Spending Review 2019: The Implications for Public Services

September 2019

The Houses of Parliament where the Spending Review was announced on 4th September 2019

Introduction

The Spending Review of 2019 was announced by Sajid Javid, the Chancellor of the Exchequer, on 4th September 2019. The statement sets departmental budgets for just one year rather than the usual three years, due to uncertainty over the impact of Brexit.

Sajid Javid outlined £13.8billion of investment in areas including health, education and the police in what he said was the fastest increase in spending for fifteen years. He said that:

"No department will be cut next year. Every single department has had its budget for day to day spending increased at least in line with inflation. That's what I mean by the end of austerity."

The purpose of this briefing paper is to summarise the spending review's implications for public services and to provide some commentary.

The spending round includes:

- £13.8billion in extra day-to-day spending for 2020-21, representing a 4.1% increase.
- A funding increase of £6.2billion for the National Health Service in 2020/21; including new equipment and upgrades for twenty hospitals.
- An Education spending increase of £7.1billion by 2022/23 compared to the current fiscal year. Secondary schools to be allocated a minimum £5,000 per pupil, primary schools will get £3,750.
- £750million for 20,000 police officers including £45million to hire 2,000 police by March 2020.
- An additional £106million for the Department for Work & Pensions.
- A £70million (2.7%) increase in the budget of the Ministry for Housing, Communities & Local Government, the first increase since 2010.
- Home Office day-to-day spending to increase by 6.3%.
- Ministry of Defence funding to increase by £2.2billion or 2.6%.
- Confirmation of an additional £2billion in Brexit preparation funding, in addition to the £2.1billion already announced, bringing the government's total budget for 'Brexit' preparations to over £8billion.
- Commensurate increases in the budgets of the devolved administrations.

The spending review includes increased public expenditure that will be funded from increased borrowing. In my view this reflects very poor financial management on the part of the government.

Boris Johnson, the Prime Minister, had already announced measures for increased spending on education, health and the police. These proposals will require about £6billion of additional spending and borrowing in 2020/21, with the largest proportion being for reversing cuts to per-pupil funding in schools. He told the 'Sunday Times' that the Spending Review would be the:

"Biggest, most generous spending review since the height of Tony Blair's New Labour"

Boris Johnson has also promised tax reductions that would mainly benefit wealthier people. However, the government will wait for a full budget to reveal specific details here.

Economic Context

As Nick Golding, the Editor of the Local Government Chronicle, has pointed out:

"The chancellor has less knowledge of the current fiscal environment than is the norm, with the sudden announcement of the spending round's date last week meaning that the Office of Budget Responsibility did not have the time to prepare all of its usual forecasts to guide him."

The economy is weakening. It recorded negative growth in the second quarter, and public borrowing has increased. If Britain leaves the European Union without a 'deal' at the end of October a serious economic shock is expected. Interest rates are already very low. It could therefore be argued that the government should increase public expenditure and reduce taxes to maintain demand in the economy, but this does represent a departure from the approach to economics that has characterised Conservative governments.

The government's spending plan is based on forecasts published in March 2019 by the Office for Budget Responsibility, the independent fiscal watchdog. According to those predictions, the government had around £15billion to borrow within its borrowing limits.

Since then, the United Kingdom's gross domestic product has reduced by 0.2% during the second quarter of 2019/20. If it contracts again between July and September, the country will officially be in recession, that is defined as two consecutive quarters of negative growth.

The Resolution Foundation has calculated that government borrowing in 2020/21 will be about £5billion higher than the Office for Budgetary Responsibility predicted in March 2019, but this has not been factored into the Treasury's calculations.

Economists consider that Sajid Javid risks breaking the government's commitment not to raise public borrowing above limits set out in the Conservative manifesto that are for public debt to fall as a proportion of Gross Domestic Product and to ensure borrowing, adjusted for the state of the economy, is below 2% of Gross Domestic Product in 2020/21. The government is also committed to bring the public finances into balance by the mid-2020s – a promise economists say will be almost impossible to keep.

The government is also taking risks by making spending commitments without updated guidance from the Office for Budget Responsibility. Paul Johnson, Director of the Institute for Fiscal Studies told the 'Guardian' that:

"Making big fiscal announcements in a period of great economic uncertainty means we will have little idea how sustainable or costly decisions made this week will be. The risks are exacerbated by not having up-to-date forecasts from the Office for Budgetary Responsibility."

According to recent analysis by the Office for Budgetary Responsibility, even a relatively benign 'no deal Brexit' scenario would push the United Kingdom economy into recession, make the United Kingdom permanently poorer and result in higher borrowing of £30billion a year from 2020/21 onwards. If this happens there would be doubts about the solvency of the United Kingdom government and the sustainability of existing levels of public expenditure.

Local Government: General

Local government budgets have been increased by £2.9billion with an additional £1.5billion for social care (see below). This will increase core spending power from £46.2billion to £49.1billion. Local authorities also will receive a real terms increase in public health grant and the NHS Better Care Fund will increase by 3.4% in real terms, in line with the overall NHS long-term settlement. Mr Javid appeared to suggest the £1.8bn improved better care fund will continue along with around £650m in other social care grants.

Councillor David Williams (Conservative, Hertfordshire County Council), the Chair-elect of the County Council's Network has pointed out that, a rolled over funding level and an increase in council tax of 3% would have still leave councils with a funding shortfall of £5.2billion. He told the 'Local Government Chronicle' that:

"Today's announcement by the Chancellor of new funding for councils is hugely significant and very welcome (but the long-term challenge) remains considerable (with) a funding gap of around £7billion by 2024/25 and there remains uncertainty over the future of the Fair Funding Review".

Critics say that any increases in public expenditure would not be enough to reverse the cuts that have been imposed since 2010 and that some departments could still miss out. Spending on local government services and 16-18 further education is now about 20% below 2010 levels.

For example, the additional £700million that has been announced for SEND services falls short of the £1billion that the Local Government Association has calculated is needed to meet the shortfall in 2020/21.

Prior to the spending review, Councillor Jamie Jamieson (Conservative, Central Bedfordshire), Chairman of the Local Government Association, pointed to the funding gap in local government, calculated at £5billion in 2020 and increasing to £8billion in 2025.

Neither the Fair Funding Review (on which I have worked as an advisor to the Local Government Association) nor the 75% local retention of business rates will be implemented as planned in 2020; and how can councils take long-term decisions when there is no certainty about funding from 2021?

Nick Golding, the Editor of the 'Local Government Chronicle' said that:

"There are plenty of reasons why councils will sadly not be on the cusp of reopening libraries and children's centres. Coming after a decade of austerity, this relative largesse will only go so far."

Jonathan Carr-West, Chief Executive of the Local Government Information Unit, told 'Public Finance' that:

"While it's true that local government has seen its biggest spending increase in a decade, the chancellor should not expect too many plaudits from councils across the country. This additional money does not undo a decade of cuts that bled councils dry. In terms of clarity about how local government is to be funded sustainably in the future, we are no clearer today than we were yesterday. We still don't know the outcome of the Fair Funding Review. We still don't know how business rate retention will work."

Jonathan Carr-West has also been writing in 'Public Finance' about the implications of 'Brexit' for local government. He said that:

"A no deal Brexit will just heap more uncertainty on councils already working in the dark. The sheer range of local authority responsibilities means that pretty much whatever goes wrong they will have a role in dealing with it.

"In the run up to the March Brexit deadline they were putting in place traffic management plans, drafting in extra police and working on the assumption that gridlock from the ports would have a knock-on effect on schools, hospitals and other public services. Those plans will need to be reactivated for October.

"Local authorities will be reviewing their plans for public disorder and civil unrest. In the very worst-case scenarios, if we do see shortages of food or medicines councils will be thinking about how they protect vulnerable groups such as children and the elderly… Over the longer term… there are still questions about how far the sudden cessation of free movement effects labour supply – especially in the care sector."

Local Government: Social Care

In his first speech from Downing Street, Boris Johnson promised to:

"Fix the crisis in social care once and for all".

And, in a Sunday Times interview, Boris Johnson said he would give councils £1billion for adult social care. Spending on adult social care in England fell between 2010/11 and 2014/15 but has since seen an increase funded largely through increases in Council Tax.

The number of adults receiving publicly funded care packages has decreased, even though an ageing population would suggest that demand is increasing. Only the poorest and neediest get support from the state. But that means four-fifths of older people who need care go without, rely on family and friends or pay for it themselves. Local authorities, responsible for providing adult social care, have also driven down the price of care commissioned from private and voluntary sector providers following cuts to funding. However, this has not enabled them to meet demand, and unpaid care - such as by family, friends or neighbours - has partially filled the gap.

The spending review provides an additional £1.5billion for social care. A total of £1billion will be shared between adult and children's social care, with the remaining £0.5billion of the package being contingent on a consultation for a 2% adult social care precept for councils to use. This is in addition to the existing £2.5billion of social care grants.

The National Health Service contribution to social care through the better care fund will increase by 3.4% in real terms next year, in line with the overall National Health Service long-term settlement, while the public health grant is also set to increase in real terms.

The long-awaited reform of the system has also been delayed. The crisis in adult social care continues.

Sally Warren, Director of Policy at the King's Fund told the 'Local Government Chronicle' that the spending review would leave social care and public health:

"Without the certainty needed to stabilise and improve the system… It's the equivalent of putting a bit of extra fuel in the tank when the car urgently needs a full service."

John Appleby, Chief Economist at the Nuffield Trust said that:

"We need to see the 'clear plan' that Sajid Javid referred to and it must set out a vision for a fair and sustainable system that supports people of all ages and spreads catastrophic costs across society, instead of leaving the individual to face them alone."

Housing

On being appointed Prime Minister, Boris Johnson said that:

"We will review everything… including planning regulations, stamp duty, housing zones, as well as the efficacy of existing government initiatives."

As Mayor of London from 2008 to 2016, Boris Johnson was responsible for housing policy in London. There were several occasions when he called in and approved planning applications with minimal levels of affordable housing after they had been refused by the Boroughs. Boris Johnson in a speech to the Conservative conference in October 2018 said that:

"As soon as you get a mortgage, as soon as you have a stake in society, you are less likely to go on strike and you are more likely to vote Conservative."

Since becoming Prime Minister, Boris Johnson has indicated that he intends to shift the emphasis further towards owner-occupation, especially through a new part-rent part-buy product. The Ministry of Housing, Communities & Local Government already allocates most of its housing budget to home ownership products, although under Theresa May there was some increase in resources for social and affordable rented housing.

This now seems likely to be reversed with no grant being made available in future for the development of new social housing in England outside of London. This is bad news for local authorities and housing associations and worse news for people who cannot afford market rents and are inadequately housed or homeless.

In the event, very little was provided for housing. Funding pledges for the housing sector included an additional £54million to help tackle homelessness, £40million to go towards Discretionary Housing Payments, and £24million to support the government's Building Safety Programme in response to the Hackitt Review.

The additional £54million for homelessness is to:

"Tackle rough sleeping and homelessness, including improving the use of support services to address the significant needs of rough sleepers, many of whom have complex mental and physical health needs".

The additional £40million for discretionary housing payments is:

"To tackle affordability pressures in the private rented sector in England and Wales"

There were several calls ahead of the Spending Round for the government to restore Local Housing Allowance rates to ensure they cover the most affordable 30% of rates. However, the government has decided to continue to freeze these rates.

Homes England will receive:

"Additional funding to deliver more homes where people need them."

However, when asked by 'Inside Housing', a Treasury spokesperson declined to confirm the amount that will be provided.

Terrie Alafat, Chief Executive of the Chartered Institute of Housing, said that:

"We are disappointed the government has not included housing in those areas, like health and education, (in) getting a long-term additional funding settlement. We are facing a national housing crisis, and every day we do nothing about it, it's getting worse."

Theresa May repeatedly stated that housing was her 'number one domestic policy' and in 2017, Sajid Javid addressed the conference of the National Housing Federation, saying that:

"We need to return to the time, not so very long ago, when social housing was valued. It was treasured… "Well, I'm proud to stand here today and say that you have a secretary of state who is totally committed to the cause."

So, it appears that priorities have changed. As Peter Apps wrote in 'Inside Housing':

"Sajid Javid's first major fiscal event as chancellor was a worrying sign that housing is dropping down the priority list. That's not what many expected on his appointment.

"Housing was entirely absent from Mr Javid's Spending Round speech, bar a relatively minor boost to the cash available for reducing homelessness.

"Since 2013, this is the first big chancellor's speech that I can remember which has declined to mention housing at all.

"This should worry anyone who has spent the past few years 'making the case for housing', as the sector is fond of saying. You may need to make it again.

"When Mr Johnson took over, the sector fretted that he might take the retrogressive step of returning to a 'homeownership-only' focus for housing policy. The fear now is that he might have no focus on it at all."

Education

Funding will increase by £2.6billion in 2020/21, £4.8billion in 2021/22 and £7.1billion in 2022/23.

Schools in England have not faced the same financial pressures as many other public services, but after a rise in spending per pupil in most years since 2009/10, since 2014/15 pupil numbers have increased faster than budgets, meaning the per-pupil spending has fallen in both primary and secondary schools. Also, schools have increasingly been paying for services that were previously provided by local authorities - such as educational psychology and extra support for special educational needs. Increases in costs such as national insurance and teachers' pensions, as well as running costs such as utility bills, have contributed to an 8% real terms reduction in money spent in schools since 2010.

The extra money promised for 5-to-16-year-olds' education will almost reverse that squeeze by 2023. But that leaves financial pressures in England in other areas such as early years, and despite some extra cash for colleges educating 16-19-year-olds, an historic legacy under many governments of relative underfunding of further education.

National Health Service

Spending on hospitals and General Practitioner services in England has increased since 2009/10, although more slowly than in the past and not by enough to enable the service to meet the increased needs of an increasingly elderly population. For example, the workload of General Practitioners has increased faster than spending, meaning they have had to do more for less. Despite practices increasing the number of telephone consultations and pooling resources, patients have been waiting longer for appointments. It is considered that General Practitioners, despite becoming more efficient, have not been able to keep up with demand.

The workload of hospitals has increased even more than that of General Practitioners. While hospitals have made efficiencies, they have not been able to keep pace with the growing cost and demand for care. The result has been financial deficits and longer waiting times for treatment.

Theresa May's government announced that annual funding would rise by £20billion by 2023. Boris Johnson also announced a non-recurring budget of £1.8billion, but not all of that is agreed to be new money. This is intended to fund new equipment and the upgrading of twenty hospitals that had been announced previously. £1billion is to fund a backlog of hospital maintenance work, and £850million is to be spread over five years to upgrade the twenty hospitals. The additional funds represent less than 1% of the total National Health Service budget in England.

A government spokesperson said that:

"The prime minister has been clear since day one that the National Health Service is a top priority. This money will be felt by frontline services, by the doctors and nurses whose hard work is invaluable, and by the patients they care for."

Simon Stevens, the head of the National Health Service England said that the money is a:

"Significant start (to) much needed capital investment… The concrete steps being set out this week will mean investment flows directly to frontline services, providing new clinics and wards."

The Health Foundation states that National Health Service facilities in England are in major disrepair and that £6billion is needed to fund backlogs. They said that:

"Years of under-investment in the National Health Service's infrastructure means this extra money risks being little more than a drop in the ocean".

Researchers at the Nuffield Trust think-tank have suggested that the pledge to upgrade twenty hospitals would cost at least £3.2billion, based on an assessment of hospitals two years ago. Sally Gainsbury, a senior policy analyst at the Trust tweeted that:

"Based on the conservative £160million cost estimate per trust, the total cost for upgrading all National Health Service services would be around £33billion… That wouldn't all need to happen at once – it takes time to build a new hospital wing after all. There have been calls to double the National Health Service budget for National Health Service investment – including from the National Health Service's own regulator National Health Service Improvement. That would take investment to around £14billion next year."

Sally Warren, Director of health think tank the King's Fund, said that:

"At one level yes, it is new money - if the Treasury today were not providing this money, National Health Service trusts would not be able to spend this £1.8billion… But another view is that actually - particularly the £1bn that's been announced today - is really reversing cuts that trusts were asked to make this year."

The National Health Service was given a five-year settlement last summer so budgets until 2023/24 were already known. The increases are more than what the rest of the public sector have received and reflect the fact that the health service is constantly among the top priorities for voters and facing rising demand from the ageing population. However, there are still question marks around more than £13bn of funding that goes to things like staff training, buildings and healthy lifestyle initiatives, such as stop smoking.

Police

Spending on the police in England and Wales has fallen significantly since 2009/10. The number of police officers has also declined, with total police reserves now 9% lower in real terms than they were in 2009/10. Victim-reported crime has fallen over this period, but police-recorded crime has increased. There is evidence that the police are struggling to maintain performance with current levels of spending.

Boris Johnson announced plans to fund and recruit an additional 20,000 police officers at a cost of £0.5billion, and to put more resources into the Crown Prosecution service prior to the spending review.

Comment in the media has focused on questioning whether this is 'new money', pointing out that the planned new police officers will not be enough to replace those that have left the service because of reduced funding since 2010, and asking where the government expects to find 20,000 people who are suitably qualified to become police officers at short notice!

However, there are some other points that are worth making.

First, with independent commentators and the government itself anticipating problems with civil unrest following Britain's planned exit from the European Union in October (Brexit), I cannot help thinking that the planned new police officers may be intended to deal with this problem. If this is the case, they will not be able to replace the officers that have been lost, or to tackle general crime including the worrying increase in knife crime and deaths due to substance misuse.

Second, the government's stated intention of leaving the European Union in October would create additional pressures for the police service. This applies to law enforcement cooperation between the two parts of Ireland as well as to co-operation between the United Kingdom and other member states. These would include:

- The ending of the European Arrest Warrant that currently enables British police to bring back to the UK for trial, rapidly and with little scope for legal delays, criminals who have taken refuge in other member states, and also to extradite promptly criminals from other member states who have come to the United Kingdom.
- The ending of membership of Europol and Eurojust (and of the Joint Investigation Teams set up by them) that help to investigate and prosecute the increasing amount of criminal activity that takes place across international borders.
- The ending of systems for rapid information, often in advance, about criminals, suspected terrorists, people traffickers, drugs and weapons smugglers who are in, or are trying to get into the United Kingdom: the European Criminal Information System, the Schengen Information System, the Prum data exchanges, covering DNA and number plate details.
- The ending of the Passenger Name Recognition system for increasing airline security, that the United Kingdom, against considerable resistance in the European Parliament, ensured applied to flights between the member states as well as to long haul flights.

Third, with Police & Crime Commissioners in most areas already struggling to 'balance the books' and to provide a 'fit for purpose' service there is an urgent need to increase police funding by more than is proposed. Future levels of police funding are dependent on the government's next spending review that was scheduled to take place in 2019. However, this has been delayed because of political uncertainty and instead the government will set a budget for a single year. There is an expectation that police funding in future will be at a 'standstill' for the immediate future with the significant reductions of recent years being replaced with increases of no more than inflation, but this is not certain.

Fourth, there really is an urgent need to update the formula that is used to allocate grant between the different police forces in England & Wales as it is clearly no longer fit for purpose. The formula was first introduced in 2006/07, at which time 'damping mechanisms' consisting of 'floors' and 'ceilings' were put in place to ensure that police authorities that would lose grant did so gradually and this was paid for by ensuring that police authorities that would gain grant would also gain gradually. However, since 2010 the Home Office has not updated the formula and has instead applied the same proportionate increase or reduction in grant to all police forces. This has meant that:

- The formula has not been updated so no account has been taken of variations in the relative need to spend on police services in different areas. One of the elements of the formula is population, so areas with relatively large increases in population have not seen this reflected in increases in grant.
- Actual funding has ceased to converge with the formula funding meaning that forces that are funded at a lower level than the formula continue to be funded at that lower level.
- There has been some discussion around reviewing the police funding formula, but this has been deferred.

Prisons

Prisons have experienced large spending cuts and a reduction in staff numbers since 2009/10. Prison safety has declined since 2012-13, violence has increased, and prisoners are less likely to have access to learning and development activities. The Ministry of Justice has 25% fewer staff than in 2010.

The government appears to have done a U-turn on prisons. As Minister for Prisons, Rory Stewart gained almost universal acclaim for listening to the experts and recognising that short-term prison sentences do not protect the public, do not help to rehabilitate offenders and are very costly to the taxpayer. The Ministry of Justice has shown that community sentences reduce the chance of further crime by 4% – a significant margin for reoffending rates; and also estimate that if all those who are currently given short sentences were punished in the community instead, there would be 32,000 fewer offences committed each year. However, Priti Patel, the new Home Secretary announced increased expenditure on prisons to create 10,000 more prison places so that more people can be locked up with short-term prison sentences.

Economic Development

Sajid Javid announced a further £3.6billion for the new Towns Fund, to provide a wave of investment to out regions and places. He also outlined £600million for the Welsh government and £400million for Northern Ireland in what he called the biggest spending settlement for a decade for the devolved regions.

Reactions to the Spending Review

The Director of the Institute for Fiscal Studies, Paul Johnson, said the plans signalled a:

"Real change in direction on spending but most areas of public service spending were still much below 2010 levels… Health is the big exception."

And warned that:

"We of course live in a time of extreme economic uncertainty and I think the big risk in saying that austerity is over is that the economy starts to do significantly worse, which it might if we have a no-deal Brexit… Then the deficit and debt will start rising and we are in danger of having another dose of austerity to get that over with for a second time.

"By making major spending decisions without having the most up-to-date forecasts for the economy and public finances, the chancellor is taking a gamble. As it stands, there looks to be a very real risk of having to choose between tax increases or missing his current fiscal targets come the budget later this year– even with a smooth departure from the European Union."

Don Peebles, head of policy and technical at the Chartered Institute of Public Finance & Accountancy, said:

"This announcement is certainly a welcome first step but appears to represent a substantial increase in government borrowing and does little to put funding for public services on a sustainable footing for the long-term."

Nick Golding, Editor of the Local Government Chronicle, said that:

"It somehow feels like the government is going on a massive bender after a miserable decade of sobriety. Austerity, of course, was imposed with the stated aim of reducing government borrowing so to go through all of that pain without the desired gain being upheld rather negates the purpose of all that misery.

"This was a rushed spending round… Money is being splashed around without the levels of contemplation which should be expected… But we live in unprecedented times. A government spending bonanza is one way of alleviating the impending shock to the economy of Brexit… This does not necessarily signify that this level of expenditure on an individual department will be sustained.

"Austerity is dead but so is prudence. And the lack of thought given to the state's fiscal destiny deprives local government, like every other sector, of long-term security and stability."

The Institute for Public Policy Research concluded that:

"The public shouldn't be taken in by today's spending review. It does not reverse a decade of austerity and chronic underinvestment in our society and economy."

Financial Management

HM Treasury has abandoned medium-term financial planning, cancelling the planned 2019 comprehensive spending review and instead delivering a one-year spending review. It has also done this in the absence of up to date economic forecasts from the Office for Budgetary Responsibility.

No private company, local authority, housing association or other reputable organisation would take such an irresponsible short-term approach to its financial management. Combined with its approach to cutting taxes, its commitments to increase expenditure on politically popular projects, all funded through unaffordable borrowing; this surely demonstrates that, when it comes to financial management, this must be the most irresponsible United Kingdom government in living memory.

Sajid Javid, the Chancellor of the Exchequer, in a BBC interview, justified this as follows:

"I want to make sure all departments, including my own, are very focused on our priority which is to make sure we leave the European Union on October 31st. That's why I'm having a one-year spending round so we can just get focused on our priority… But I'm confident that in that spending round that we'll be able to meet all our priorities and that certainly means increased focus on the NHS, on police and on schools… I'll be a chancellor to make sure that our country continues to live within our means."

We will have to wait until the results of the review are announced before we know whether it will provide enough resources for. However, a

All public services, including the National Health Service, Police, Schools, Local Government, Housing and the many other competing yet under-funded public services need to be planned over a longer timescale than one year, so however much is provided for 2020/21, long-term planning of public services will be rendered impossible.

I also find the observation about making sure that the country continues to live within its means quite remarkable because:

- The United Kingdom government hasn't lived within its means since 2008. Since then levels of debt have ballooned and the cost of servicing that debt has rocketed.

- The current government has made several unfunded commitments to increase spending and reduce taxation that can only be met through increased borrowing.
- The Office for National Statistics' data shows that the United Kingdom economy contracted by 0.2% during the last quarter suggesting that government revenues are likely to fall.
- All reputable economists, including those at HM Treasury and the Bank of England expect the economy to contract and government revenues to fall as a result of 'Brexit'.

Rob Whiteman Chief Executive of the Chartered Institute of Public Finance & Accountancy agrees with me that the planning horizon is too short to provide the certainty required for good financial planning and management, and urged the chancellor to 'reframe his thinking' to 'alleviate the fiscal pressures faced by the sector'. He said that:

"Long-term clarity and transparency is vital to ensure financial plans at all levels of government are accurate, efficient and sustainable."

It is also the case that, if government doesn't publish its medium-term or long-term financial projections; potential medium-term and long-term financial problems may be concealed. I think we need more transparency in government finances rather than less. We also need spending reviews to be based on up to date economic forecasts.

Conclusions

While the spending review provides additional resources for public services, this is generally not enough to replace the resources lost during the years of 'austerity' or to meet the needs of a growing and ageing population. Furthermore, some important services, notably housing, appear to have been neglected.

However, my biggest concern is that the government is basing the public finances on outdated economic forecasts, short-term planning and borrowing to fund increased expenditure and reduced taxation. I doubt if this will prove an effective strategy. It runs the risk of making the United Kingdom government insolvent and our public services unsustainable in the long-term.

Adrian Waite
September 2019

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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!

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- How does the Housing Capital Programme work?
- What is going on in the world of local authority housing finance?
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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 fully up to date and refers to the recent social housing green paper; the lifting of the 'borrowing cap'; policy on 'right to buy' receipts; and setting of rents based on the consumer prices index plus 1% a year after 2020.

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- London: Novotel Waterloo - 5th November 2019

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