

Budget 2021

Briefing for housing associations

10 March 2021

Summary

On 3 March, the Chancellor presented his budget to Parliament. It contained a range of measures to support industry and individuals through the pandemic, including an extension to the furlough scheme and grants, loans and VAT cuts for businesses. It also included actions designed to help the economy recover from the impact of coronavirus.

The Budget, and announcements made in the run up to the Budget, include measures of direct interest to housing associations, including commitments that we called for in [the NHF submission to the Budget](#). Key announcements include:

- An **extension of the £20 uplift in Universal Credit** for six months.
- **Measures to support home ownership**, including an extension to the stamp duty holiday and a new mortgage guarantee scheme.
- The creation of a **MMC Taskforce**, backed by £10m of seed funding, to accelerate the delivery of Modern Methods of Construction (MMC) homes.
- More detail on the **£4.8bn Levelling Up Fund** announced in last year's Spending Review, including guidance on how to submit bids for funding.
- An additional **£19m over two years to support survivors of domestic abuse**.
- A commitment to bring forward **exemptions to the Shared Accommodation Rate**.

This briefing provides further detail on each of these announcements, focused on our original calls: to build back safer, better, and stronger. It covers updates on building safety, decarbonisation, levelling up, welfare support, and supported housing (including specific announcements on domestic abuse and homelessness).

You can also [read our original press response](#), or read the Budget in full [on the government's website](#).

Building back safer

There were no announcements in the Budget on building safety. However, in the run up to the Budget, the government announced [£3.5bn of additional funding for safety remedial works](#) to external wall systems in buildings of a height of 18m and over.

This reflects calls we made in [the NHF submission to the Budget](#). We called for the government to provide upfront funding for all remedial works in buildings of all heights and to recoup the costs to the taxpayer later once liabilities are established. We believe that this is the best and only way to ensure resident safety by overcoming the financial barriers to remedial works taking place, to enable flat sales to continue, and to protect leaseholders and charitable housing associations from having to pick up the costs.

There is still some detail to work through on the additional funding and other financing options that the government is making available to pay for leaseholders' share of remedial works to external wall systems. However, this does provide the sector with an opportunity to shape the government's thinking.

We welcome feedback from housing associations on what the financing options would mean for your organisation. This includes feedback on the proposal to issue loans to freeholders of 11-18m buildings for remedial works to the external wall, which can then be recouped via service charges at a cap of £50 per month. To share your views, please contact Victoria Moffett, Head of Building and Fire Safety Programmes, at victoria.moffett@housing.org.uk.

Building back better

A new generation of affordable homes

The Budget includes a number of measures to support home ownership:

- The Chancellor announced an **extension of the current Stamp Duty holiday**. The temporary £500,000 nil-rate band will be extended to the end of June, before being cut to £250,000 between 1 July and 30 September. From 1 October, the normal threshold of £125,000 will return.
- The Chancellor announced a **new mortgage guarantee scheme** to help people into home ownership. The new scheme is due to launch in April and will see the government 'guaranteeing' 95% mortgages for buyers with 5% deposits. The scheme will apply to properties up to £600,000 and buyers will be able to fix the initial mortgage rate for five years. We understand that the

scheme will be similar to the Help to Buy mortgage guarantee scheme, which ran in the early and mid 2010s.

The Chancellor also announced the creation of a MMC Taskforce to accelerate the delivery of new Modern Methods of Construction (MMC) homes. The Taskforce is due to be based at the MHCLG's new joint headquarters in Wolverhampton, will comprise experts from across government and industry, and will be supported by £10m of seed funding.

We have welcomed measures to support the market and help people into home ownership, although we believe that building more affordable homes remains fundamental to both economic recovery and resolving the ongoing housing crisis. We have also welcomed the creation of the new MMC Taskforce. This is more evidence of the role that Ministers see MMC playing in the future supply of new homes and we will share more information on the Taskforce in the coming months.

Kick starting a retrofit revolution

There was a strong focus in the budget on supporting a green recovery and a range of announcement on new green investments and projects. However, **there were no specific green announcements or measures on housing.**

We recognise that some funding to help the sector decarbonise has already been made available. For example, the 2020 Spending Review set aside £60m to help social housing providers decarbonise in 2021/22.

We are currently working with BEIS on the design of a new decarbonisation funding programme for social housing and we expect more announcements on funding in this year's Comprehensive Spending Review.

Levelling-up economic opportunity

The Budget provides **more details on the £4.8bn Levelling Up Fund**, first announced by the government in last year's Spending Review. Alongside the Budget, the government has published the [Levelling Up Fund Prospectus](#) setting out the process for bidding for funds and providing information on the types of projects that will be eligible for funding. This includes regeneration and town centre investment projects, building on the Towns Fund framework.

We have previously welcomed the announcement of a Levelling Up Fund. This presents a real opportunity for much-needed investment and regeneration in communities around the country. We also welcome the publication of the Levelling Up Fund Prospectus and will be working with MHCLG to ensure that the role and contribution of housing associations is recognised and utilised in the delivery of the fund.

Building back stronger

Delivering a fair and effective welfare system and helping people into work

The Chancellor announced **an extension of the temporary £20 per week increase to the Universal Credit** standard allowance for a further six months, on top of the planned uprating. The measure will apply to all new and existing universal credit claimants.

The equivalent uplift to working tax credit will be replaced by a one-off payment of £500 to eligible claimants across the UK, to provide continued extra support over the next six months.

The Budget also announced that:

- The higher Universal Credit surplus earnings threshold of £2,500 for Universal Credit claimants will be maintained for a further year until April 2022, when it will revert to £300.
- The suspension of the Universal Credit minimum income floor for self-employed claimants will continue until the end of July 2021 and, while it will be gradually reintroduced from August 2021, DWP work coaches will be given discretion to not apply it on an individual basis where they assess that a claimant's earnings continue to be affected by coronavirus restrictions.
- From April 2021, the period over which Universal Credit advances will be recovered will increase to 24 months.
- The maximum rate at which deductions can be made from a Universal Credit award will reduce from 30% to 25% of the standard allowance, bringing forward measures that were previously due to be implemented from October 2021.
- Working tax credit claimants across the UK who have been furloughed, or experienced a temporary reduction in their working hours as a result of coronavirus, will continue to be treated as working their normal hours for the duration of the Coronavirus Job Retention Scheme.

We welcome the continuation of the £20 uplift but express concern at its withdrawal from October 2021 when unemployment is forecast to be higher than in April. This £20 has helped many families pay for essential living costs including rent.

We are working with a group of our members to repeat our survey of residents in receipt of Universal Credit so that we understand better how residents have managed over the pandemic. [Results published last year](#) showed some people struggling with day to day living expenses.

The reduction, from April, in the maximum rate of deductions from Universal Credit will allow people to spread debt repayments, including rent arrears, over a longer period of time.

There were no new significant labour market policies announced, either in terms of helping people get back into work or around reskilling. The Apprenticeship Hiring Incentive was increased to £3,000 and extended beyond young people. There was also no announcement on any extension to [the Kickstart Scheme](#), which is scheduled to end in December 2021.

Supporting the most vulnerable

Supported housing

In [the NHF submission to the Budget](#), we argued that the pandemic had demonstrated the critical need for housing-related support services, and that supported housing providers are facing greater financial pressures due to extra costs and void losses associated with coronavirus.

We asked the government to target spending to facilitate joint working between local authorities and supported housing providers and help rollout the coronavirus vaccine to supported housing staff and residents. There remain pressures on the delivery of vaccines to staff and residents in supported housing settings, so it is positive that the Budget confirms the allocation of a further £1.7bn to support the successful continuation of the vaccine deployment programme in 2021-22.

We also asked the government to use the Spring Budget to ringfence housing-related support and allocate £1.6bn per year to local authorities in England. The Budget did not make specific announcements on funding for support services beyond an increase in taxation for investment in public services and to support the economic recovery.

Domestic abuse

The Budget committed an additional £19m, including £15m in 2021-22 across England and Wales, for perpetrator programmes that work with offenders to reduce the risk of abuse continuing. The Budget also committed £4m between 2021-22 and 2022-23 to trial a network of 'Respite Rooms' across England to provide specialist support for homeless women facing severe disadvantage.

Extra funding to support survivors of domestic abuse is welcome news and we look forward to seeing more detail on the 'Respite Rooms' trial. In [the NHF submission to the Budget](#), we highlighted that the pandemic had driven a surge in domestic abuse incidences and that domestic abuse had now become the second cause of homelessness. This focus on supporting women made homeless by domestic abuse and who have support needs is of interest to our members that provide housing support services.

Our calls for investment in support services also relates to domestic abuse refuges, and there has been specific investment in this area. The government announced £125m at last year's Spending Review for local authorities to deliver the Domestic Abuse Bill's new statutory duty to support victims. Housing associations may be commissioned to provide the support in accommodation outlined in the new duty.

Homelessness

The government reiterated its funding for rough sleeping in 2020- 21 and funding that was announced at Spending Review for 2021-22. It also announced that it would bring forward exemptions to the Shared Accommodation Rate (SAR), originally due to be implemented from October 2023. From June 2021, care leavers up to the age of 25 (increased from 22) and those under the age of 25 who have spent any three months in supported accommodation will be exempt from the SAR in Universal Credit and Housing Benefit.

This is a positive announcement, as it will ensure that it will be more affordable for young people who have experienced homelessness and for care leavers to live independently, and will help young people move on from emergency accommodation more easily.

The Budget also announced £10m in 2021-22 to help veterans with mental health needs access services and support. Poor mental health can be a barrier to accessing and retaining housing and it is positive to see this attention to the mental health of a group disproportionately affected by homelessness. Many of our

members provide specific support for veterans to help them escape the cycle of homelessness.

We are disappointed that there was no announcement on the second round of the Rough Sleeper Accommodation Programme (RSAP). We asked the government to open the next round of RSAP funding quickly, as further delays will make completion increasingly difficult. We look forward to the imminent opening of this fund.