When it comes to the crunch...

Central government recession schemes

National report supplement

audit commission

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As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Central government recession schemes

1 There are around 50 national schemes which have been identified by the Commission as responses to the recession by central government. These schemes are listed below. They are divided into schemes for housing, employment, business and other. Where available, funding details have been added. The table also records whether each scheme has started (as at July 2009). A number of very recently announced schemes, for example around council house building, are not included.

2 The list below is only a guide, as this is a complex and rapidly changing picture. Communities and Local Government is in the process of developing a tool to make it easier for local authorities to gain information about national schemes.

Central government recession response schemes

Scheme	Scale	Started	Comment
Housing			
Housing & Planning Delivery Grant top-up	£100 million+	Yes	This grant has been paid since 2007/08. It is now performance-related in a way that it was not historically, to help boost housing development.
Growth Point Funds	£605 million	Yes	Money being provided to assist development of 'growth points' around the country, originally in the south of England but now extended to cover all areas. Will support the delivery of significant additional housing in these areas.
Increased funding for local authority homelessness prevention, including the new Preventing Repossession Fund	£20 million+ £3.7 million	Yes	This is a small scheme to prevent people falling into repossession. Administered by local authorities directly. Repossession Action Plans funding will be spent on information gathering and strategy development.

Scheme	Scale	Started	Comment
Housing			
Mortgage Rescue Scheme	£285 million	Yes	Scheme operated by local authorities on behalf of central government. Assists homeowners who are no longer able to pay mortgage and who would be entitled to statutory homelessness assistance if repossessed. Has been criticised for low take-up and tight eligibility criteria.
Funding brought forward for new social rented homes	£350 million	Yes	This brings forward £350m from 2010-11 for use over 2008-09 and 2009-10 from the Affordable Housing Programme with the aim of providing social rented homes earlier than they would otherwise have been delivered.
Housing Package – brought forward social housing / repairs	£175 million	Yes	£175 million offered to bring forward expenditure on repairs and maintenance on social properties.
Energy Efficient New Build Programme	£460 million	No	£460 million to build new council housing outside of current housing building system, which will meet new, higher energy conservation standards. Bids currently being received.
Housing package – support for regeneration	£180 million	Yes	This is £180 million which has been brought forward for the delivery of recession threatened schemes – £100 million for Regional Development Agencies and £80 million for Homes and Communities Agency. The government has consulted with RDAs and other regional partners, but not specifically local authorities.
National Clearing House Scheme	£200 million+	Yes	Old Housing Corporation scheme (Oct 2008) carried on by Homes and Communities Agency (HCA) which seeks to purchase housing from private sector for the social sector. Private companies offer housing to HCA, which then decides whether or not to take it.

Scheme	Scale	Started	Comment
Housing			
Kickstart Housing Scheme	£400 million (expanded to £1.06 billion in April 2010)	Yes	Operated through Homes and Communities Agency. Designed to unlock house-building sites currently unable to proceed and support construction of high quality mixed tenure housing development. Expanded by the Building Britain's Future Document from April 2010 funding. Will also include expenditure on the Homebuy Direct Scheme from 2010.
Homebuy Direct	£485 million	Yes	This was part funded by money from Regional Development Agencies. Run by the Homes and Communities Agency. Councils are not involved in the delivery of the programme (which is developer led, working through 15 regional HomeBuy agents) or in the site selection. From April 2010 this will be operated through the Kickstart scheme and funded via the £1.06 billion referred to above.
Stamp duty freeze	£600 million + £90 million	Yes	Announced as part of the 2009 Budget, it removes stamp duty on all properties under £175,000.
Enhancements to support for mortgage interest	£100 million + £135 million	Yes	Available on outstanding capital up to £200,000, for those in receipt of certain benefits after 13 weeks. This is an extension/ enhancement of existing benefits entitlements. Started in January 2009.
Court pre-action protocols	N/A	Yes	Government guidance to the courts outlined as part of Building Britain's Future. Courts to test that lenders/landlords have followed guidance in ensuring repossession proceedings are last resort. There is no new money associated with this announcement.
Regulation of sale & rent back	N/A	Yes	Government currently consulting on regulation of sale and rent back schemes after criticism of sharp practice amongst private operators, especially during the recession. Regulation to start July this year, with this being undertaken by Financial Services Authority.

Scheme	Scale	Started	Comment
Housing			
Homeowners Mortgage Support	£45m estimated cost, £500m potential liability	Yes	Available to those with savings of less than £16,000 and a mortgage of less than £400,000. Allows lenders to defer a proportion of monthly interest payments until later for up to two years. Operated through high street lenders.
Open Market Homebuy inc. Mychoice homebuy	£200m (09/10)	Ceased	Part of suite of schemes under the Homebuy label. No longer available as funds fully committed.
Court Desks Scheme	£1.5m (09-10)	Yes	Additional funding from CLG to enhance the coverage of free legal advice and on-the-day representation for those facing repossession in the courts. Scheme operated by HM Courts Service.
Delayed Repossession Scheme	N/A	Yes	Scheme produced as part of the pre-budget report. The majority of lenders agreed to delay repossession proceedings by three months and explore alternatives.
Employment			
Expansion of private sector apprenticeships scheme	£11m	Yes	Fund for 3,000 apprenticeships in private sector firms, 60 per cent of which must be directed to 16-18 year olds. Companies such as Ford, BMW and Unliver have signed up.
Local Employment Partnerships	N/A	Yes	Councils can join as employers. The aim is to get long-term and/or hard to place people back to work. Over 200,000 target for 2009.
Jobs created in future growth sectors	N/A	No	100,000 jobs to be created in sectors of the economy which are due to grow in the long term. Of these, 50,000 will be delivered in care through new public body Care First. Currently unclear where the rest of the jobs will be created and how long this will take.

Scheme	Scale	Started	Comment
Employment			
Flexible New Deal	£1.7 billion	Yes	Replaces existing New Deal schemes. Phase 1 to be operational by October 2009 (half of England) with the rest in 2010. Applies to those out of work for more than one year. Delivered though private companies (such as Serco and A4E).
Employers' 'Golden Hellos'	£0.5 billion	Yes	£1,000 for employers who take on staff and employ them for at least six months. Targeted at long-term unemployed. Some confusion over overlap between this and the Flexible New Deal.
Additional public sector apprenticeships	N/A	Yes	21,000 apprenticeships in NHS, education, and local government. Doubles the number of apprenticeships in local government. Little information about funding is currently available.
Future Jobs Fund	£1 billion	No	Scheme's primary aim is to create extra jobs which last at least six months for the long-term unemployed and young people, which are of benefit to the local community. Aim is to create 150,000 jobs. Contribution for each job will not exceed £6,500.
European Investment Bank support for small and medium enterprises	up to £4 billion	Yes	The EIB is to make investments in small and medium enterprises over the next four years. Lending to be undertaken through UK banks. No real role for non-national government partners.
Business			
Business Rates Deferral Scheme	£600 million	Yes	HM Treasury calculates that around £600 million will be deferred by businesses through this scheme. Scheme to be undertaken by local authorities. Costs to be paid through a rebate from central government.
£10 billion Working Capital Scheme	£10 billion	Yes	State to provide 50 per cent guarantees on £20 billion lending to small and medium enterprises (with less than a £500 million annual turnover). No real role for non-national government partners.

Scheme	Scale	Started	Comment
Business			
Capital for Enterprise Fund	£75 million	Yes	This will secure up to £1.3 billion in additional bank loans to companies with a turnover of up to £25 million. No real role for non-national government partners.
£750 million Strategic Investment Fund	£750 million	Yes	£250 million of this fund is earmarked for funding green projects. Fund will be used to target innovative businesses which will grow after the recession. No real role for non-national government partners.
Credit guarantee on mortgage backed securities	£20 billion+	Yes	HM Treasury scheme as part of the credit crunch which is trying to create liquidity in banks. Allows banks to borrow against government using mortgage-backed securities as collateral – previously this was not allowed. No real role for non-national government partners.
Trade Credit Insurance Scheme	£5 billion max.	Yes	Trade credit insurance protects against default by creditors. Government to offer scheme where existing insurance is withdrawn or sharply reduced due to recession. No real role for non-national government partners.
Enterprise Finance Guarantee Scheme	£1.3 billion	Yes	Will support lending for businesses up to £25 million turnover. To support businesses which are finding it hard to access capital due to downturn. Operated through lending banks. No real role for non-national government partners.

Scheme	Scale	Started	Comment
Business			
Safeguarding Government Infrastructure Investment	£13 billion of PFI spending guaranteed	Yes	The government has pledged to take action to ensure that government Private Finance Initiative projects go ahead despite current financial problems. In total, £13 billion of government spending will be guaranteed. Resources will initially come from within unallocated funds and under-spends. No local authority involvement (being run by HM Treasury Arms Length Management Organisation). However, some of the 110 projects are relevant to local authorities, for example on waste, schools, housing and street-lighting.
Car Scrappage Scheme	£300 million	Yes	Thirty motor vehicle producers have signed up to this scheme, which will provide £2,000 off the cost of a new car. Car being traded-in must be over 10 years old and owned by current owner for more than one year. £1,000 to come from government, and £1,000 from motor manufacturer.
Innovation Fund	£150 million	No	New £150 million funding seeking to lever in up to £1 billion of private funding. Investing in areas such as life services, ICT and low carbon technologies.
Research and development tax credits for small and medium enterprises	£80 million	Yes	Tax credit for firms which are conducting over £10,000 per annum of qualifying research. Paid through annual tax return. No real role for non-national government partners.
Flexible Planning Permissions	N/A	No	Announced in June 2009, to be piloted in 12 authorities in England, and then rolled out nationally. Scheme will offer greater flexibility for planning permissions (i.e. extending time limits from three years for site developments). Expansion of scheme that was first announced in 2004.

Scheme	Scale	Started	Comment
Other			
Financial Support for Coalfield Communities	£750,000	Yes	Additional support announced through the Coalfields Regeneration Trust for financial services in ex-coalfield areas. Grants will be available to organisations including Citizens Advice Bureaux, credit unions, law centres and unemployed workers centres working in eligible coalfield areas.
Acceleration of Building Schools for the Future (BSF) programme	£919 million brought forward	Yes	£499 million to be delivered to local authorities and the rest of delivered to schools. This is not new funding but funding brought forward from future years' expenditure. Projects had already been agreed so there is little flexibility in how this will be spent.
Funding for Youth Centres	£31.6 million	No	Only the most deprived third of areas in England could apply to this scheme. Schemes must have local partners committed to supporting it.
Increased funding for debt advice	£27.5 million	Yes	Additional funding has been made available to increase the capacity of debt advice services. £5.85 million was made available for National Debtline; a further £10 million for Citizens Advice Bureaux; and £2.5 million for Shelter and the Consumer Credit Counselling Service to support the delivery of Homeowners Mortgage Support.
Energy & Resource Efficiency Programme	£375 million	Yes	£165 million of this is being delivered by the Carbon Trust, or off-shoots of the Carbon Trust. £100 million of this is for social landlords to improve insulation in rented homes.
Funding for voluntary sector organisations	£46 million	Yes	100 voluntary sector organisations awarded funding (£46 million) over two years. Aimed at schemes that improve life chances of children and young people.

Scheme	Scale	Started	Comment
Other			
Funding for Relate and other groups.	£3 million	Yes	£3 million – including £1 million for Relate – so organisations can offer more services such as relationship and family counselling to those affected by the recession. Announced in May 2009.
New Growth Fund	£100 million	No	Expansion (£18 million) of existing scheme. Funding to help those on low incomes through the provision of affordable loans. Delivery through Credit Unions and Community Development Financial Institutions.
National Skills Strategy	N/A	No	Announced as part of Building Britain's Future Document.
September Guarantee funding for learning and skills councils	£655 million	Yes	Additional funding for learning and skills councils and further education colleges in order for them to cope with unanticipated rises in the number of entrants for 6th Form and vocational qualifications.

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We welcome your feedback. If you have any comments on this report, are intending to implement any of the recommendations, or are planning to follow up any of the case studies, please email: nationalstudies@audit-commission.gov.uk

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