

## **REF: Home Builders Federation Press release on cuts to kickstart funding**

### **Kickstart cuts threaten economic revival and jobs**

25 May, 2010

#### **Resultant private sector investment will now be lost to economy**

The announcement that Kickstart funding is to be slashed directly threatens both jobs and a wider economic recovery and is a cut on investment not waste. It will also potentially reduce housing supply and worsen the nation's already acute housing shortage. (see note to eds for cut details)

Kickstart funding was put in place to get stalled house building sites working again and generated many times more private sector investment than the initial injection of public money. Restarting sites also leads to the immediate creation of jobs and results in positive economic spin offs across local economies - both of which will suffer under the planned cuts.

Kickstart 2 also required developers to take on apprentices to qualify for the public investment. Clearly any jeopardy to apprenticeships will have a long term impact on the country's ability to deliver new homes, at a time when we are already building less than at any time since before World War 2 and have a shortfall approaching 1 million homes.

HBF is now seeking urgent clear guidance from HCA on exactly which sites the planned cuts will affect so that its members can make decisions about labour, materials and contracts.

Speaking today HBF chairman Stewart Baseley said; "Cutting Kickstart money, that creates immediate benefits in terms of local jobs and for the wider economy is a cut on investment not waste. Public money invested through Kickstart pulled in many more times that in private sector investment - which will now be lost to the economy. The announcement is extremely disappointing when we are in the midst of an acute housing crisis and a shortage approaching a million homes, yet building less than in any peacetime year since 1923."

**For media enquiries**, or to arrange an interview, please contact Steve Turner on 020 7960 1606 / 07919 307 760 or [steve.turner@hbf.co.uk](mailto:steve.turner@hbf.co.uk)

#### **Notes to Editors:**

1. The Home Builders Federation (HBF) is the principal representative body for private sector home builders and voice of the home building industry in England and Wales. The HBF's 300 member firms account for some 80% of all new homes built in England and Wales in any one year, and include companies of all sizes, ranging from multi-national, household names through regionally based businesses to small local companies:  
[www.hbf.co.uk](http://www.hbf.co.uk)

2. The Treasury statement on £6.2bn savings in 2010-11 said there would be "£150m from savings in the last Government's housing pledge".

We understand £50m of this will be Kickstart, and the remaining £100m will be cuts to the Affordable Housing budget\*.

There will also be consultation on cutting the Housing Market Renewal budget by up to £50m.

The Kickstart cuts (£50m) represent around 20-25% of Kickstart funds not yet contracted.

HOWEVER, it is also clear that around £600m of housing programmes, including the Housing Pledge, await final confirmation from the Treasury. As a consequence, the balance of the as-yet uncontracted Kickstart money will be on hold until after the Budget on 22nd June when the extent to which this funding is to be made available in the current year is confirmed.

THEREFORE, all Kickstart schemes not yet contracted are on hold until after the Budget. House builders involved in Kickstart will get a letter shortly from the HCA explaining the situation.