

MINI-BUDGET

ON-THE-DAY UPDATE

Friday 23rd September 2022

Mini-Budget: What do today's announcements mean for NHC members?

The newly appointed Chancellor, Kwasi Kwarteng, has announced details of the Government's plan for growth today. The mini-Budget has set the economic tone of the new government, confirming plans to focus on tax cuts and deregulatory measures intended to spur growth, broadly following the path outlined by Truss during the Conservative leadership contest.

The Chancellor's announcements are delivered against a backdrop of a continuing cost-of-living crisis that is framing everything that NHC member organisations, staff and tenants do.

In response to this crisis, a series of announcements have been made today as part of the new Government's plan for growth, including the following:

- Confirmation of **energy bill support** by freezing the price cap at £2,500 and confirming the £400 energy bill discount to all households, the total cost of which is estimated to be £60bn for six months from October. Today also confirms that green levies on household bills will temporarily be covered by Treasury, saving households around £150 per year.
- New **investment zones** will be created to liberalise planning rules and offer targeted tax cuts to areas across the country. The Chancellor said: *"If we really want to level up we have to unleash the power of the private sector"*. Investment zones will receive a single local growth settlement in the next Spending Review period. The Treasury [document](#) reveals that the Government are in discussion with 38 local and mayoral combined authority areas, many in the North. Plans echo the 'growth zones' announced by the previous government which were removed from earlier planning reforms following widespread opposition to the potential for substantial development to be able to proceed automatically.
- On **infrastructure and planning**, new legislation will be brought forward to "unpick planning restrictions that constrain growth" and speed up the delivery of infrastructure. The planning system is described in the Growth Plan as "too slow and too fragmented".
- Though not mentioned in the statement, the Growth Plan document outlines a proposal to introduce new obligations on energy suppliers to help improve the **energy efficiency** of homes to deliver household savings of around £200 per year by extending the Energy Company Obligation (ECO) scheme. The document also states

- Government will be opening up applications imminently for around £2.1bn over the next two years to support investment in energy efficiency.
- **Stamp Duty** will be cut with a new threshold of £250,000 and £425,000 for first time buyers as a permanent cut from today.
- Confirmation that the 1.25% **National Insurance** increase introduced by Rishi Sunak earlier this year will be reversed from 6th November 2022 and the planned Health and Social Care Levy due to come into force in April 2023 will be cancelled.
- Other announcements included cutting the basic rate of income tax to 19% in 2023, abolishing the additional rate of income tax, cancelling the planned rise of corporation tax, removing the cap to bankers' bonuses, and some reforms to Universal Credit.

The economic strategy set out today is a sharp shift away from the previous Cabinet's approach. To make rebalancing a reality for people and places across the North, the new Government must not lose focus on the levelling up missions set out in February. Housing must be at the heart of any strategy to address the cost-of-living crisis and long-standing inequalities in the North.

Responding to the mini-Budget, the NHC's Chief Executive Tracy Harrison said:

"The growth plan announced today, marks a sharp change of direction from the Levelling Up prospectus set out in February. Previous attempts to spur growth by reducing regulation within zones have not produced the wider regional turn-around we all want to see, and I'm not convinced things will be different this time. Today's announcements create a question mark over the future of the medium-term levelling up missions set out just seven months ago. With little over two years left in this Parliament, Government cannot afford to lose momentum: the Prime Minister should restate her commitment to those missions."

The £2,500 energy price cap freeze announced by Truss earlier this month was welcome, but many households are already struggling to keep up with costs as they are. The NHC recently supported a [letter](#) to the Prime Minister led by the Chartered Institute of Housing to call on the new Government to provide further targeted support for low-income households to meet the scale of the challenge they are facing.

Today's announcements do not address the urgency for additional financial support and, though welcome, contain only a modest increase in support to improve the energy efficiency of homes to reduce household bills. The NHC is supporting the [Warm This Winter](#) campaign led by environmental and anti-poverty groups to call for Truss' team to ramp up financial support now, invest in homes at scale, and boost renewable energy.

Despite the Treasury Committee requesting the Chancellor publish the Office for Budget Responsibility analysis that usually appears alongside a fiscal statement to assess the economic impact of permanent changes, the Treasury has failed to do so therefore we do not have the usual level of detail associated with these significant financial announcements.

A full Budget is still expected later in the Autumn and the NHC team will bring you all you need to know in our usual on-the-day briefing then.

We will continue to work with Government on behalf of our members in the run-up to the Budget and beyond to ensure that housing's vital contribution is recognised and valued, and to secure the policy and resources necessary to make rebalancing a reality for people and places across the North.

We are bringing the North's housing sector together for our annual Northern Housing Summit in Manchester on Wednesday 9th November to take a closer look at levelling up, net zero, regulation and customer voice with a range of speakers and workshops. Make sure to register your place [here](#).