



Chartered
Institute of
Housing

What you need to know about the Budget and Spending Review October 2021



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The chancellor of the exchequer, Rishi Sunak, announced the government's [budget and spending review](#) plans on 27 October 2021. After previous short term funding announcements during the pandemic, this spending review covers the next three years. It also reiterated several announcements made prior to the budget and spending review.

CIH's [submission](#) to the budget and spending review proposed that further investment in housing would contribute to the government's post COVID green economic recovery plan. We called for:

Investment in 90,000 new social rented homes per year for 10 years in England and commitment to long-term government investment and support for modern methods of construction to significantly increase the scale and pace of delivery of homes.

Help for people with their housing costs so that they can find an affordable, decent place to call home, through a range of measures including: restoring £20 uplift in Universal Credit; abolishing the benefit cap; maintaining the Local Housing Allowance at 30th percentile with annual uplifts.

Increased support to enable social housing providers to carry out works to make buildings safe, including remediation works and the costs of complying with the new building safety requirements for higher-risk buildings.

Investment in existing and new supported housing to meet a range of needs and provide a national, ringfenced funding stream for housing related support to ensure the sustainability of valuable existing and new supported housing schemes.

Take further steps to end homelessness and rough sleeping including investment in high-fidelity Housing First services, floating support, good quality temporary accommodation and specialist services, for example, for people experiencing domestic abuse.

Investment in housing to achieve net zero carbon and boost the post-COVID economy by retrofitting existing homes to raise their energy efficiency and make their power and heating

sources renewable, and building new homes that are 'net zero carbon' and if possible that generate energy.

What were the main announcements on housing and welfare?

Investment in new homes

The chancellor re-stated the existing investment of £11.5 billion for the Affordable Homes programme (2021-2026) which aims to deliver up to 180,000 new homes, half of which is for low-cost home ownership and half for affordable and social rented homes.

In addition, the budget confirmed further investment of £1.8 billion to build new 'greener' homes on brownfield sites as part of its efforts to meet net zero carbon ambitions by 2050, as well as increasing housing supply, as trailed in the [media](#) before the budget statement. This will include £300 million for local authorities to unlock smaller brownfield sites and £1.5 billion to regenerate land and deliver infrastructure and community facilities to unlock around 160,000 homes in total (no detail given on the tenure break-down).

There will also be £65 million to digitise the planning system.

Building safety

The chancellor reiterated the use of a Residential Property Developer tax to contribute to a £5 million fund to remove unsafe cladding from the highest risk buildings. (£3 million of which applies to the spending review period).

The budget stated that £24 billion had been committed to housing over the spending review, most of which are programmes that have already been announced, and some of which extend beyond the three-year period of the spending review, which has led to some confusion. It includes up to £10 million of the Affordable Homes programme, £3 million of the building safety fund, all of the brownfield site funding recently announced plus £3 billion for Help to Buy schemes and £6 billion for the National Home Building Fund; the latter two were not explicitly referenced in the chancellor's speech.

Net zero carbon and retrofitting existing homes

The main measures in relation to the energy efficiency and retrofitting existing homes were previously announced alongside the publication of government's [Heat and Buildings strategy](#). The £3.9 million over the spending review period includes:

- £5,000 grants for homeowners to install heat pumps through a £450m boiler upgrade scheme
- An £800m Social Housing Decarbonisation Fund to help social landlords improve the energy efficiency of their homes
- £950m Home Upgrade Grant scheme, which will be used by councils to support low-income households in carrying out energy efficiency retrofits.

(More details in CIH's [response](#) and [member briefing](#)).

Rough sleeping and homelessness

Funding of £639 million was announced for councils to continue their homelessness prevention and rough sleeping initiatives including securing accommodation and tailored support.

Welfare measures

The national living wage for people 23 and over will increase to £9.50 an hour from 1 April 2022, in line with recommendations from the Low Pay Commission. Government will also introduce the Low Pay Commission's recommendations on national minimum wage rates for younger age groups.

Recipients of Universal Credit that are working will benefit from two changes which will come into effect by 1 December 2021, enabling them to keep more of their earnings:

- A reduction in the taper rate from 63 per cent to 55 per cent, enabling people to keep more of their earnings before the benefit is reduced
- An increase in the work allowance to £500 a year

A fund of £65 million to help private renters with rent arrears was announced prior to the budget (see CIH's [response](#)) as was £500 million for a Household Support Fund.

As part of the early years support there is also further investment in the Supporting Families Fund and funding for a network of Family Hubs.



Other announcements

UK Shared Prosperity Fund

£2.6 billion over three years was announced, largely focused on skills and employment across the UK.

Initial CIH response

Investment in new and existing housing

The announcement of additional investment for brownfield schemes, and support for hard pressed local planning authorities made in the budget are both welcome measures, but overall, for housing it was predominantly a reiteration of previous funding commitments. Given the significant pressures for many households from rising rents, energy, and food prices, this would have been a timely opportunity to shift investment to increase the delivery of more of the most affordable homes for social rent, which would provide greater security and support to low-income households, as well as delivering longer term savings in housing benefit, Universal Credit, and other costs.

[Analysis](#) published recently by Centre for Homelessness Impact and CIH demonstrated the scale of savings for government if funding for housing subsidies was shifted into capital investment in social rented homes:

- Moving recipients of Housing Benefit or Universal Credit currently in the private rented sector into social housing would save £1.9 bn a year and reduce risk of homelessness for low-income households.
- 73,700 households at risk of homelessness are housed in the private rented sector; if housed in social rented homes, councils would save £572m a year.
- Building 10,000 new social homes would cost government £40 million a year but deliver savings of £44 million a year in housing subsidies compared to use of the private rented sector or temporary accommodation.

CIH [welcomed](#) the investment in the decarbonisation of existing homes, but has called for greater ambition on this. We also called for more funding to meet the real costs of

building safety measures; the fund as it stands does not go far enough to address the level and scale of the work required, or to protect tenants and leaseholders.

The sector faces huge investment challenges with the need to balance retrofitting and improvements in existing homes, delivery of more new affordable homes plus meeting building safety requirements. Whilst welcome, the measures announced or reiterated in the budget will leave most providers with limited capacity and resources, which will have implications for delivery of the number of new homes needed.

Tackling homelessness

The continuing investment to prevent homelessness and end rough sleeping is welcome; Everyone In has demonstrated what can be achieved with funding for accommodation and support. The lack of investment in housing-related support that CIH called for in its submission is disappointing as this, coupled with the delivery of more social homes to rent, would make a significant contribution to providing secure housing pathways for many people out of homelessness and rough sleeping.

Help with housing costs

The measures introduced for working households in receipt of Universal Credit, and the rise to the National Living Wage are all significant steps, but these will do nothing to help the households that cannot work due to disability, illness, or caring responsibilities, or who are looking for work (in many cases due to the pandemic), and who still face the same cost of living pressures. The additional funding to councils to support vulnerable households, and the fund to help private renters with arrears fall short of providing adequate support or compensating for the loss of the £20 uplift.

Structural weaknesses in the design of Universal Credit that work against poverty reduction still remain and have not been addressed:

- inadequate basic allowances (loss of £20 uplift)
- the two child limit
- the benefit cap
- the bedroom tax
- the five week wait.