



Chartered
Institute of
Housing

What you need to know about the Budget 2020



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On Wednesday 11 March 2020 the Chancellor delivered his [Budget Statement](#). This briefing for CIH members provides a brief summary of the most significant announcements relating to housing and welfare and our initial response to them.

In [our submission](#) to the Treasury ahead of the Budget we called on government to:

- Increase grant levels to provide 90,000 homes at social rents each year in line with the latest research by Heriot Watt University
- Provide enough help with housing costs so that people can find an affordable, decent place to call home, by:
 - Restoring local housing allowance (LHA) rates to the 30th percentile and return to annual uprating
 - Shortening the initial assessment period to 15 days for nil income claims under Universal Credit
 - Abolishing the 'bedroom tax'
 - Abolishing the benefit cap
- Invest in existing and new supported housing to meet a range of needs
- Deliver on the promise to fund all EU structural funding programmes, at current levels, through the Shared Prosperity Fund.

Main measures affecting housing and welfare

Housing

The Chancellor announced several housing-related measures including:

- an additional £9.5 billion in the Affordable Homes programme – the programme will now allocate £12.2 billion of funding by 2021-22
- £400 million for Mayoral Combined Authorities and other local areas to establish housing on brownfield sites across the country
- confirmation of allocations from the Housing Infrastructure Fund totalling £1.1 billion for nine different areas including Manchester, South Sunderland and South Lancaster
- the launch of a new long-term 'Single Housing Infrastructure Fund' at the Comprehensive Spending Review, to provide new homes in areas of high demand
- a commitment to announce, in due course, plans to improve the standards of new built homes via a 'Future Homes Standard'
- confirmation of an additional £1 billion to remove unsafe cladding from residential buildings above 18 meters to ensure people feel safe in their homes



- funding of £5.2 billion for flood defences between 2021 and 2027, offering better protection from flooding for 336,000 homes and non-residential properties
- a consultation on revising the terms of Public Works Lending Board lending to ensure local authorities continue to invest in housing, infrastructure and front-line services
- a one per cent cut in the Public Works Lending Board interest rate for investment in social housing to further enable 'high quality investment' by local authorities and an extra £1.15 billion of discounted loans made available for local infrastructure projects.

Homelessness and rough sleeping

- allocation of £643 million to support people who are homeless and rough sleepers – this is made up of an already announced £237 million for accommodation for up to 6,000 rough sleepers, a further £144 million for associated support services and £262 million for substance misuse treatment services.

Planning

On 12 March, in a follow up to the Budget, the Housing Secretary set out proposals for planning reform in the [planning for the future](#) statement. A series of publications and legislative changes will begin with the planning White Paper in spring which is intended to modernise, accelerate, digitise and simplify the planning system.

Measures set out in the statement include:

- a building safety bill, a renter's reform bill, and a social housing white paper
- a review of the formula to calculate local housing need
- a deadline for all local authorities to have their local plan in place by the end of 2023
- £400 million support for brownfield development and brownfield site mapping
- a new shared ownership model
- a future homes standard (fhs) which from 2025 will require up to 80% lower carbon emissions for all new homes

- new permitted development rights to build upwards on existing buildings and allow vacant buildings to be demolished and replaced with residential units.

The government has also recently published a consultation on its 'First Homes' policy which aims to deliver discounted homes for local people. The consultation considers both the design of the policy and options for its implementation. Further information can be found on the gov.uk website [here](#). We are preparing our own response to the consultation – policy and practice officer [Hannah Keilloh](#) is leading on this.

Welfare

The Chancellor announced several changes to Universal Credit (UC) and other welfare benefits, including:

- the end of the benefit freeze and an increase in working age benefits by 1.7 per cent from April 2020



- a reduction in the maximum rate at which deductions can be made from a UC award from 30 per cent to 25 per cent of the standard allowance; and claimants will be given up to 24 months to repay advances (increasing from 12 months)
- additional exemptions from the Shared Accommodation Rate (SAR) for UC and Housing Benefit claimants will be introduced to protect those at risk of homelessness. This will enable rough sleepers aged 16-24, care leavers up to the age of 25, and victims of domestic abuse and human trafficking to live on their own

- confirmation of funding to increase the rate of transitional payments for claimants in receipt of Severe Disability Premium when they move to UC
- confirmation of funding to implement a delay to the reduction of the UC surplus earnings threshold, so that only large income spikes above £2,500 will be considered – the threshold will now be reduced to £300 from April 2021
- the removal of the 3-year sanction from UC and Jobseeker's Allowance – bringing high-level sanctions to 13 weeks for the first failure to comply with conditionality or work search requirements and 26 weeks for each subsequent failure – 26 weeks will now be the duration of the longest single sanction under UC and Jobseeker's Allowance
- a consultation, shortly, on the design of 'Carers' Leave', a new in-work entitlement for employees with unpaid caring responsibilities such as for a family member or dependents
- the frequency of health assessments required for people receiving Personal Independence Payment (PIP) will be reduced – for those whose condition is unlikely to change, the Budget sets a minimum award review length of 18 months
- a new target for the National Living Wage (NLW) – to reach two-thirds of median earnings and be extended to workers aged 21 and over by 2024, provided economic conditions allow. Based on the latest OBR forecast, this means the NLW is expected to be over £10.50 in 2024.

Initial CIH Response

This Budget announcement includes some important measures to tackle our housing crisis. We are pleased that the Chancellor agrees with us that to deal with the crisis housing needs long-term attention and investment from government. A £12.2 billion multi-year extension to the affordable homes programme will give some certainty – we hope this will include significant funding for homes at social

rents, so that we build the truly affordable homes we so badly need.

While an additional £1 billion to remove all types of dangerous cladding from buildings over 18m in height is welcome and recognises the urgent need to address building safety following the Grenfell tragedy, the scale of investment required is likely to run to at least ten times that amount. It is also important that we ensure that affected buildings below that height and leaseholders also receive the funding needed to make those homes safe.

The commitment of £643m funding to provide 6000 homes for rough sleepers is a positive step. To support this commitment the gap between local housing allowance rates and the lowest 30 per cent of private rented homes locally needs to be closed, if we are to successfully end homelessness once and for all.

We also welcome the end of the benefit freeze, uplift to benefits by 1.7 per cent and other welfare measures that lessen the impact of UC on the most vulnerable people. However, this is not enough. We are renewing our calls for the return of LHA rates to the 30th percentile, shortening of the initial assessment period to 15 days for nil income claims under UC and abolition of the 'bedroom tax' and overall benefit cap.

The commitment to cut the cost to councils of borrowing from the PWLB is a welcome announcement. Back in January we identified [a number of barriers that were stopping councils building](#) badly needed new homes and the recent increase in PWLB interest rates was one of these. We urged government to reconsider its decision and it is good to see that it has.

With a comprehensive spending review still to come, we will continue to urge government to invest in the social rented homes we need so badly and to ensure that people on low incomes have the help with housing costs they need.