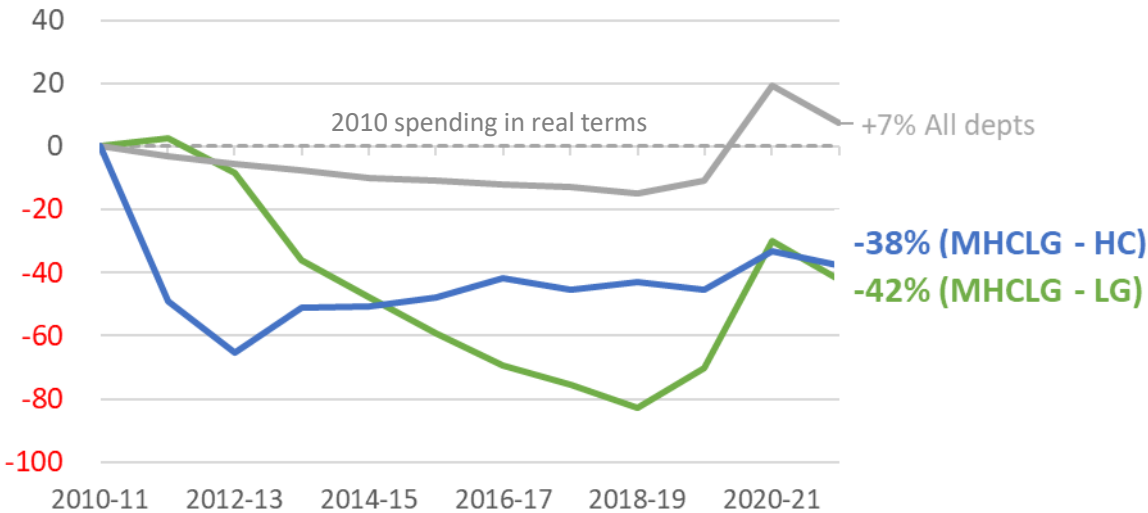


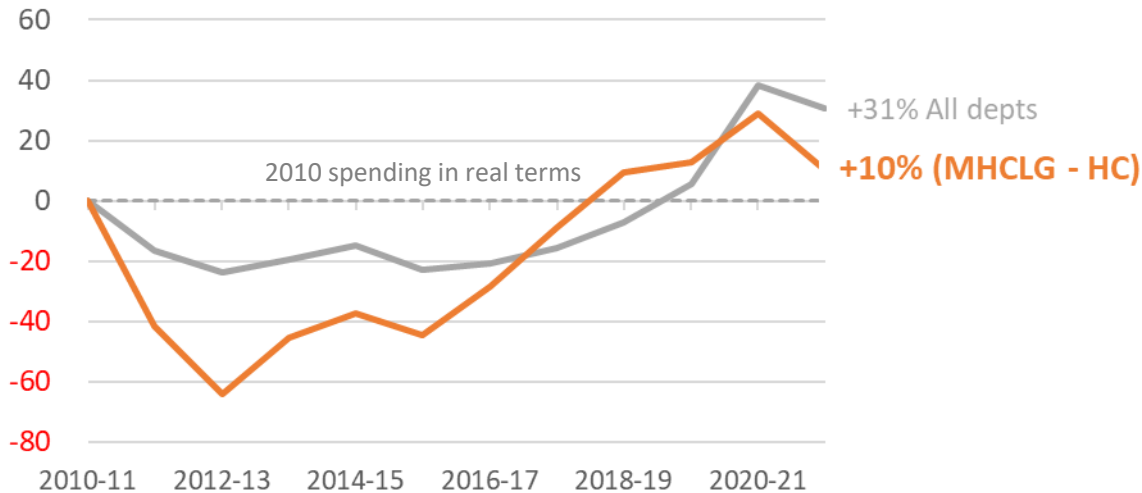
Ministry for Housing, Communities and Local Government (MHCLG)

Long-term trends in MHCLG's spending (in real terms)

Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Percentage change in **investment spending** compared to 2010 (Capital DEL):



Day-to-day spending trends

- Housing and Communities spending was cut significantly after 2010, although there were some years of growth from 2012-13 and is now forecast to be **38% lower** than in 2010.
- Spending on local government was cut gradually from 2010, reaching its lowest in 2018-19. Spending is now forecast to be **42% lower** than in 2010.
- In 2020-21, **£16.5 billion** was provided in Covid-19 support measures, mostly to support local authorities (£14.2 billion).
- For 2021-22, **£9.8 billion** has been allocated for Covid-19 support. Any additional budget cover will be approved in the Supplementary Estimates in February 2022.

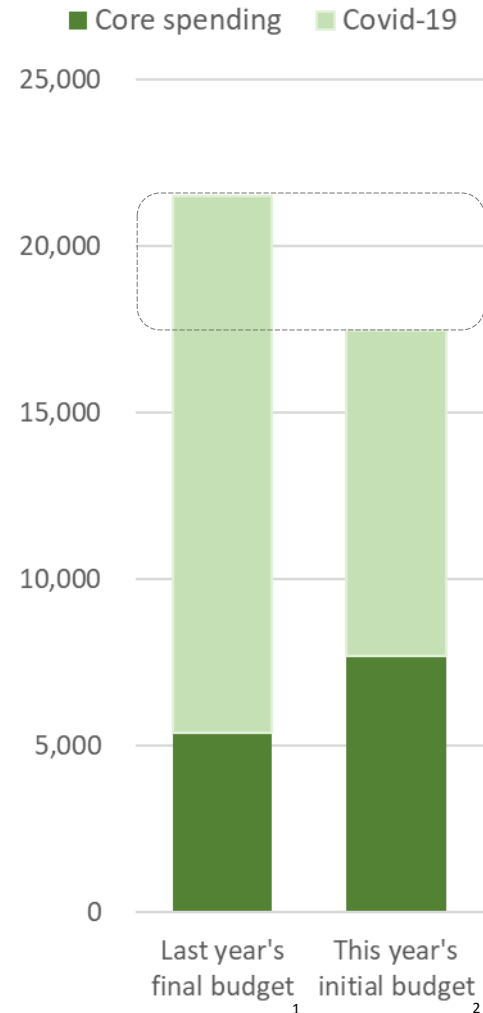
Investment spending trends

- All investment spending is under the Housing and Communities budget, which has recovered from significant cuts after 2010 and is now forecast to be **10% higher** in real terms than 2010-11.
- Increases are mainly due to **Help to Buy loans**, however there is an anticipated reduction in demand in 2021-22, resulting in a £1.9 billion decrease for Help to Buy.
- In 2020-21, **£95 million** was provided to support those sleeping rough during the pandemic.

How is the MHCLG's Local Government day-to-day spending changing in 2021-22?

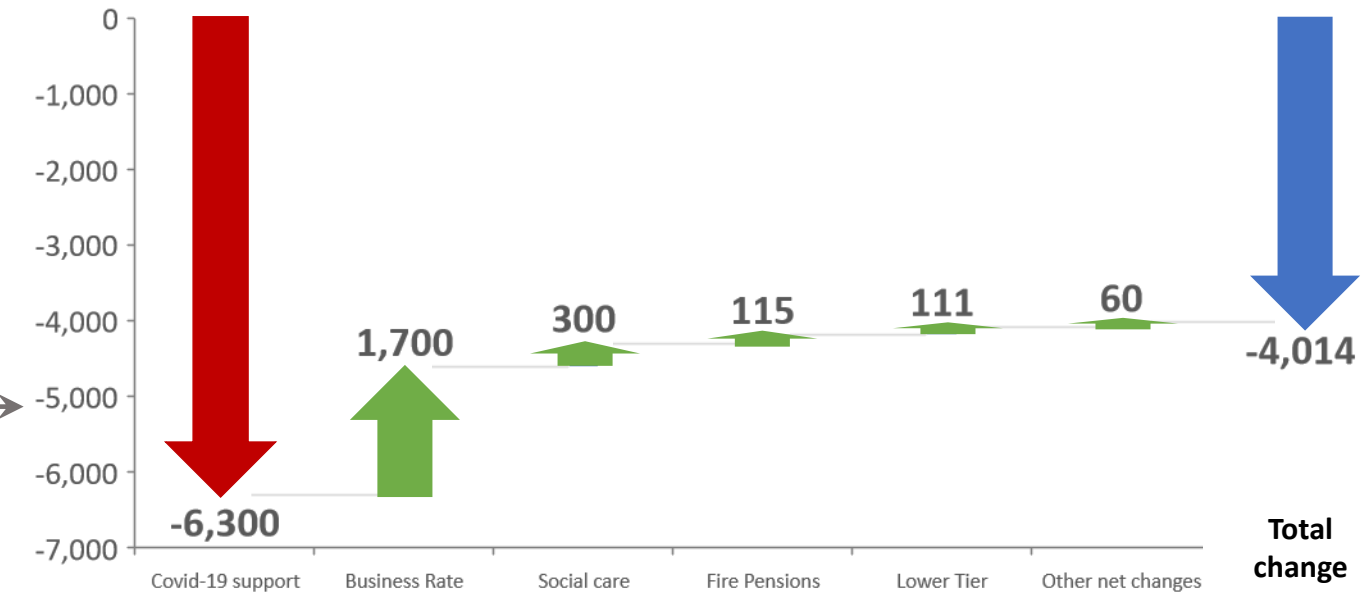
MHCLG's LG day-to-day budget is decreasing by £4,014m (-18.7%)

Resource DEL budget in £m



MHCLG's Local Government proposed budget decrease is driven by a reduction in Covid-19 funding

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2020-21



Changes in 2021-22

- **Covid-19 support:** £9,775 million provided for local government compared to £16,075 million in 2020-21. There may be additional budget approved in the Supplementary Estimates.
- **Business Rate Relief:** £1,700 million increase in section 31 Business Rate Relief grants.
- **Social care grants:** £300 million increase due to the Adult Social Care Relative Needs Formula. The formula addresses the fact that the distribution of resources generated through the Adult Social Care council tax precept does not match the pattern of assessed need.
- **Fire Pensions Grant:** £115 million increase due to the grant being transferred from the Home Office.
- **Lower Tier Services Grant:** £111 million for the new Lower Tier Services Grant for councils with responsibility for homelessness, planning, recycling, refuse collection and leisure services.
- **Other:** this includes a £35 million increase for Safety Net on account payments for local authorities; £16 million increase in other 2020 Spending Review adjustments; and £9 million increase in the Revenue Support grant.

¹ Final Budget in Supplementary Estimates 2020-21 (Feb 2021))

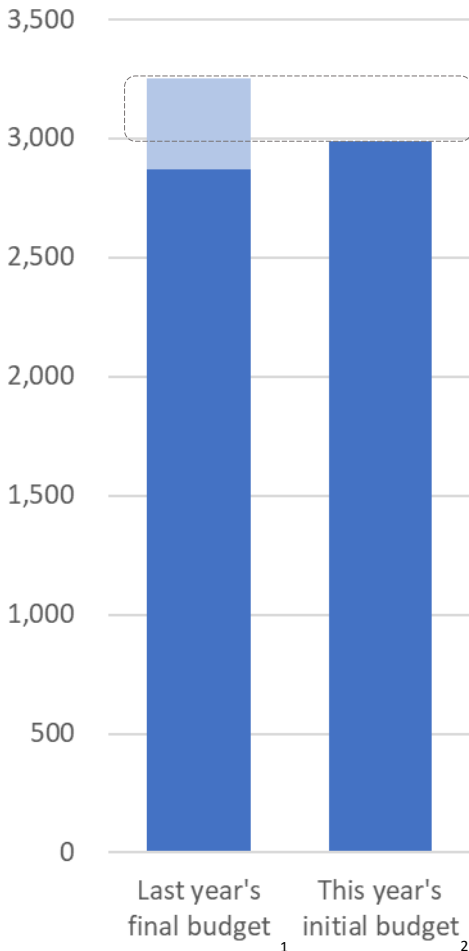
² Initial Budget in Main Estimate 2021-22 (May 2021))

How is the MHCLG's Housing and Communities day-to-day spending changing in 2021-22?

MHCLG's HC day-to-day budget is decreasing by £262m (-8.1%)

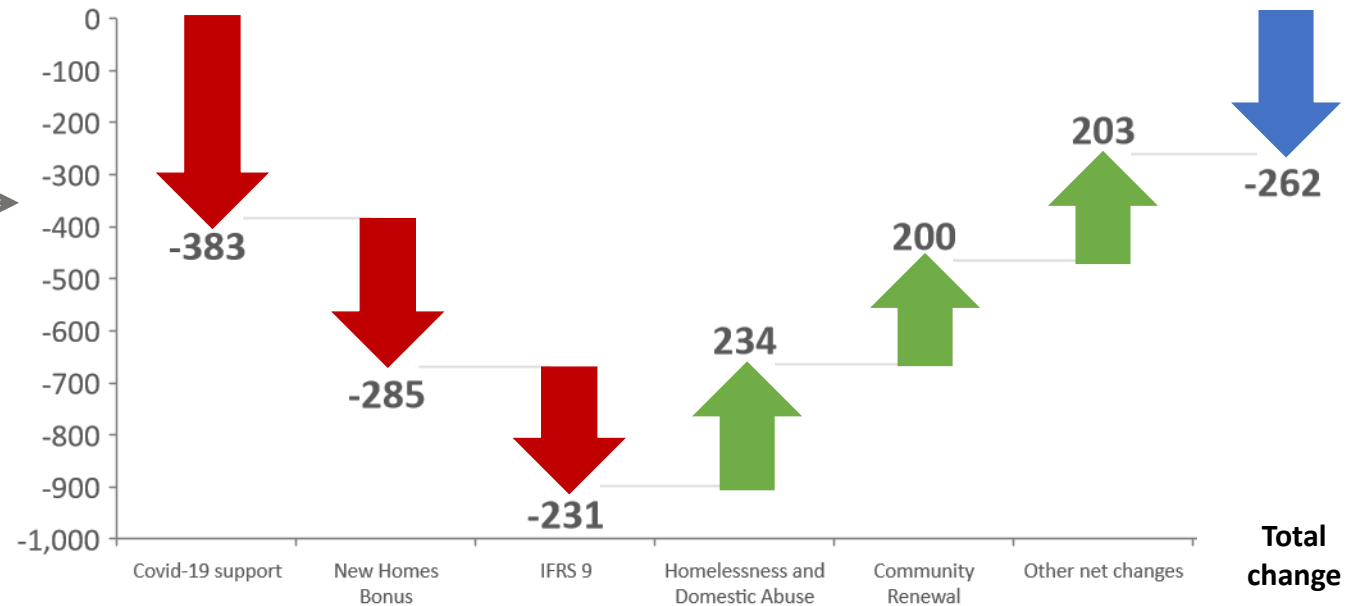
Resource DEL budget in £m

■ Core spending ■ Covid-19



MHCLG's HC proposed budget decrease is driven mostly by a reduction in Covid-19 funding

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2020-21



Changes in 2021-22

- **Covid-19 support:** comprises £248 million reduction in Covid-19 costs, including the Shielding programme; and £148 million reduction due to increased income and funding transferred from 2021-22 into 2020-21. There is currently nil budget for Covid-19 costs in 2021-22, although additional budget may be approved in the Supplementary Estimates.
- **New Homes Bonus:** £285 million decrease in the New Homes Bonus grant for local authorities
- **IFRS 9:** £231 million decrease for accounting adjustments on implementation of a new accounting standard.
- **Homelessness and Domestic Abuse:** £136 million for homelessness and £98 million for Domestic Abuse.
- **Community Renewal:** £200 million increase for the UK Community Renewal Fund
- **Other:** includes £105 million for housing quality and support; £37 million for planning; £37 million for the Towns Fund; £11 million for the Ox-Cam Arc programme; and £7 million increase for central administration.

¹ Final Budget in Supplementary Estimates 2020-21 (Feb 2021))

² Initial Budget in Main Estimate 2021-22 (May 2021)

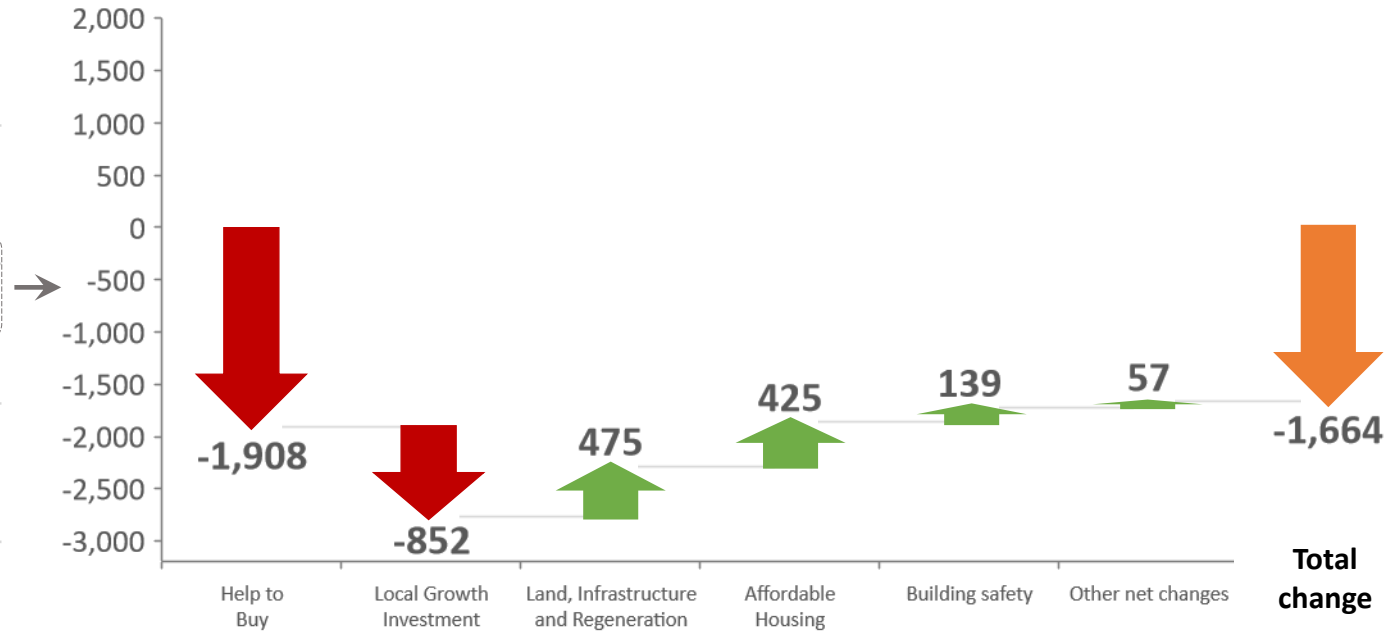
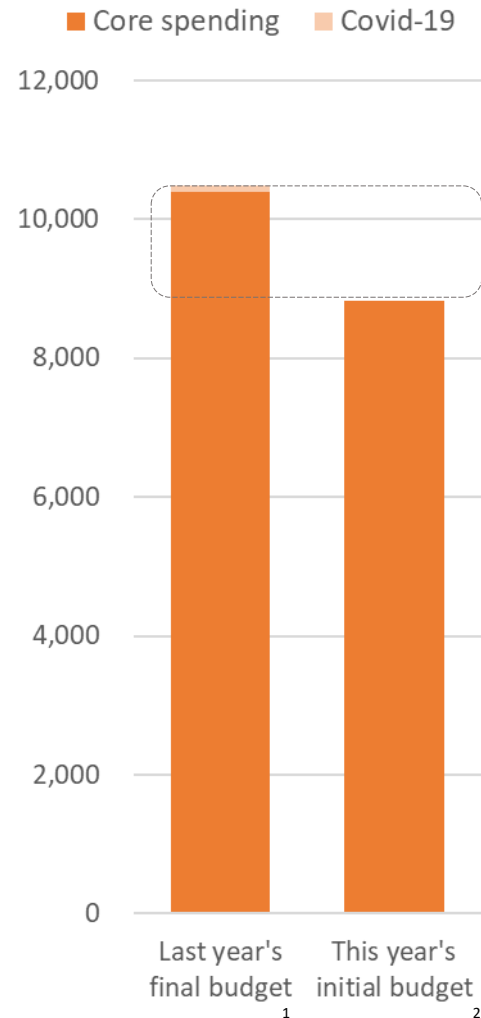
How is MHCLG's investment spending changing in 2021-22?

MHCLG's investment budget is decreasing by £1,664m (-15.9%)

MHCLG's investment spending is decreasing due to reduced demand for Help to Buy

Capital DEL budget in £m

Changes in Investment (Capital DEL) budget in £m since final budget for 2020-21



Changes in 2021-22

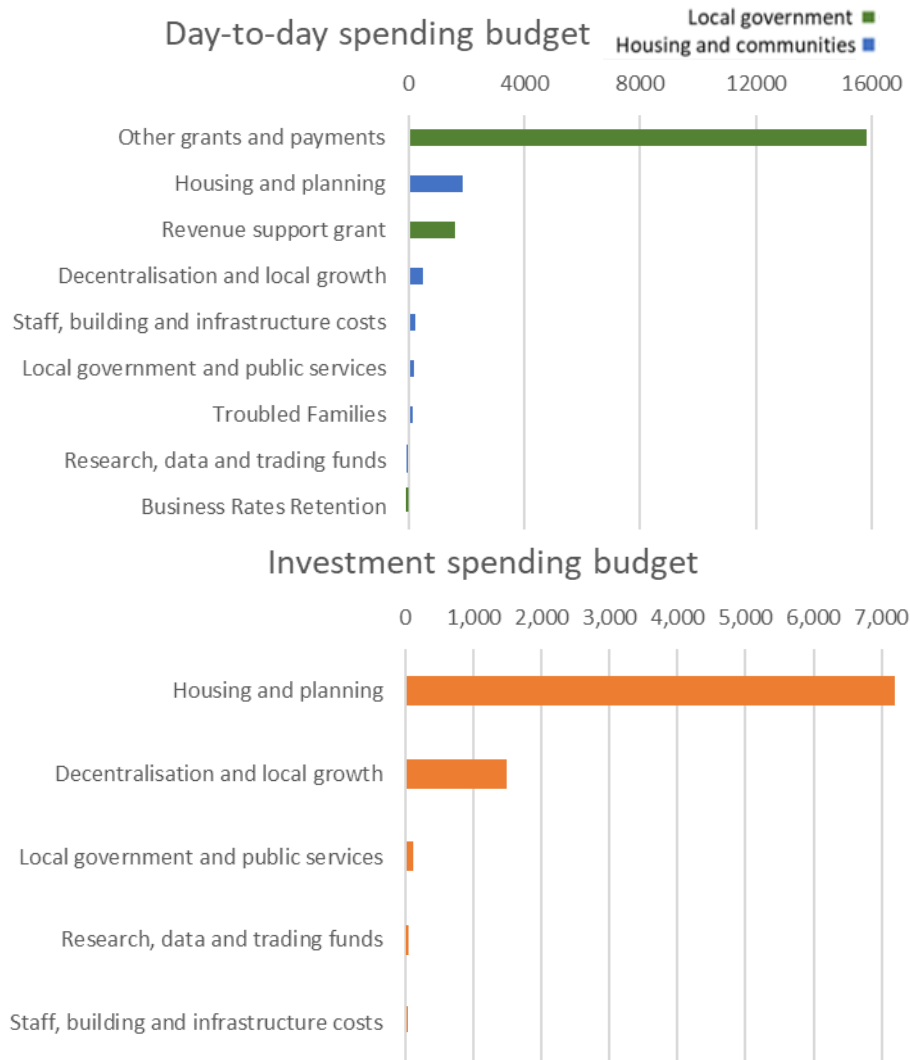
- **Help to Buy:** £1,908 million decrease due to lower anticipated demand in 2021-22.
- **Local Growth Investment:** £852 million decrease in the Local Growth Fund programme funding
- **Land, Infrastructure and Regeneration:** comprising £107 million increase for National Home Building Fund, including the Brownfield Land Release Fund; and £368 million increase for the Housing Infrastructure Fund.
- **Affordable Housing:** £425 million increase for the Affordable Homes Programme
- **Building safety:** £139 million increase due to extended deadlines for starting works on sites.
- **Other:** includes £78 million decrease for homelessness due to the acceleration of funding into 2020-21; £60 million increase for housing delivery and market diversification; £30 million for Changing Places Programme which was delayed due to the pandemic; £21 million for the UK Community Renewal Fund; £19 million for the Homes England Digital Programme; and £4 million increase for the Grenfell site and programme.

¹ Final Budget in Supplementary Estimates 2020-21 (Feb 2021))

² Initial Budget in Main Estimate 2021-22 (May 2021)

Most of MHCLG's budget is for grants and payments to Local Government

Breakdown of MHCLG initial budget for 2021-22 (£ million)*



Day-to-day spending (Local Government Resource DEL)

- The total Resource DEL budget for **Local Government** is **£17,470.6 million**, of which **56%** (£9,775 million) is for **Covid-19 support** for local authorities within the **Other Grants and Payments** line.
- This line also includes **Business Rates Relief** of around **£7,000 million**.
- The **Revenue Support Grant** has a total budget of **£1,622 million**.

Day-to-day spending (Housing and Communities Resource DEL)

- Resource DEL budget for **Housing and Communities** is **£2,989.2 million**, 63% of which (**£1,880 million**) is for **Housing and Planning**. Of this, 54% is for delivering housing and 30% is for homelessness.
- **£500 million** is allocated for **Decentralisation and Local Growth**, including the Towns Fund and the UK Community Renewal Fund.
- Other funding includes **£240 million** for staff, building and infrastructure costs; **£191 million** for local government and public services; and **£165 million** for Troubled Families.

Investment spending (Capital DEL)

- Total Capital DEL budget is **£8,822.2 million**, **81%** of which is for **Housing and Planning**. Of this, 38% (**£2,693 million**) is for **Help to Buy** which has a reduced allocation in 2021-22 due to lower demand.
- The **Affordable Housing Programme** makes up a further **£2,000 million** of the Housing and Planning budget.
- **£1,484.5 million** is allocated for **Decentralisation and Local Growth**, including the Towns Fund and the UK Community Renewal Fund.

*Day-to-day spending includes depreciation; totals above will overstate cash spending as a result

MHCLG's spending beyond 2021-22

The most recent spending plans were published in **Spending Review 2020**, with some further announcements in **Budget 2021**. Due to uncertainty caused by Covid-19 plans were only given for 2021-22 and some specific multi-year capital programmes.

Major future commitments have included*:

- £11.5 billion for the Affordable Housing Programme (to 2025-26)
- £7.1 billion for the National Home Building Fund (to 2024-25)
- £5.3 billion for Help to Buy equity loans (to 2022-23)
- £5.1 billion to remove unsafe cladding from all residential buildings over 18 metres/6 storeys
- £3.6 billion for the Towns Fund and Future High Streets Fund

Day-to-day spending:

- For Covid-19 support measures in 2021-22, nil has been allocated for Housing and Communities and £9.8 billion for Local Government. This varies slightly to the £0.2 billion and £9.1 billion allocated in the 2021 Budget, respectively.
- Overall, the Housing and Communities Main Estimate is £0.9 billion higher than the Budget 2021 and the Local Government Main Estimate £0.1 billion higher.
- MHCLG's RDEL budgets are not allocated beyond 2021-22 and may be facing future spending reductions as a result.

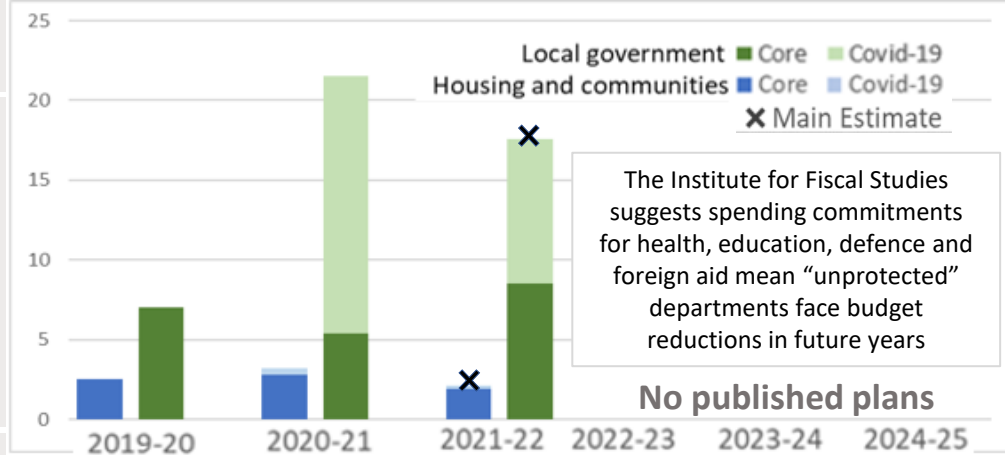
Investment spending:

- The Main Estimate is £1 billion higher than the 2021 Budget.
- Most of the 2021-22 investment budget is for previously announced commitments, as outlined above.
- Further Covid-19 budget may be approved later in the year.

*May involve day-to-day and investment spending over several years

MHCLG's future day-to-day spending is largely unknown

£ billion, Resource DEL budget excluding depreciation



MHCLG's future investment spending includes one major project

£ billion, Capital DEL budget

