



Housing and the Budget for 2011-12

Initial response from Shelter Scotland, 18 November 2010

Key message: the budget for housing and regeneration has been the single biggest loser in the draft 2011-12 budget, falling by 35%, in real terms, between 2010-11 and 2011-12.

The Budget for Housing

The housing budget falls within the Health and Wellbeing portfolio. However, the published figures in the draft Budget do not give the full picture, so this briefing provides a more comprehensive assessment than is available, at this stage, from the Scottish Government.

Housing and regeneration budget 2010-11 to 2011-12			
	2010-11	2011-12	Difference
Stated budget	£488 million	£394 million	- £94 million
Investment previously brought forward (1)	£120 million	-	
TMDF for Glasgow and Edinburgh (2)	£119 million	£89 million (2)	
Total budget	£727 million	£483 million	- £244 million
% change 2101-11 to 2011-12: 34% in cash terms; 35% in real terms			
<i>Note (1) - £120 million extra was originally earmarked in the 2007 CSR for investment in 2010-11 but was drawn forward to 2008-09 (£40 million) and 2009-10 (£80 million). Last year ministers argued that, for budget comparison purposes, this £120 million should be treated as still being in 2010-11. So this is what we have done.</i>			
<i>Note (2) – housing capital investment in Glasgow and Edinburgh no longer appears in the housing budget, since power to determine it was passed to the two city authorities. The investment amount is rolled up in the local government settlement. However, the amount has not been published in the Budget. Our figure of £89 million is estimated by taking the average cut in capital part of the housing budget (25%) and applying it to the baseline figure of £119 million.</i>			

The overall housing and regeneration budget is made up of a number of spending headings. In the draft Budget the spending headings have been radically altered from previous years. Ministers will argue that this is better to reflect overall Scottish Government priorities but it has the knock-on effect of making detailed comparison (at level 3) impossible at this stage.

The published figures in the Budget show the housing and regeneration budget falling by 19% in cash terms. However, by adding in the missing data Shelter can show that the cut is actually just under 34% in cash terms and 35% in real terms.

The impact of the cuts

Until we get more detail we cannot tell fully what the impact of these cuts might be if they were to be confirmed in the final Budget. The Scottish Government has argued that the overall programme will produce 6,000 new affordable homes. While such a level of output would be welcome, if achieved, we would be sceptical if it can actually be done. Moreover, this level of output includes low cost home ownership and higher rented properties through the National Housing Trust, neither of which are serving the same needs as low cost rented homes.

So, even at this early stage we can predict:

- A reduction in the number of new affordable rented homes – offering little respite to 161,000 families on council house waiting lists and over 10,000 households stuck in temporary accommodation.
- An increase in rents above inflation, at a time when the housing benefit bill is under intense scrutiny at Whitehall.

The Scottish Government will, legitimately, argue that it has to work with a fixed budget and that, in any case, the housing cuts are less dramatic than those in England. But just because the budget has been massacred in England does that mean that we in Scotland should be content to get off with a somewhat lighter punishment. The Independent Budget Review, in July, made a strong plea for capital investment to be spared the worst cuts. This has not saved the housing and regeneration budget while building a third road bridge over the Forth has been retained. The same Budget Review argued that non-means tested entitlements like concessionary travel were luxuries. Despite this, they remain unchanged.

In other words, government ministers had choices even within a fixed budget. These choices remain.

Shelter Scotland will update this briefing as further details emerge.

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