and that the government had directed extra revenue to acute hospital performance when:

"The pressures across the rest of the health service – community, mental health and ambulance services – are just as great".

The revenue budget for the health (including the National Health Service) is due to be increased from £119.1billion in 2017/18 to £121.9billion in 2018/19 and £124.2billion in 2019/20. This represents an increase of 4.2% over two years that represents a real terms reduction after inflation is considered. The capital budget for health (including the National Health Service) is due to be increased from £5.6billion in 2017/18 to £6.4billion in 2018/19, £6.7billion in 2019/20 and £6.8billion in 2020/21.

Devolved Administrations

The budget provides additional resources for the Scottish Government of £2billion, for the Welsh Government of £1.2billion and £650million for Northern Ireland.

VAT charged to Scotland's Fire & Police authorities is to be refunded from April 2018.

Fiscal Implications

The Budget Report identifies the fiscal implications as follows:

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total spending policy decisions	-150	-4,460	-7,190	-3,625	-1,450	-1,105
Total tax policy decisions	-80	-1,585	-2,725	+310	-1,510	-1,415
Total policy decisions	-230	-6,045	-9,915	-3,315	-2,960	-2,520

Public expenditure is budgeted to increase from £795billion in 2017/18 to £809billion in 2018/19, £827billion in 2019/20, £850billion in 2020/21, £872billion in 2021/22 and £897billion in 2022/23.

This is clearly a reflationary budget with increases in expenditure and reductions in taxation putting an additional £6.0billion into the economy in 2018/19 and £9.9billion in 2019/20; and with public expenditure budgeted to increase year on year. However, despite this the budgets of the Department for Communities & Local Government for both local government and housing services are being reduced year on year.

Conclusions

The underlying position of the United Kingdom economy is weak. This leaves the Chancellor wanting to increase expenditure to stimulate demand at a time when public debt is high, there is already a deficit, productivity is low, 'Brexit' is causing 'uncertainty' and projected growth in revenues is low.

As expected, housing was the focus of the budget with an additional £44billion for housing investment being announced. However, few details were announced and the objective of building 300,000 new homes a year has been deferred until the 2020s. Furthermore, with increasing constraints on the ability of the private sector to deliver new homes it is possible that increased funding for home ownership schemes will simply inflate house prices further.

There is also a limited scheme under which councils can apply to have the 'borrowing cap' raised to enable borrowing to fund new build that starts in 2019/20.

Some additional resources were made available for welfare with £1.5billion allocated to addressing some of the problems that have been identified with Universal Credit. However, no plans were announced to relax the 'benefits freeze' despite the increase in inflation.

The additional funding for the National Health Service is modest and falls short of the amount that has been requested by National Health Service managers. There was no mention of funding for adult social care, but this will presumably be addressed in the local government finance settlement that will be announced soon.

Detailed information about the budget is available on the government's website at: https://www.gov.uk/government/topical-events/autumn-budget-2017

Adrian Waite
November 2017.

All You Want to Know about Local Authority Housing Finance - Seminar

We are holding the first of our 2018 series of 'All You Want to Know About Local Authority Housing Finance' on 13th March 2018. This seminar is designed to give an introduction and overview to this important subject and is fully up to date with all developments.

This seminar is designed for people who are not experts in housing finance, but who need to understand the basics and achieve an overview of what is going on. It is suitable for councillors, housing managers, tenant representatives, finance staff who have limited experience of local authority housing finance and others who realise that an understanding of housing finance can place them at an advantage!

Do you think that a working knowledge of local authority housing finance would put you and your colleagues in a position of advantage?

The session will answer the following questions:

- How does the Housing Revenue Account work?
- How does the Housing General Fund work?
- How does the Housing Capital Programme work?
- What is going on in the world of local authority housing finance?
- What are the Financial Opportunities and Threats for Local Authority Housing?

The session is comprehensive and refers to the Housing Revenue Account, Rents, Service Charges, Self-Financing, Capital Programmes, Right to Buy, Development, Prudential Borrowing, Housing Benefit, Welfare Reform, Strategic Housing, Arms' Length Management, Private Finance Initiative, Business Planning and much more.

The session is also fully up to date and refers to recent government policies on the funding of supported housing; annual reductions in social and affordable rents of 1% and the setting of rents after 2020; voluntary near market rents for tenants on high incomes; the Housing and Planning Act; and the implications of 'Brexit'. The session is accompanied by a very useful hundred-page book that is designed for reference after the session entitled: "All You Want to Know About Local Authority Housing Finance 2018"

The cost of this seminar is £250 plus VAT making a total of £300. However, there is a £20 discount for people who book a month or more in advance making the cost £230 plus VAT making a total of £276.

Venue and Date:

- London: Novotel Waterloo - 13th March 2018

For further information or to make a booking, please click here: http://awics.co.uk/all-you-want-to-know-about-local-authority-housing-finance-2018

AWICS Seminars:

Our next seminars are as follows:

- All You Want to Know about Service Charges in Social Housing in Wales.
- All You Want to Know about Service Charges in Social Housing in England.
- All You Want to Know about Local Authority Housing Finance.

Information about all our seminars can be found at: http://awics.co.uk/seminars-2018

About 'AWICS'

'AWICS' is a management consultancy and training company. We specialise in providing support in finance and management to clients in local government and housing in England, Scotland and Wales. We are well known for our ability to analyse and explain complex financial and management issues clearly.

Our mission statement is 'Independence, Integrity, Value'. We therefore provide support to clients from an independent standpoint that is designed to help the client to achieve their objectives. We are passionate about working with the utmost integrity. We believe that we offer the best value for money that is available today!

For more information about our services and us please visit our website at www.awics.co.uk or contact Adrian Waite at Adrian.waite@awics.co.uk. Services that we offer include:

- Management Consultancy – http://www.awics.co.uk/ManagementConsultancy.asp
- Interim Management – http://www.awics.co.uk/interimmanagement.asp
- Regional Seminars - http://www.awics.co.uk/seminars-2018.asp
- In-House Training - http://www.awics.co.uk/inHouseCourses.asp
- Webinars - http://www.awics.co.uk/webinars.asp
- Independent Residents' Advice – http://www.awics.co.uk/IndependentTenantAdvice.asp
- Technical Books - http://www.awics.co.uk/publications.asp
- Information Service - http://www.awics.co.uk/aboutUs.asp
