



SUMMER ECONOMIC STATEMENT

NHC ON-THE-DAY BRIEFING

8TH JULY 2020

Key Announcements:

- The Chancellor today announced a **£2bn programme of Green Homes Grants** for privately owned homes (accessible to both homeowners and landlords) to begin in September of this year.
- An initial allocation of £50m has been announced for the **Social Housing Decarbonisation Fund** commitment, this pilot is estimated to support the retrofit of around 2,500 homes in the social housing sector.
- Employers that retain previously furloughed staff until at least the end of January 2021 will receive £1,000 per employee through a new **Job Retention Scheme**.
- A new £2bn **Kickstart Scheme** will be launched to offer 18-24 year olds at risk of long-term unemployment 6-month work placements.
- Buyers will pay no **Stamp Duty** on the first £500k when they move home, this is in place until March 2021 and will exempt 96% of homes in the North from Stamp Duty.
- Confirmation of announcements made in the last week on **Brownfield Fund, Affordable Homes Programme flexibilities, and forthcoming Planning Reforms**.

Commentary

Last week, [the Prime Minister made a speech on the economic recovery from Covid-19](#), promising to 'build back better and bolder'. Today's Summer Economic Update from the Chancellor provided more detail on those plans.

The Chancellor pitched the update as the second of three important stages in the Government's economic response to Covid-19. The first was his regular Budget in March this year and the third will come in the Autumn with a further budget and spending review.

Today's update, branded a 'Plan for Jobs' will likely be remembered for the 'Eat out to help out' announcement of half-price dining opportunities in August this year, but it also contained important announcements for the housing sector.

In particular, the update marked a significant change in the Government's attitude towards home energy efficiency. There had been speculation in the run-up to the statement that retrofit was considered 'boring' within Government, but with over £2bn announced today, the Government has recognised the job-creation potential of such initiatives. In the North alone, an ambitious retrofit programme across all tenures could create 20,000 new jobs. However, only £50m of today's investment will find its way to the social sector. If the Chancellor wants to maximise the job creation potential of retrofit, he must use his Autumn announcements to bring forward the promised £3.8bn Social Housing Decarbonisation Fund.

The Update also restated announcements made over the last week on the Brownfield Fund, planning, and important flexibilities introduced around the Affordable Homes Programme. Details of these can be found below. A stamp duty holiday which will remove 96% of home sales in the North from the tax altogether was the other significant housing-related announcement.

[The NHC had called for the Chancellor to put Net Zero and New Homes at the centre of today's statement](#). We believe doing so would have enabled housing in the North to maximise its contribution to levelling-up. Today's announcement will go some way to doing that – but, with the right support, our sector still has more to offer. The NHC will continue to make the case in the run-up to the third phase of the Government's response to Covid-19 in the Autumn.

As ever, we welcome your feedback on our on-the-day briefing, and on how the NHC can support you as the North enters the next stage of recovery.

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The NHC's pre-update submission to Government '*Net Zero and New Homes: Housing's role in the North's recovery*' is available to access on our website at <https://www.northern-consortium.org.uk/blog/net-zero-and-new-homes-housings-role-in-the-norths-recovery/>

Retrofit

The Summer Statement contained two important announcements on housing retrofit:

- A £2bn programme of Green Home Grants for privately owned homes
- A £50m Social Housing Decarbonisation pilot

Green Home Grants

This £2bn programme will begin in September this year. Home-owners, and landlords in the private rented sector, will be able to access a voucher which will provide match-funding for energy efficiency improvements, with the Government contributing 2/3 of the cost, up to a maximum of £5,000.

For those on lowest incomes, the scheme will cover 100% of the cost, up to a maximum of £10,000.

The Government estimates that the allocation of up to £2bn will support up to 100,000 jobs, could retrofit up to 600,000 homes, and strengthen component supply chains.

This appears to be a significant acceleration of the Home Upgrade Grants programme promised in the Conservative Manifesto. The Manifesto costings document had indicated that these grants would begin this year, with an initial allocation of £150m from a £2.5bn programme.

Social Housing Decarbonisation Fund

The Summer Statement announced a £50m Social Housing Decarbonisation Fund. It is important to note that Treasury documents state that the fund will 'start with a £50m demonstrator project', indicating that this is an initial allocation, rather than the limit of the Government's ambition.

The £50m allocation is expected to support up to 1,400 jobs and could retrofit around 2,500 homes in the social sector.

The Social Housing Decarbonisation Fund promised in the Conservative Manifesto amounted to £3.8bn over 10 years, with the first allocation of £60m not due until 2021-22.

Public Sector Decarbonisation Scheme

In addition to the housing-related funds, NHC local authority members should note that the Summer Statement confirmed a £1bn Public Sector Decarbonisation Scheme, which will offer energy efficiency and low carbon heat grants to public sector bodies, including schools and hospitals.

NHC Comment:

The Chancellor's recognition of the job-creating potential of home retrofit is very welcome. [Net Zero was an NHC priority for recovery](#), because we know that retrofit across all tenures could create 20,000+ jobs in the North, where our homes are older and colder.

Today's voucher scheme for privately-owned homes is a good start. The Chancellor's next step should be to bring forward the promised £3.8bn social housing decarbonisation fund – so that councils and housing associations can retrofit homes at scale and speed. This will maximise the job-creation potential of retrofit and contribute to Government ambitions on net zero and levelling-up.

Through our #OurNorth: Net Zero programme, the NHC aims to build member connections, knowledge and confidence around decarbonisation, and to secure the policy and resources our members need to decarbonise the North's homes. We will continue to make the case for further allocations from the Social Housing Decarbonisation Fund in the run-up to the Autumn Budget and Spending Review.

Job Retention Bonus

The Job Retention 'furlough' Scheme, central to the government's plan for protecting the economy, will wind down flexibly and gradually through to October as planned, after helping employers to pay the wages of 9 million employees across the UK. The Chancellor referenced calls from critics asking for an extension, saying the scheme "cannot and should not go on forever", noting that in his view it would be irresponsible, give false hope to workers about the possibility of returning to the jobs they had before, and could lead to a reduction in skills.

The scheme will be replaced with a Job Retention Bonus, which will reward and incentivise employers who successfully bring back furloughed workers (applicable to claims received by 5th July 2020). To qualify for the Bonus, employers must:

- Continuously employ previously furloughed workers from the end of the Coronavirus Job Retention Scheme to the end of January 2021, and
- Pay employees above the Lower Earnings Limit (£520 per month) on average during the period.

In return, businesses will receive £1,000 per employee, with payments made in February 2021.

Sunak reiterated that this applies to all furloughed workers, with £9.4bn available for the Bonus, noting "If you stand by your workers, we will stand by you."

We can expect further details on this to be available from the end of July.

NHC Comment:

The number of furloughed staff in the North of England is around 1.7 million, which represents 26% of the English total – this new incentive to provide support beyond the existing Scheme is clearly welcome, though critics already note that this may serve as a bonus for businesses who already planned to bring furloughed staff back, rather than a much-needed income boost for businesses who otherwise couldn't. Many NHC members have made use of the Job Retention Scheme and the Government's commitment to provide support beyond the end of the existing Scheme is welcome. We look forward to seeing further details in July.

Other Employment Support

A new £2 billion Kickstart Scheme will be launched to create new, fully subsidised jobs for young people across the country. Those aged 16-24, claiming Universal Credit and at risk of long-term unemployment, will be eligible. Funding for each six-month job placement will cover 100% of the National Minimum Wage for 25 hours a week and employers will be able to top this wage up.

A total of £1.6 billion will be invested in scaling up employment support schemes, training and apprenticeships to help people looking for a job. The scheme includes:

- £2,000 for each new apprentice under the age of 25. (This is in addition to the existing £1,000 payment the Government already provides for new 16-18-year-old apprentices and those aged under 25 with an Education, Health and Care Plan.)
- £111 million investment to triple the scale of traineeships in 2020-21 ensuring more young people have access to high quality training.
- £17 million to triple the number of sector-based work academy placements in 2020-21. This will support vocational training and guaranteed interviews for more people, helping them gain the skills needed for the jobs available in their local area.
- Nearly £900 million to double the number of work coaches in Job Centres to 27,000.
- Over a quarter of a million more young people to benefit from an extra £32 million investment in the National Careers Service.

A new Construction Talent Retention Scheme will be launched later this month as an online portal to support the redeployment of workers at risk of redundancy aimed to help retain construction skills and match talented workers to opportunities. Funding is secured until the end of the financial year.

NHC Comment:

More than one in three 18 to 24-year-olds is earning less than before the outbreak and a further 9% lost their jobs altogether. There has been a disastrous and disproportionate effect on young workers, so measures being taken to 'kickstart' a safe return to work is welcome. There is no cap on the number of 'kickstart' places. Places offered must be 'new jobs' and this creates the opportunity for employers in the housing sector to bring on board apprentices and trainees for the new type of skills that will be required in a green recovery. Sector-based work academy placements provide the opportunity for vocational training aligned to local need. The announcement of a Construction Talent Retention Scheme is based on models used in other industries and gives redundant workers a route in from other sectors.

Changes to Stamp Duty

The Chancellor was keen to stress how adversely the housing market has been affected by the coronavirus pandemic, but also identifying the housing sector as “one of the most important sectors for job creation” and emphasising its centrality as part of the recovery, citing the housing market as an area of the economy we “need to be thriving”. Explaining that property transactions fell by 50% in May, and that house prices fell for the first time in 8 years, Sunak claimed that “uncertainty abounds” in the market. Explaining that confidence to

buy, sell and renovate are imperative to drive growth and create jobs, moving house is cited as an important boost to the economy. With additional spending estimated as being worth about 5% of the house value the Chancellor has pledged to cut stamp duty for a set period for homes up to the value of half-a-million pounds.

The Government will temporarily increase the Nil Rate Band of Residential SDLT, in England and Northern Ireland from £125,000 to £500,000 effective immediately and in place until 31st March 2021. The Treasury estimates that households will see their average bill fall by £4,500. The policy will see nine out of ten people buying a home this summer paying no stamp duty at all, a figure that the Northern Housing Consortium calculates rises to 96% when applied solely to house purchases in the North, based on 2019 transaction figures.

Announcements made in the run-up to the Summer Economic Statement

Although not formally announced by the Chancellor at today's statement, Northern Housing Consortium members will want to note a raft of other announcements made in the run-up to today's statement which aim to aid the delivery of new homes.

Affordable Homes Programme

Originally announced at March's Budget as a £12.2billion programme with funding spread over five years from 2021. Confusion followed the Prime Minister's 'Build Build Build' speech last week, with follow-up documents suggesting the support would now be spent over an 8-year period.

Fortunately, subsequent announcements from Housing Secretary Rt Hon Robert Jenrick MP were confirmed in today's Economic Statement booklet reaffirming the Affordable Homes Programme as a five-year programme with the majority of homes built by 2025-26 and subsequent completions by 2028-29. It is hoped that this initial Government funding will draw in a further £38bn from in public and private investment in affordable housing.

Speaking on Monday, the Housing Secretary also introduced a new flexibility to the original £9billion Affordable Homes Programme. Under this scheme projects were expected to have begun by March 2022. However, given Covid-19 had brought delays to much of the construction sector, stalling the building of an estimated 53,000 affordable homes, the new expectation is that 'shovels will be in the ground' by March 2023. The Government commented that in giving housing associations and councils a year longer to begin building while still receiving government support, they hoped to give the flexibility and certainty to keep the country building.

Also announced was the 'ambition' for the Programme to fund a 1,500 unit pilot of 'First Homes: homes that will be prioritised for local first-time buyers and key workers at a 30% discount. This discount would be 'locked-in', ensuring affordability for future generations.

Brownfield Land Fund

£360million of the announced £400million Brownfield Land Fund has been allocated with around three quarters going to the northern regions through Combined Authorities - Greater

Manchester, West Yorkshire, Liverpool City Region, Sheffield City Region, North of Tyne and Tees Valley all benefitting. The fund will support the delivery of around 24,000 homes and allow local authorities to target additional investment towards brownfield sites requiring intervention so that they can be developed. The fund has been allocated immediately on a per capita basis, with 10% to be allocated through a competitive process.

Short-Term Home Building Fund extension

The government will support small- and medium-sized housebuilders that are unable to access private finance by boosting the Short-Term Home Building Fund, providing an additional £450 million in development finance to smaller firms. This is expected to support around 7,200 new homes in England, boosting housing supply and adding resilience to the market. A proportion of this fund will be reserved for firms using innovative approaches to housebuilding such as 'Modern Methods of Construction'.

Planning Reform

The Government will introduce new legislation in summer 2020 with the aim of making it easier to build in the places people want to live. New regulations will make it easier to convert buildings for different uses, including housing, without the need for planning permission. In July 2020, the long-awaited Planning White Paper will be published setting out 'comprehensive reforms' of England's planning system.

NHC Comment:

The Affordable Homes Programme continues to be of utmost importance to the North as a fund not restricted to any geographic area. To date, the Programme has provided a significant source of funding to Northern housing development with 1 in 3 affordable housing completions occurring across the northern regions. As such, the Northern Housing Consortium would encourage Government to immediately open the £12bn Affordable Homes Programme announced at Budget 2020. The flexibilities on delivery of the existing programme, announced earlier this week, are very welcome, and the new programme should be designed with similar flexibilities..

Further announcements are also welcome, the Brownfield Land Fund in particular will provide much needed support for northern localities. The NHC was delighted to welcome a MHCLG delegation to the North during the development of the fund and will monitor closely its impact, and potential for expansion of this type of fund.

As ever, many of these announcements require further details. We do not have to wait long to see whether July's Planning White Paper will deliver on the promise of being the most comprehensive changes to the planning system since the Town and Country Planning Act 1947. There is however, still no news on the Single Housing Infrastructure Fund. As with the Affordable Homes Programme, the Northern Housing Consortium would welcome the immediate introduction of this fund, which must be designed without the arbitrary 80/20 geographical restrictions which have been applied to predecessor funds.



Councils across the North have declared climate emergencies. Housing associations and ALMOs have made ambitious commitments to decarbonise their homes. The message from Northern Housing Consortium members is clear – it's not about **if** we do this, it's about **how** we do it.

Join us this **Monday 13th July 2020, 13.00 – 14.30** via **GoTo Webinar** where the Northern Housing Consortium will launch **#OurNorth - Net Zero** – our programme of work to support members in feeling informed on the wider climate agenda and confident to lead on making housing decarbonisation a reality across the North of England.

Speakers include:

- Jamie Driscoll, Directly-Elected Mayor, North of Tyne
- Matthew Phillips, Team Lead, Global Climate Action, UN Framework Convention on Climate Change
- Tracy Harrison, Chief Executive, Northern Housing Consortium

Book your free place at Monday's event using [MyNHC](#)

Beginning in July and leading to our flagship Northern Housing Summit in November, #OurNorth - Net Zero will offer a series of opportunities for members to come together to build connections and help develop your decarbonisation plans. Look out for further events coming soon.