Autumn Budget and Spending Review 2021

NHF briefing for housing associations

3 November 2021

Summary

On 27 October the government delivered its second budget of the year and set out spending plans for the next three financial years. Key announcements included:

- Confirmation of £800m for the **Social Housing Decarbonisation Fund**, which can be used by housing associations for energy efficiency upgrades.
- Confirmation of £1.8bn to use 1,500 hectares of **brownfield land**.
- Reconfirmation of the £5bn previously announced government funding to remove **unsafe cladding** from the highest risk buildings.
- Reconfirmation that government **funding for building safety work** would be partially funded by the Residential Property Developers Tax.
- Reconfirmation of the £11.5bn Affordable Housing Programme, as part of a multi-year housing settlement of £24bn.Confirmation of **£639m per year for rough sleeping and homelessness** by 2024, a cash increase of 85% compared to 2019-20.
- An additional **£65m investment to improve the planning regime**, through a new digital system.
- The first 105 allocated places set to receive funding, including for regeneration, from the **£4.8bn Levelling Up Fund**.
- Confirmation that the **Levelling Up White Paper** will be published later this year.
- Reconfirmation of the **UK Shared Prosperity Fund worth over £2.6bn**. A focus of the Fund will be programmes to help people into jobs in places of greatest need*.*
- By 1 December this year, the **Universal Credit taper rate will be cut by 8%**, with the work allowance rising by £500.
- Confirmation that **skills spending will increase by £3.8bn** this Parliament, with a new UK-wide numeracy skills programme announced.

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This briefing provides further details on each of these announcements, including the NHF response. It covers:

- Decarbonisation.
- Building safety.
- Housing supply and planning.
- Homelessness and rough sleeping.
- Supported housing.
- Levelling up.
- Welfare reform and support into employment.

We made a submission to the Autumn Budget and Spending Review in September focusing on four key areas: decarbonisation, building safety, regeneration and levelling up, and supported housing. Ensuring housing associations are seen as being in a unique position to be part of the nation's social and economic recovery following the pandemic was a key aim of our submission. You can read more in our original submission to the Autumn Budget and Spending Review.

You can also read our media response on our website.

Decarbonisation

The government confirmed the allocation of £800m for the next wave of the Social Housing Decarbonisation Fund, which was first announced in the previous weeks' [Heat and Building Strategy](). This funding will be open to housing associations to apply for directly. We understand this next wave of funding will launch in spring 2022 and run for three years.

NHF response

We warmly welcome the confirmation that Wave 2 of the Social Housing Decarbonisation Fund will run for three years from next year, and will be available for housing associations to bid into directly. This will help housing associations invest significant funding to improve the energy efficiency of homes below EPC C, reducing bills for residents and improving comfort.

However, it's only a small part of what's needed to decarbonise social housing completely by 2050, and we will continue to work with the government to secure long-term funding and the other changes needed to deliver on the net zero target.

Building safety

The government confirmed £5.1bn of funding previously announced for cladding remedial works to buildings 18m and over with unsafe cladding. This figure includes:

- The £600m announced in previous years for ACM cladding remediation funds for buildings in the social and private sectors.
- The £1bn Building Safety Fund announced in the Budget in March 2020.
- The additional £3.5bn which will be added to the Fund, announced in February 2021.

The Chancellor also confirmed that the funding government is making available will be partially recouped by the Residential Property Developers Tax levied on developers with profits over £25m at a rate of 4%. We have successfully argued that housing associations should be exempt from this tax.

NHF response

It is disappointing that the government hasn't taken the opportunity of a Spending Review to consider the further support it could provide to leaseholders facing bills for remedial works, or to housing associations that will have to reduce future investment in existing homes and in building new affordable housing as a result of having to meet the costs of making building safe. We had also hoped to understand further detail around the proposed loans to leaseholders in medium and lower rise buildings, which the government announced earlier this year to help keep costs to leaseholders affordable.

We have consistently called for government to provide upfront funding for all remedial works and to recoup the costs from those responsible once works are complete. We therefore welcome the confirmation of the Residential Property Developer Tax as a means to recoup some of the costs from developers, and we have successfully argued for housing associations to be exempt from this tax so that they can continue to build affordable housing.

We expect that the appointment of a new Secretary of State means that building safety policies are being reviewed, and we will continue engaging with civil servants following a positive first meeting with Michael Gove at which we raised the remedial works funding challenge for housing associations and the impact on residents.

Housing supply and planning

An additional investment of £1.8bn has been confirmed to bring 1,500 hectares of brownfield land into use. An investment of £11.5bn has also been reconfirmed through the Affordable Homes Programme (2021-2026) to deliver 180,000 homes.

The government is investing an additional £65m to improve the planning regime, through a new digital system, which will ensure more certainty, better outcomes for the environment, growth and quality of design.

NHF response

Additional funding for unlocking development on brownfield land is welcome. It will provide the necessary infrastructure to enable the development of new affordable housing and support regeneration. This, coupled with reconfirmation of the £11.5bn Affordable Homes Programme provides an excellent opportunity to deliver significant affordable housing over the next five years.

We welcome the government’s investment in digitising the planning regime which will potentially make development management easier for members. We have been clear in our responses to consultations and in discussions with government that capacity within local planning authorities is an increasing problem which can lead to a significant delay in affordable housing delivery.

While the government may have paused decisions relating to the Planning Bill, we continue to make the case that any new system must deliver at least as much affordable housing as under current Section 106 arrangements.

Homelessness and rough sleeping

The funding announced by the Chancellor is £639m resource funding by 2024-25, which will be used to:

- Continue funding the Rough Sleeping Initiative to move rough sleepers into secure accommodation with support.
- Provide drug and alcohol treatment for people sleeping rough.
- Continue funding the Homelessness Prevention Grant.
- Complete delivery of 6,000 homes under the Rough Sleeping Accommodation Programme.
- Form part of a cross-government approach to address the drivers of rough sleeping, including funding for reoffending initiatives of £200m a year by 2024-25, including delivery of transitional accommodation for prison leavers and treatment for substance misuse.

The £639m refers to the resource spend allocated in the final year of the Spending Review (2024/25). It is billed as a cash increase of 85% compared to 2019-20, however the total funding of the £1.9bn resource (spending that relates to day-to-day operations) and £109m capital investment (an average of £36.3m per year) over the next three years totals around £669m per year, which is a reduction compared to this year's £750m and last year's £700m.

The funding is up to 2024-25 but yearly allocations are not yet known. It is not clear if grants delivered to local authorities will be multi-year. The relative allocations across the Rough Sleeping Initiative, Rough Sleeping Accommodation Programme and Homelessness Prevention Grant are still being decided. It is currently unclear whether the spending commitment will include additional funding for the government's Housing First pilots.

The government has made homelessness part of its levelling up programme. One of the priority outcomes for the Department for Levelling Up, Housing and Communities

(DLUHC), is “end rough sleeping through more effective prevention and crisis intervention services and reduce homelessness by enabling local authorities to fully meet their statutory duties”, in cooperation with the Department for Education, Department of Health and Social Care, Department for Work and Pensions, Home Office and Ministry of Justice. No funding has been allocated to this specifically through the Levelling Up Fund.

The DLUHC outcomes metrics focus on ending rough sleeping through more effective prevention and crisis intervention services, and reducing homelessness by enabling local authorities to fully meet their statutory duties. Specifically, this will be measured through:

- Number of people sleeping rough in England in the annual rough sleeping snapshot.
- Number of families in temporary accommodation in England.
- Number of units delivered through the Rough Sleeping Accommodation Programme.

NHF response

We have welcomed the focus on homelessness prevention on the levelling up agenda, and it is positive that there is a cross-department focus including health and welfare benefits. We have also commended the apparently longer-term commitment to reduce homelessness in the Spending Review, but are seeking clarity on whether or not the funding to local authorities will be multi-year or year-by-year until 2024-25, and what the relative amounts allocated to each stream will be.

The announcement says that the new funding will build on reductions in rough sleeping numbers since 2017 and between 2019 and 2020, and explicitly acknowledges the government’s commitment to end rough sleeping. The Chancellor did mention homelessness in general as well in his speech, but it is clear that the focus is on rough sleeping.

Housing associations have worked hard to rehouse rough sleepers during the pandemic, but we need government to focus on addressing all forms of homelessness. It is good to see that households in temporary accommodation are among the levelling up metrics.

Supported housing

Apart from the potential investment in accommodation for people experiencing rough sleeping, there is no additional, ring-fenced, long-term funding for all forms of supported housing.

The government has already announced £5.4bn of additional funding to reform adult social care, to be funded by the new Health and Social Care Levy, but the Spending Review did not set out how much of the £5.4bn will be used to pay for supported housing among other local authority commitments, such as action to support unpaid carers, investment in the Disabled Facilities Grant, and improved information and advice.

Local government will be awarded £4.8bn per year until 2024-25, but this is not a ring-fenced fund, and the government expect it to be spent on "social care and other services". Most of the Department for Health and Social Care outcomes metrics relate to health rather than social care.

NHF response

In our Spending Review submission, we said long-term investment in supported housing can help address homelessness, and that long-term funding for Housing First support is needed to sustain people in stable tenancies so that more landlords come forward with properties. We will monitor developments in this area.

We have expressed our disappointment that the announcement does not acknowledge the essential role of supported housing in delivering independence and wellbeing for many people with long-term care and support needs. Our Spending Review submission highlighted that supported housing is vital for allowing those with support needs to thrive in their home, addressing homelessness and supporting people out of hospital, and can reduce pressure on adult social care. We asked government to reinstate the £1.6bn annual ring-fenced funding for housing-related support services, and use the opportunity of social care and NHS reform to prioritise preventative services, give security to people with care and support needs, guarantee funding, and enable housing providers to continue responding to coronavirus.

There is no additional funding for public health in the Spending Review. This could mean local authorities will be more open to working with housing associations to bridge this gap.

Levelling up

The Spending Review included an announcement on the first 105 places to receive funding from the £4.8bn Levelling Up Fund intended to revive town centres and stimulate regeneration.

The government aims to publish the Levelling Up White Paper by the end of this year, which will set out in more detail the framework and next steps towards levelling up opportunities and boosting livelihoods across the country.

The government has reconfirmed the UK Shared Prosperity Fund worth over £2.6bn. This fund will be targeted at areas with the greatest need and ensure that local areas can invest in people, community and local businesses.

On the UKSPF, there was news of a new basic skills investment called Multiply, a new UK-wide programme to equip hundreds of thousands of adults with functional numeracy skills to improve their employment prospects. This is aimed at people in the North East, West Midlands and Yorkshire and the Humber, which currently have the highest proportion of adults with low numeracy.

NHF response

The confirmation of the UK Shared Prosperity Fund is welcome, particularly its aim in targeting areas of need, however we urge the government to provide more clarity on funding and delivery as soon as possible and to work alongside the housing sector to ensure the Fund is set up for success from the start.

It is positive to see the governments focus on basic skills which are essential to levelling up and critical to livelihoods. We welcome all measures to redress this and support more working aged adults to achieve good basic skills. Lack of numeracy, literacy and digital skills are holding people back from achieving the best in life and seizing new opportunities.

Welfare reform and support into employment

It was confirmed that the Universal Credit rollout will be complete by March 2025. There were several further announcements on supporting jobs and people:

Universal Credit taper

In order to help people to progress in work and allow households on Universal Credit to keep what they earn, the government has announced that it will reduce the Universal credit taper rate from 63% to 55% by 1 December 2021. Work allowances, which is the amount of earnings people can keep before the taper rate applies, will also rise by £500 per month from 1 December for households with children or a household member with limited capacity for work.

New housing element of pension credit

Plans to create a new housing element of pension credit in place of pensioner Housing Benefit are now intended to take effect in April 2025 to align with the full rollout of working-age Housing Benefit into Universal Credit.

Surplus earnings

The budget confirmed that the government will continue to keep the temporary £2,500 'surplus earnings' threshold for Universal Credit claimants until April 2023, when it will reduce to £300. If you earn more than £2,500 over the amount you can earn before you receive no Universal Credit payment, you are said to have surplus earnings, which are taken into account in your next monthly assessment period. They may reduce the amount of Universal Credit you receive, or mean you don't get any Universal Credit payment that month.

Local Housing Allowance rates

The Budget did not contain details on the 2022/23 rates, however the forecast default is that rates for 2022-23 will be maintained at the elevated cash rates agreed for 2020/21. This will be confirmed at the uprating review.

The government will bring forward exemptions to the Shared Accommodation Rate for victims of domestic abuse and victims of modern slavery, from October 2023 to October 2022. These people will be able to claim the higher one-bedroom self-contained Local Housing Allowance rate.

Skills and employment support

The spending review confirmed substantial funding through DWP for support for people to get back into work with an emphasis on DWP in-house provision through work coaches. This includes:

- Continuing to invest more than £900m for each year of the Spending Review in Universal Credit work coaches.
- Funding of approximately £10m a year for the Sector-Based Work Academy Programme.
- Investing more than £60m over the next three years in the Youth Offer.
- More than £20m over the next three years for a new, enhanced offer for claimants aged 50 and over to provide support to return to, or remain in, work.
- £339m per year for the continued funding of existing disability employment programmes, such as the Access to Work scheme and the Work and Health programme.

NHF response

We welcome the cut to the Universal Credit taper rate by 8% as this will help an estimated 1.2 million people in low-income working households. Some additional households not currently on Universal Credit will become eligible as the taper cut extends Universal Credit eligibility up the earnings distribution.

However, these changes will not assist the 3.6 million people in families receiving Universal Credit who are not in work, either because they are unemployed and searching for work, or because they are not required to search for work. These people will be worse off as a result of the withdrawal of the £20 a week uplift from October 2021.

Given the evidence of hardship found in our survey of tenants in receipt of Universal Credit we are concerned about the impact of the loss of £20 per week on people who were already struggling to make ends meet.