

14 July 2010

Our Ref: F0003874
Your Ref:

FREEDOM OF INFORMATION REQUEST: HOUSING PLEDGE FUNDING

Thank you for your e-mail of 15 June seeking information (set out in full at Annex A). In particular, you asked:

Could the department please provide me with the following information:

- 1. Exact details of which elements of the agreed funding package, are no longer available – (eg: the £350m from DfT or the £128m from Growth Areas). According to the minister this should comprise £780m of funding.*
- 2. AND an explanation for why each the identified elements of the funding package – adding up to £780m - are no longer available*
- 3. Details of WHEN the department became aware that the £780m in funding would no longer be available*
- 4. AND, copies of all communications available at the time of processing this request, between DCLG and other relevant departments – including Treasury - about the funding agreed for the £1.5bn Housing Pledge, including minutes of any meetings, internal department memos, notes, reports, letters, or directives – particularly those that directly refer to £780m funding gap.*

Your request has been considered under the Freedom of Information Act 2000. I can confirm that we hold some information in relation to your request.

Before I respond to your questions I should clarify that the £780m end year flexibility (EYF) agreement between the Department and Treasury did not solely relate to the previous administration's housing pledge proposed funding of £853m in 2010-11: it included £540m towards the £853m housing pledge in 2010-11 and £240m for other housing programmes (£100m for the Decent Homes programme, £100m for Home Buy Direct and £40m for the Mortgage Rescue programme).

I have attached a table that sets out the funding elements provided for the housing pledge by the previous administration and the £780m of funding agreed in principle by the previous administration, which has since been reviewed for its affordability by the Government.

It is the role of HM Treasury to coordinate and make final decisions on availability of EYF across Departments in each financial year. CLG has dealt solely with HM Treasury on this matter. The understanding in place on the previous administration's housing pledge between the Department and HM Treasury was that there was agreement in principle for £500m, and the remaining £280m would be subject to affordability (so the Department would have borne any risk on this element). No element of this £780m funding was included in CLG's funding baseline immediately at the start of 2010-11, prior to the pre-election period before 6 May. EYF adjustments are normally made later in each financial year.

However, in May 2010 the Government undertook a review of funding for 2010-11. As part of the £6.2bn savings in public spending for 2010-11 announced by the Government on 24 May, it was announced that £170m would be recycled into CLG's budget for social housing – copy of HMT press notice attached. This reduced CLG's overall EYF requirement to £610m. Given the extent of similar EYF agreements across the rest of government, the Government has now decided that the remaining £610m EYF for this Department is not affordable in full. I attach a copy of the Chief Secretary's statement to the House of Commons and press notice of 5 July, which sets out the Government's views on managing the affordability of EYF and Reserve agreements across Government for 2010-11. A break-down of the additional funding provided in 2010-11 for CLG is in section 4 of the attached table I referred to earlier.

Regarding your question 4, the Department holds information on this area, regarding communications between the Department and HM Treasury. However, the Department is reviewing whether exemptions apply regarding the possible release of this information.

The specific qualified exemptions we are considering in relation to your requests at this stage are section 35(1)(a) and (b) and, in the alternative, section 36 (2) (b) (i) and (ii). The attached annex to this letter sets out the exemptions in full. These are qualified exemptions, which require consideration of the public interest test. Your request raises public interest considerations as regards the disclosure of this information, which must be analysed before we can come to a decision on releasing the information.

The FOI Act obliges us to respond to requests promptly, and in any case no later than 20 working days after receiving your request. When a qualified exemption applies to the information and the public interest test needs to be considered, if necessary we are permitted to extend the time for response by a reasonable period. In this case we will need more time to consider the public interest test, and therefore need to extend the time, and will therefore need to reply separately on question 4. At this stage we are indicating an extension of 20 days.

DCLG as an organisation aims to be as helpful as possible in the way it deals with requests for information under the FOI Act 2000. If, however, you are not satisfied with the way in which your request has been handled or the outcome, information about DCLG's review procedures and how to apply for an internal review of your case is contained in the enclosed leaflet. This also explains your right to apply directly to the Information Commissioner for a decision in the event that you remain dissatisfied following the authority's review.

Annex A

From:

Sent: Tuesday, June 15, 2010 1:14 PM

To: CONTACTUS

Subject: FOI request: £1.5bn Housing Pledge

I am writing to make a request for information under the Freedom of Information Act 2000. The request concerns the funding agreement the department put in place to fund the £1.5bn Housing Pledge made as part of the Building Britain's Future announcement in June 2009.

The department's memorandum explaining the funding agreement for the £1.5bn Housing Pledge states that over 2009/10 £663m would be made available to fund the pledge, followed by £853m in 2010/11 £853m.

In 2009/10 this comprised: £45m from the Home Office; £350m from the Department for Transport; £25m from the Department for Business, Innovation and Skills; £108m from HCA programme savings; and £135m brought forward from DCLG's budget.

In 2010/11 this comprised £45m from the Home Office; £100m from the Department for Education; £25m from the Department for Business, Innovation and Skills; £340m from anticipated underspends at DCLG, the Department for Health and the Department for Education; £75m from the Private Sector Decent Homes; £128m from Growth Areas; £150m from Decent Homes; £50m from unallocated funding; and £75m HCA programme savings.

But in June 2010 the Homes and Communities Agency stated that £780m of this agreed funding may no longer be forthcoming. Housing minister Grant Shapps on several occasions said there was a £780m "blackhole" in the department and that the housing pledge had been made with "non-existence funding".

Could the department please provide me with the following information:

1. Exact details of which elements of the agreed funding package, as outlined above, are no longer available – (eg: the £350m from DfT or the £128m from Growth Areas). According to the minister this should comprise £780m of funding.
2. AND an explanation for why each the identified elements of the funding package – adding up to £780m - are no longer available
3. Details of WHEN the department became aware that the £780m in funding would no longer be available
4. AND, copies of all communications available at the time of processing this request, between DCLG and other relevant departments – including Treasury - about the funding agreed for the £1.5bn Housing Pledge, including minutes of any meetings, internal department memos, notes, reports, letters, or directives – particularly those that directly refer to £780m funding gap.

Could you please acknowledge receipt of this request.

Annex B

Freedom of Information Act 2000

35 Formulation of government policy, etc

(1) Information held by a government department or by the National Assembly for Wales is exempt information if it relates to—

- (a) the formulation or development of government policy,
- (b) Ministerial communications,
- (c) the provision of advice by any of the Law Officers or any request for the provision of such advice, or
- (d) the operation of any Ministerial private office.

(2) Once a decision as to government policy has been taken, any statistical information used to provide an informed background to the taking of the decision is not to be regarded—

- (a) for the purposes of subsection (1)(a), as relating to the formulation or development of government policy, or
- (b) for the purposes of subsection (1)(b), as relating to Ministerial communications.

(3) The duty to confirm or deny does not arise in relation to information which is (or if it were held by the public authority would be) exempt information by virtue of subsection (1).

(4) In making any determination required by section 2(1)(b) or (2)(b) in relation to information which is exempt information by virtue of subsection (1)(a), regard shall be had to the particular public interest in the disclosure of factual information which has been used, or is intended to be used, to provide an informed background to decision-taking.

(5) In this section—

- “government policy” includes the policy of the Executive Committee of the Northern Ireland Assembly and the policy of the National Assembly for Wales;
- “the Law Officers” means the Attorney General, the Solicitor General, the Advocate General for Scotland, the Lord Advocate, the Solicitor General for Scotland and the Attorney General for Northern Ireland;
- “Ministerial communications” means any communications—
 - (a) between Ministers of the Crown,
 - (b) between Northern Ireland Ministers, including Northern Ireland junior Ministers, or
 - (c) between Assembly Secretaries, including the Assembly First Secretary,and includes, in particular, proceedings of the Cabinet or of any committee of the Cabinet, proceedings of the Executive Committee of the Northern Ireland Assembly, and proceedings of the executive committee of the National Assembly for Wales;
- “Ministerial private office” means any part of a government department which provides personal administrative support to a Minister of the Crown, to a Northern Ireland Minister or a Northern Ireland junior Minister or any part of the administration of the National Assembly for Wales providing personal administrative support to the Assembly First Secretary or an Assembly Secretary;
- “Northern Ireland junior Minister” means a member of the Northern Ireland Assembly appointed as a junior Minister under section 19 of the [1998 c. 47.] Northern Ireland Act 1998.

36 Prejudice to effective conduct of public affairs

(1) This section applies to—

(a) information which is held by a government department or by the National Assembly for Wales and is not exempt information by virtue of section 35, and

(b) information which is held by any other public authority.

(2) Information to which this section applies is exempt information if, in the reasonable opinion of a qualified person, disclosure of the information under this Act—

(a) would, or would be likely to, prejudice—

(i) the maintenance of the convention of the collective responsibility of Ministers of the Crown, or

(ii) the work of the Executive Committee of the Northern Ireland Assembly, or

(iii) the work of the executive committee of the National Assembly for Wales,

(b) would, or would be likely to, inhibit—

(i) the free and frank provision of advice, or

(ii) the free and frank exchange of views for the purposes of deliberation, or

(c) would otherwise prejudice, or would be likely otherwise to prejudice, the effective conduct of public affairs.

(3) The duty to confirm or deny does not arise in relation to information to which this section applies (or would apply if held by the public authority) if, or to the extent that, in the reasonable opinion of a qualified person, compliance with section 1(1)(a) would, or would be likely to, have any of the effects mentioned in subsection (2).

(4) In relation to statistical information, subsections (2) and (3) shall have effect with the omission of the words “in the reasonable opinion of a qualified person”.

(5) In subsections (2) and (3) “qualified person”—

(a) in relation to information held by a government department in the charge of a Minister of the Crown, means any Minister of the Crown,

(b) in relation to information held by a Northern Ireland department, means the Northern Ireland Minister in charge of the department,

(c) in relation to information held by any other government department, means the commissioners or other person in charge of that department,

(d) in relation to information held by the House of Commons, means the Speaker of that House,

(e) in relation to information held by the House of Lords, means the Clerk of the Parliaments,

(f) in relation to information held by the Northern Ireland Assembly, means the Presiding Officer,

(g) in relation to information held by the National Assembly for Wales, means the Assembly First Secretary,

(h) in relation to information held by any Welsh public authority other than the Auditor General for Wales, means—

(i) the public authority, or

(ii) any officer or employee of the authority authorised by the Assembly First Secretary,

(i) in relation to information held by the National Audit Office, means the Comptroller and Auditor General,

(j) in relation to information held by the Northern Ireland Audit Office, means the Comptroller and Auditor General for Northern Ireland,

(k) in relation to information held by the Auditor General for Wales, means the Auditor General for Wales,

(l) in relation to information held by any Northern Ireland public authority other than the Northern Ireland Audit Office, means—

(i) the public authority, or

(ii) any officer or employee of the authority authorised by the First Minister and deputy First Minister in Northern Ireland acting jointly,

(m) in relation to information held by the Greater London Authority, means the Mayor of London,

(n) in relation to information held by a functional body within the meaning of the [1999 c. 29.] Greater London Authority Act 1999, means the chairman of that functional body, and

(o) in relation to information held by any public authority not falling within any of paragraphs (a) to (n), means—

(i) a Minister of the Crown,

(ii) the public authority, if authorised for the purposes of this section by a Minister of the Crown, or

(iii) any officer or employee of the public authority who is authorised for the purposes of this section by a Minister of the Crown.

(6) Any authorisation for the purposes of this section—

(a) may relate to a specified person or to persons falling within a specified class,

(b) may be general or limited to particular classes of case, and

(c) may be granted subject to conditions.

(7) A certificate signed by the qualified person referred to in subsection (5)(d) or (e) above certifying that in his reasonable opinion—

(a) disclosure of information held by either House of Parliament, or

(b) compliance with section 1(1)(a) by either House,

would, or would be likely to, have any of the effects mentioned in subsection (2) shall be conclusive evidence of that fact.

5 July 2010 : Column 1WS

Written Ministerial Statement

Monday 5 July 2010

TREASURY

Public Spending Control

The Chief Secretary to the Treasury (Danny Alexander): The Government's top priority is to take early action to tackle the unprecedented deficit and restore confidence in the economy.

Within 10 days of taking office, the Government took decisive action to find £6.2 billion of efficiency savings in 2010-11.

We have since conducted a review of all spending decisions approved by the previous Government in their final months of office, and I presented the conclusions of this review to the House on 17 June 2010.

I also informed the House on 17 June that, while conducting this review, we had discovered yet another legacy issue that needed to be addressed. The previous Government made billions of pounds of spending commitments for this financial year that relied upon underspending across Government via the end-year flexibility (EYF) system or on additional funding from the reserve.

However, it was highly unrealistic to expect that underspending would have been sufficient to cover these commitments. There is insufficient contingency in the reserve to cover the remainder. Without remedial action, the difference would result in higher borrowing this year. It is clear that commitments of this scale should never have been entered into.

5 July 2010 : Column 2WS

In order to address this serious situation, the Treasury has worked with Departments to cancel £1.5 billion of commitments that relied upon access to the reserve and EYF to deal with the most serious pressures. These decisions are an unavoidable consequence of the unaffordable level of previous commitments. The details are given in the table below.

<i>Department</i>	<i>Savings Announced (£m)</i>
Department for Education	1000
Department for Business, Innovation and Skills	265
Department for Communities and Local Government	220
Home Office	55
Total	1540

As these commitments relied upon the drawdown of additional funding later this year rather than money already in budgets, the existing departmental expenditure limits (DELs) of these Departments will remain unchanged.

The EYF and reserve deals for other Departments remain under review, in the usual way, until later in the financial year when likely departmental underspending figures for 2010-11 will become clearer. Final allocations of EYF and reserve funding will be determined on a basis of need, realism and the wider fiscal position, and announced at the time of spring supplementary estimates later in the financial year.

Cancelling the commitments for additional funding set out above and working to manage down remaining claims over the course of the year, will help create contingency in the reserve to meet further pressures that might arise over the course of the year, without increasing borrowing.

The Government will meet the previous Government's EYF and reserve commitments to the devolved Administrations, including those in the financial package agreed with the Northern Ireland Executive to support the devolution of policing and justice powers.

HM Treasury press notice

22/10

05 July 2010

Action to tackle unfunded spending commitments

The Chief Secretary to the Treasury today announced that four Departments have agreed to reductions in unfunded spending commitments totalling £1.5bn.

As set out in the Chief Secretary's statement to Parliament on 17 June, the Government had identified inherited spending plans whose funding was reliant on underspending across Government through the End Year Flexibility (EYF) system or additional funding from the Reserve.

The Government does not believe it was realistic to expect that underspending on the scale necessary to meet all of these commitments would have occurred. The urgent remedial action taken today will help ensure that there is no additional borrowing this year and that there is sufficient contingency in the Reserve to meet any unexpected pressures that might arise over the course of the year.

The Treasury worked constructively with Departments to examine the detail of these unfunded commitments, and four Departments have agreed to reduce their claims by the amounts below:

- Department for Education (DfE): £1 billion
- Department for Business, Innovation and Skills (BIS): £265 million
- Department for Communities and Local Government (CLG): £220 million
- Home Office (HO): £55 million
- Total: £1.54 billion

As this funding was never in departmental budgets, the Departmental Expenditure Limits (DELs) of these Departments will remain the same. The Departments will provide more detail on how they are managing these reductions in additional funding, by cancelling or re-prioritising spending plans that are not affordable within their existing budgets, and through better financial management.

The action taken today has significantly reduced pressure on the Reserve. In line with standard practice, any remaining EYF and Reserve deals for all Departments will remain under review until later in the financial year, when likely departmental underspending figures for 2010-11 will become clearer. Final departmental allocations of EYF and Reserve funding will be determined on the basis of need, realism and the fiscal position, and announced at the time of the Spring Supplementary Estimates.

The Government will meet the previous Government's EYF commitments to the devolved administrations, including those in the financial package agreed with the Northern Ireland Executive to support the devolution of policing and justice powers.

Chief Secretary to the Treasury, Danny Alexander said:

"The previous Government committed to spending money it simply did not have, but this Coalition Government has taken action to address this serious situation. The decisions have not been easy, but the understanding and cooperation of my Cabinet colleagues has enabled us to act swiftly to ensure that the nation can live within its means.

"The reality is that these unfunded spending promises should never have been made, because the money was never there to pay for them. We did not make this mess, but we are cleaning it up."

Notes for editors

1. The Chief Secretary informed the House on 17 June 2010 that he intended to cancel at least £1 billion of unaffordable spending commitments entered into by the previous Government. These commitments relied on underspending in other Government departments via the End Year Flexibility (EYF) system or from additional funding from the Reserve. As there was no reason to suppose that underspending on a scale necessary to cover all commitments would occur, and there is insufficient contingency in the Reserve to cover the remainder, the Government has today cancelled £1.5bn of these commitments.
2. EYF is a mechanism whereby Departments may carry forward unspent Departmental Expenditure Limit (DEL) provision into later financial years. The Treasury budgets for EYF by using total underspends in any one year to pay for total EYF claims in the same year. However, if underspends are not large enough to cover the amount of EYF that has been committed to Departments, then the difference will need to be funded in the first instance from the Reserve, and subsequently through additional borrowing.

Non-media enquiries should be addressed to the Treasury Correspondence and Enquiry Unit on 020 7270 4558 or by e-mail to public.enquiries@hm-treasury.gov.uk

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