

SPRING BUDGET 2024

ON-THE-DAY BRIEFING

Wednesday 6th March 2024

Today (Wednesday 6th March) the Chancellor of the Exchequer has set out the Government's Spring Budget.

This is potentially the final fiscal event prior to a General Election for Chancellor Jeremy Hunt to improve his party's performance in the opinion polls. As a result, most of the commentary and speculation in the run up to the Budget was on the extent to which the Chancellor would cut personal taxation. This was borne out with a cut to the main rate of employee National Insurance Contributions from 10% to 8%.

For the housing sector there was little in the way of transformative interventions on key policy priorities. The sector, including the NHC, had lobbied the government prior to the Budget on the main challenges facing the sector including more long-term certainty and investment for the provision of affordable housing and the transition to energy efficient homes, as well as further support to achieve higher levels of decency in existing homes.

There were however significant announcements on devolution, something the NHC called for in our pre-budget submission. Following on from deals announced last week for Liverpool City Region, West Yorkshire and South Yorkshire Combined Authorities, the Chancellor announced a new North East Level 4 "trailblazer" devolution deal with the North East Mayoral Combined Authority. This will provide a package of new funding potentially worth over £100 million, including a new Growth Zone to support the region's growth ambitions. This NHC on-the day briefing summarises these, and other relevant announcements. If you would like to discuss any of the details in the Spring Budget, please contact:

[Patrick Murray, Executive Director \(Policy and Public Affairs\)](#)

Northern Housing Consortium Chief Executive, Tracy Harrison, said:

"We welcome the news about devolution, but at its heart this is a budget of missed opportunities. The new trailblazer deal announced in the North East, as well as those recently confirmed in the Liverpool City Region, South Yorkshire and West Yorkshire, will benefit millions of northerners. The Chancellor's commitment to

support Levelling Up is also a positive development. However, both these priorities risk being undermined by a continued crisis in local government funding.

“Despite there being more than 420,000 households in the North on the waiting list for a social home, the Chancellor did not extend the Affordable Homes Programme beyond 2026.

“More than a third of the £3.8bn for decarbonising social housing pledged in the 2019 Conservative party manifesto is still to be set out. There’s also been no commitment to make sure that Local Housing Allowance continues to keep pace with rising private rents. The lack of action on these fronts is disappointing for communities across the North.”

Northern Devolution

Following on from last week’s announcement by the Secretary of State for Levelling Up, Housing and Communities, Michael Gove, that additional powers and funding would also be devolved to the Liverpool City Region, South Yorkshire and West Yorkshire Combined Authorities through new level 4 devolution deals, the Chancellor announced that a new level 4 [trailblazer devolution agreement](#) has been agreed between the Government and the North East Mayoral Combined Authority (NEMCA).

This will provide additional funding worth in excess of £100 million and includes a new Growth Zone for the Mayoral Combined Authority area. The deal includes a number of wide-ranging proposals in areas such as transport, economic development, education and skills, housing and regeneration and more that go beyond the existing devolution deal.

In particular the NEMCA will be able to “set the strategic direction” of the Affordable Homes Programme (AHP) from 2026, subject to a number of requirements from the authority including value-for-money, certainty of future pipeline, and alignment with any national objectives of the as-yet unannounced future AHP. This aligns with the proposals for Liverpool City Region, South Yorkshire and West Yorkshire Combined Authorities.

There are also several proposals in the areas of planning:

- In addition to compulsory purchase powers already included in the NEMCA’s existing devolution agreement, the future mayor will be granted the power to make Mayoral Development Orders. These will allow the Mayor to proactively grant permission for strategic development opportunities, with the local planning authority’s consent.
- NEMCA will also be supported by DLUHC to establish a new public sector land commission to collaborate with relevant stakeholders, remove relevant barriers and accelerate the release of public land for development.

The North East Combined Authority’s first mayor will be decided at the next local elections on 2nd May 2024.

NHC comment:

Last week's announcement that Liverpool City Region, West Yorkshire and South Yorkshire Mayoral Combined Authorities are all to receive expanded powers under new Trailblazer devolution agreements, and today's announcement for the North East Mayoral Combined Authority are hugely welcome developments.

We have long supported the process of English devolution and have previously called for greater local control over housing and regeneration funding. Additional local influence on the direction of the Affordable Homes Programme, as well as consolidated funding settlements will ensure that housing and regeneration investment can be better aligned to the varied housing and land markets across the North, utilising the expertise and knowledge of Mayoral Combined Authorities to use available funds most effectively.

The NHC and its membership look forward to engaging with relevant government departments to best ensure that further devolution delivers the maximum benefit for communities and residents across the North.

Housing

In a short section of the Budget announcement, the Chancellor confirmed:

- Leeds Vision Document – Alongside Spring Budget, the government is publishing its vision for transforming Leeds, to unlock 20,000 new homes.
- Improved flexibility in how Local Authorities can use Right to Buy Receipts, increasing the cap from 40% to 50% on the percentage of the cost of a replacement home that can be funded from Right to Buy receipts.
- Abolition of Furnished Holiday Lettings tax regime – The government will abolish the Furnished Holiday Lettings tax regime, eliminating the tax advantage for landlords who let short-term furnished holiday properties over those who let residential properties to longer-term tenants.
- Stamp Duty exemption for acquisitions by Registered Social Landlords - from 6 March 2024, registered providers of social housing are not liable for Stamp Duty Land Tax (SDLT) when purchasing property with a public subsidy and public bodies will be exempted from the 15% anti-avoidance rate of SDLT.
- Local Nutrient Mitigation Fund – Round two of DLUHC's Local Nutrient Mitigation Fund.
- Planning capacity – The government will match industry-led funding of £3 million for planning capacity and resourcing in the next Spending Review period.
- Community Housing – investment of £20 million in a social finance fund to support the development of community-led housing schemes over ten years.
- Capital Gains Tax: From 6 April 2024, the higher rate of Capital Gains Tax for residential property disposals will be cut from 28% to 24%.

NHC Comment:

These are helpful announcements that will positively support the sector's ability to develop and offer affordable and social housing, including stamp duty exemption for the NHC registered provider members, and changes to Right-to-Buy receipts and some capacity funding for Local Authorities. Local authority capacity in particular has been a long standing priority for the NHC.

The announcement on short-term holiday lets will be welcome in many parts of the North. Our members, particularly those in popular tourist destinations, have been calling for a change to the holiday lettings market in order to increase housing supply and halt ever-increasing rent prices. We hope this measure, along with the [recent announcement](#) on planning changes to short-term lets, will reduce the strain on social housing providers who are faced with increasing demand for affordable housing.

Levelling up - Towns & Pride in Place

The Budget provides **£400 million in new investments** to extend the 10-year Long-Term Plan for Towns to 20 new places including Darlington and Bradford, including £30million in capital and regeneration projects.

£100 million of funding has been announced for **culture projects** including British Library North in Leeds, National Railway Museum in York, and National Museums Liverpool, as well as the development of cultural projects in places previously prioritised for levelling up investment but which have not to date received levelling up funding. Commitments to culture-led regeneration come in the Government's acknowledgement of the **important role that pride in place has to play in levelling up.**

£6 million of funding has been made available for work with the King's Foundation to pilot how **community led regeneration projects** anchored around heritage assets and sustainability considerations.

The government is also providing an additional **£5 million for the Platinum Jubilee Village Halls Fund**, to support local village halls across England to remain at the heart of their communities.

NHC comment:

Following the publication of the NHC's Pride in Place research, the Budget today offers funding across regeneration partnerships, culture-led placemaking, and support to community-led projects, all of which featured prominently in our research.

Reforming Public Spending – Public Sector Productivity Programme

The Chancellor announced a Public Sector Productivity Programme to reform public spending with the aim of reforming the delivery of public services by improving productivity.

The cash profile set at Autumn Statement 2023 will remain the same and government departments will develop detailed productivity plans ahead of the next Spending Review. That Spending Review – which will come after the General Election – will put in place a robust and comprehensive strategy for improving public sector productivity.

For local councils this means that, instead of increased funding, local authorities will need to produce productivity plans by July 2024 setting out how they will perform more efficiently.

NHC comment:

The Chancellor has set out his stall for public spending - spend better, not bigger - stating that raising public sector productivity by 5% would be the equivalent of around £20 billion extra in funding.

Councils have made huge efforts over recent years to manage their budgets. Innovative actions such as transforming the way services are delivered through greater digitalisation and introducing shared service arrangements, alongside taking tough decisions over the range of services provided, have ensured that councils have been able to manage their financial pressures to date and to continue to deliver core services.

Maintaining day-to-day spending at current levels with the longer term ambition of productivity gains risks crunch points in service delivery. The scale of pressures absorbed by councils to date has been felt keenly in parts of the North where a smaller council tax base limits the ability to raise funds via Council Tax.

This approach to generating savings in future years could lead to significant pressures on unprotected services such as housing services. This means councils will be less able to support local places on key issues such as affordable housing, levelling-up, the cost-of-living crisis, and climate change.

Supporting Households

The government has announced an extension to the Household Support Fund, due to expire at the end of this month, to September 2024 worth £500 million. The fund has been key in helping local authorities to support families in the ongoing cost of living crisis. Details of the support and how it will be issued are to be confirmed.

NHC comment:

We are pleased to see the government extend the Household Support Fund, which will provide vital support to residents in the ongoing cost-of-living crisis. The Fund has provided thousands of low income families across the North with a lifeline to help them meet basic needs.

NHC Reaction to the Spring Budget

The NHC had lobbied government prior to today's Budget. Unfortunately, the Budget has failed to deliver on many of our key asks for the North.

With more than 420,000 households in the North on the waiting list for a social home, we're disappointed the Chancellor did not take the opportunity to extend the Affordable Homes Programme beyond 2026. Housing providers need Government to provide certainty to build more new affordable homes.

We have yet to see any long term commitment for housing decarbonisation. More than a third of the £3.8bn pledged for decarbonising social housing in the 2019 Conservative party manifesto is yet to be set out. Despite the government's pledge for a long term housing strategy, the short-termism in funding support remains.

Nationally, across all housing tenures, an investment of £6 billion per year is needed for us to hit Net Zero by 2050. There is also no news on the proposed new Decent Homes Standard, nor any funding to achieve it - either in the social rented sector, or for local authorities to increase enforcement capacity in the private rented sector where quality is worst.

There's also been no commitment in this Budget to make sure that Local Housing Allowance continues to keep pace with rising private rents. This means, over time, more Northerners who receive benefits will be forced out of the private rented sector, with the resultant pressure on our local authorities to use expensive and unsuitable temporary accommodation to house people. This will create stress and impact the mental health of people forced out their homes, as well as putting further pressure on already stretched local authority finances.

Overall, while we welcome greater devolution to the North, this budget presents a missed opportunity to achieve the real change our communities need.

If you have any questions about this briefing, please email Patrick Murray, Executive Director (Policy and Public Affairs) at Patrick.murray@northern-consortium.org.uk