

The Government is committed to securing a decent home for everyone, a better quality of life in the UK's villages, towns and cities, and to delivering in partnership with strong and flexible regional institutions. This Spending Review provides for:

- a step change in the delivery of the Government's housing objectives, including **more resources for affordable housing to rent and to own**, expanding provision for key workers, the launch of a new fund to turn around areas of low housing demand and abandonment, and further investment to improve housing conditions, underpinned by fundamental institutional reform;
- a **radical culture change in land-use planning services**, building on the recent Green Paper *Planning: Delivering a Fundamental Change* to accelerate the plan making and development control processes and improve the quality of decisions; and
- **strengthening action to deliver the National Strategy for Neighbourhood Renewal** and social inclusion through improved PSA floor targets, extra resources in main programmes and an increased Neighbourhood Renewal Fund.

To achieve this OPDM will have £1.5 billion a year more to spend on its main programmes in 2005-06 than in 2002-03, a growth rate after inflation of 5.2 per cent. Spending on housing will have increased by over £1 billion a year between 2002-03 and 2005-06, a growth rate of 4.2 per cent after inflation. In addition, ODPM will have £8.2 billion more to spend on local government programmes in 2005-06 than in 2002-03, a growth rate of 4.2 per cent after inflation.

## A BETTER QUALITY OF LIFE FOR ALL

**The ODPM** **9.1** The new Office of the Deputy Prime Minister (ODPM) brings together the Deputy Prime Minister's responsibilities for regional government and social exclusion with the local government, planning, housing and neighbourhood renewal responsibilities of the former Department for Transport, Local Government and the Regions. This new department at the centre of government will work with other departments to drive forward important priorities for the whole of the Government, particularly neighbourhood renewal, social inclusion and regional prosperity. It will promote effective devolved decision making to regional and local levels. Its own programmes will be directed at raising the quality of life in urban areas and other communities and will deliver investment and reform of housing and the planning system.

**Public Service Agreement targets** **9.2** New Public Service Agreement (PSA) targets have been agreed, which with supporting Service Delivery Agreement (SDA) targets will provide better delivery of services and a higher quality of life. They commit the department to achieving a better balance between housing availability and demand, while protecting the countryside, and improvements in housing conditions in the social and private sectors. The ODPM will also deliver improvements by local authorities in the delivery and value for money of local services, notably planning services.

**Key reforms** **9.3** The ODPM will take forward key reforms tackling the mis-match between housing supply and demand in different regions, while protecting valuable countryside around the UK's towns, cities and in the greenbelt and the sustainability of existing towns and cities. In

particular, from 2003-04 it will establish strong bodies in each region to bring together housing investment and planning, with better consideration of economic and other infrastructure issues. To support work on improving housing conditions, the ODPM will establish a single housing inspectorate to drive up standards in housing provision. It will also be ensuring that social landlord institutions and their financing are able to provide vulnerable tenants with the services they deserve.

**9.4** The Government's recent Green Paper *Delivering a Fundamental Change* sets out the Government's agenda for reform of the land-use planning system. It proposes changes to key targets for planning authorities to ensure more timely decision-making, the removal of a whole layer of plan-making and strengthened strategic regional planning to enable better decisions on issues such as the location of new housing and transport infrastructure. In addition, a review of transport planning will be carried out by the Department for Transport and the ODPM by July 2003 – proposing reforms to improve consultation, approval procedures and compensation mechanisms for faster delivery of transport infrastructure projects.

**A decent home  
for all**

**9.5** Decent housing is important both to individual households and to economic growth. It impacts on individuals' disposable income, their ability to access employment, their health, and their inclusion in society. This is why the Government is committed to ensuring that everyone should have the opportunity of a decent home and is setting itself targets to improve the condition of both the social and private sector housing stock, and to achieve a more sustainable balance between housing availability and the demand for housing in all English regions while protecting the countryside and the sustainability of existing towns and cities.

**Resources for  
housing**

**9.6** **This Spending Review provides substantial new investment for housing, with annual average growth of 4.2 per cent after inflation.** Much of the increase will be used to tackle the severe problem of housing supply and demand facing different regions. The settlement provides for a substantial increase in investment in affordable housing to rent and own in London and the South East. Building on the £25 million awarded from the Capital Modernisation Fund this year to establish nine pathfinder projects in areas experiencing low demand, significant extra resources are being allocated over the Spending Review period to enable their market renewal strategies, once approved, to be implemented – benefiting over 400,000 properties currently blighted by low demand and abandonment. Investment through local authorities' Arms Length Management Organisations to improve social housing stock conditions will also rise substantially.

**Delivering  
reform of land  
use planning**

**9.7** The Government has embarked on an ambitious programme of reform of the land use planning system. Good planning can improve people's quality of life, promote economic prosperity, high quality urban design and sustainable development. But the present system is complex, remote, hard to understand, slow and difficult to access. The Government is committed to delivering fundamental change, driving forward the reforms in the recent Planning Green Paper.

**Resources for  
planning**

**9.8** **This Spending Review delivers a significant increase in resource for local planning authorities through a new three-year incentive grant** which will be paid to reward improved performance by local authorities against targets. The Review also delivers resources for central government to speed up appeals and casework on called-in applications.

**Tackling  
deprivation and  
social exclusion**

**9.9** The 2000 Spending Review set out the Government's aim to narrow the gap between the most deprived neighbourhoods and the rest of the country, so that within 10-20 years no one should be seriously disadvantaged by where they live. The ODPM leads the delivery of this agenda, bringing the Neighbourhood Renewal Unit, Social Exclusion Unit and Regional Coordination Unit together with policy responsibility for local and regional government.

**9.10** This strategy is underpinned by PSA floor targets, which set out how the gap will be narrowed across key service delivery areas (including employment, crime, education, health, transport and housing). **Spending Review 2002 rolls forward and strengthens existing floor targets and adds new floor targets, emphasising the role of main budgets in delivering neighbourhood renewal.** Local Strategic Partnerships will continue to drive forward neighbourhood renewal at a local level, including working with local service deliverers to decide how the floor targets will be met.

**9.11** Alongside the allocations to Departments to help them meet the floor targets, **the Spending Review delivers ongoing funding for the most deprived neighbourhoods from the Neighbourhood Renewal Fund, increasing to £525 million in 2005-06.** The 2002 Spending Review also provides ongoing funding for the 39 New Deal for Communities partnerships, as part of a £2 billion ten year programme.

**Regional policy and regional government**

**9.12** ODPM will lead delivery of the Government's ambitious plans for regional assemblies, and through the Government Offices will support a strengthened relationship between central government, regions and localities.

**Regional Development Agencies**

**9.13** ODPM is the largest single contributor the Regional Development Agencies' Single Pot, with RDAs making contributions to ODPM objectives on regional growth, regeneration, urban policy and social inclusion. The 2002 Spending Review gives ODPM a significant real terms increase in funding for RDAs, and also allows the recycling of savings from the wind-down of the Single Regeneration Budget into the Single Pot. This will give the RDAs significantly more flexibility in their funding arrangements. As part of the Spending Review, £200 million of existing RDA funding will be transferred from capital to current spending in National Accounts.

**Table 9.1: Key figures**

	£ million			
	2002-03	2003-04	2004-05	2005-06
<b>Office of the Deputy Prime Minister</b>				
Resource budget	4,558	4,726	5,066	5,310
Capital budget	1,491	2,018	2,183	2,278
<b>Total Departmental Expenditure Limit<sup>1</sup></b>	<b>6,030</b>	<b>6,726</b>	<b>7,230</b>	<b>7,568</b>
of which				
<b>Housing</b>				
Funded by the department in DEL	3,285	3,987	4,339	4,588
Major Repairs Allowance in AME	1,561	1,473	1,394	1,312
<b>Total housing (England)</b>	<b>4,846</b>	<b>5,460</b>	<b>5,732</b>	<b>5,900</b>
<b>Other ODPM</b>	<b>2,745</b>	<b>2,739</b>	<b>2,891</b>	<b>2,980</b>
Near-cash spending in ODPM DEL <sup>2</sup>	5,517	6,167	6,666	6,998

<sup>1</sup> Full resource budgeting basis, net of depreciation.

<sup>2</sup> Consistent with previous control basis.

**Table 9.2: Housing investment**

	£ million			
	2002-03	2003-04	2004-05	2005-06
<b>Total housing investment</b>	2,737	3,326	3,796	4,140
Of which:				
Central government own investment	1,195	1,519	1,659	1,778
Investment grants	1,542	1,807	2,137	2,362

## LOCAL GOVERNMENT

**Strong local leadership – Quality public services** **9.15** The Government is committed to a vision of local democracy with effective local authorities providing quality services and strong local leadership. **The 2002 Spending Review provides an average increase in the ODPM's local government programme of 4.2 per cent a year above inflation** over the next three years. It takes forward the vision by:

- giving local government a revenue settlement with an average increase of 3.9 per cent a year above inflation over the three years to 2005-06;
- supporting Local PSAs – where authorities are successful, establishing a fund to provide reward grants of £635 million over three years; and providing funds for a second round of Local PSAs starting in 2004;
- continuing the Neighbourhood Renewal Fund which will provide £400 million in 2003-04, £450 million in 2004-05 and £525 million in 2005-06 to the most deprived areas to help tackle deprivation, deliver improved performance and encourage closer partnership working;
- providing a total of £787 million over three years to support better service delivery in local government. Of this:
  - £511 million over three years will support continued development of Local Government On-Line to help local authorities grasp the opportunities offered by electronic government (see below);
  - £141 million over three years will provide pump-priming grants for the second round of Local PSAs and for completing the first round; and
  - £135 million over three years will be for capacity and building intervention in failing local authorities; and
- providing an 11.5 per cent annual average real increase in local authority investment through capital spending and PFI from 2002-03 to 2005-06.

**Reducing the burden** **9.16** The Government is also acting to create a streamlined performance management framework that leaves scope for innovation and imposes a reduced burden on local authorities. It has announced principles that will aim to halve the number of plans authorities are required to complete for central government and it will also be reducing the number of major area-based initiative funding channels by around a half. At the same time the Local Services Inspectorate Forum is developing a more coordinated and proportionate approach to inspection that will significantly reduce the inspection burden on local authorities.

**Local Government On-line** **9.17** A draft national strategy for local government online (*Egov@local*) was published in March 2002. The Government is now committing £215 million in 2003-04, £189 million in 2004-05 and £107 million in 2005-06 to take forward implementation. This includes £10 million in each year for e-voting. The strategy sets out a vision to provide electronic services that local communities want and will use in ways that will promote inter-operability and connectivity between the different parts of government and ensure value for money.

### Local Government Spending Plans

**Improved revenue and capital funding** **9.18** New spending plans provide for real increases in Standard Spending Assessments of 4.6 per cent in 2003-04, 2.7 per cent in 2004-05 and 4.1 per cent in 2005-06 (although the exact figures may alter as a result of transfers each year). Further support will be provided through departmental programmes, in the form of specific grants, credit approvals to fund capital spending and capital grants. In addition the Government will support local authority PFI investment of £1.9 billion in 2003-04, £2.3 billion in 2004-05 and £2.7 billion in 2005-06.

**9.19** The Standard Spending Assessment system for distributing resources to local government is the subject of a separate review. The Government is currently consulting on a range of options for the new system.

**Table 9.3: Office of the Deputy Prime Minister – Local Government**

	£ million			
	2002–03	2003–04	2004–05	2005–06
<b>Local Government</b>				
Resource budget	37,376	40,385	42,473	45,539
Capital budget	274	324	324	349
<b>Total Departmental Expenditure Limit<sup>1</sup></b>	<b>37,649</b>	<b>40,708</b>	<b>42,797</b>	<b>45,888</b>

<sup>1</sup> Full resource budgeting basis, net of depreciation.

**Table 9.4: Local Government Standard Spending Assessments**

	£ million			
	2002–03	2003–04	2004–05	2005–06
Education	22,503	23,928	25,285	26,828
Personal Social Services	9,231	10,023	10,715	11,856
Police	3,577	3,995	4,195	4,395
Fire	1,521	1,583	1,653	1,703
Highway maintenance	1,955	2,005	2,055	2,105
Environmental, protective and cultural services	8,961	9,435	9,703	10,024
Capital financing <sup>1</sup>	2,224	2,648	2,838	3,323
<b>Total Standard Spending Assessments<sup>2</sup></b>	<b>49,972</b>	<b>53,616</b>	<b>56,443</b>	<b>60,233</b>

<sup>1</sup> Capital Financing figures for 2002-03 include the PFI Special Grant.

<sup>2</sup> All Standard Spending Assessments are for local authorities' revenue spending.

