AUTUMN BUDGET 2025
ON-THE-DAY BRIEFING
Wednesday 26th November 2025

The Autumn Budget was delivered on 26 November, with the Chancellor stating she was committed to 'get Britain building'.

Prior to the Budget the Chancellor had prepared the ground for tough tax decisions to stabilise the public finances.

The challenge, in what had become a deeply contentious Budget, was a core dilemma: how to pursue an ambitious growth agenda while keeping the budget deficit under control.

For weeks, the Treasury had been hinting at potential property-related tax changes through strategic leaks and speculation.

The Spending Review in June had delivered transformative announcements for the social housing sector, including a £39bn investment into a ten-year Social and Affordable Homes Programme, and the new prospectus published in recent weeks set out many welcome changes including a focus on social rent, an important role for Mayors and flexibilities on regeneration and net additionality.

Much of the sector was anticipating further details at this Budget to build on that momentum. In particular, the Spending Review had committed to setting out the detail of a rent convergence mechanism at the Autumn Budget. This is now deferred to January 2026. Combined with uncertainty over the outcome of the Decent Homes Standard and Minimum Energy Efficiency Standards consultations, this will make it harder for social housing providers as they develop business plans for the coming years.

Further clarity was provided on the Integrated Settlements for Greater Manchester, Liverpool City Region, North East, South Yorkshire, and West Yorkshire Mayoral Strategic Authorities, including a split of the National Housing Delivery Fund to remediate brownfield land. Of the £1.3 billion funding made available to Mayors, £811 million is going to the North.

£1.5bn of new grant funding was made available for the Warm Homes Fund on top of the £13.2bn total funding allocated at Spending Review, however we still await details of the Warm Homes Plan which will set out how this will be delivered.

For the housing sector, there was little else in the way of any new interventions on key policy priorities.

Northern Housing Consortium Chief Executive Tracy Harrison said:

“The budget was a missed opportunity to provide social housing providers with the clarity they need to deliver on Government’s generational £39bn investment in social housing from the Spending Review. Social housing providers in the North are ready to step up to the challenge but are still waiting on critical details such as confirmation on the level of rent convergence, now delayed to January 2026, as well as the Warm Homes Plan, and final details of the Decent Homes Standard and Minimum Energy Efficiency Standards. All of this will impact how quickly the sector can build much-needed new homes.

“The Chancellor spoke about her commitment to tackle child poverty but has not taken action on the Local Housing Allowance (LHA) freeze. It is particularly problematic in the North with a higher-than-average number of people in the lowest income bracket living in the private rented sector. By keeping LHA at the same level while rents rise, the Government risks pushing more people, including children and families, into poverty. The continued freeze will increase the number of Northerners facing arrears, eviction, homelessness and temporary accommodation.

“It is good news for the North that the Government remains committed to devolution with further devolution of skills and growth funding and £1.3 billion of the new National Housing Delivery Fund to be allocated to Mayoral Strategic Authorities. This will help make sure funding addresses local needs and will further boost local collaboration and partnership working.”

Key announcements include:

- **A rent convergence mechanism –** deferred to January 2026.
- Reducing energy bills by **scrapping the Energy Company Obligation scheme** and an **additional £1.5bn capital investment for the Warm Homes Plan.**
- **Devolution Funding** - £1.3bn of the new National Housing Delivery Fund will be devolved.
- **Planning Capacity** - £48m Budget boost for 350 new planners.
- **Welfare** – including removal of the two-child limit in the Universal Credit Child Element.

More details of these announcements are set out in the briefing below.

Rent convergence

The Government had previously stated that a decision on rent convergence would be included as part of the Budget. This followed a consultation asking whether convergence should be permitted at £1 or £2 per week, in addition to a ten-year rent policy of CPI+1%.

In the Budget, however, it was confirmed that there has not been a final decision on rent convergence. This information is now set to be provided in January 2026.

As part of our response to the Government consultation on rent convergence, earlier this year, the Northern Housing Consortium called for rent convergence to be permitted at £2 per week for ten years and estimated that this would generate £1.73bn in the North.

Energy Efficiency and Warm Homes Plan

The Chancellor confirmed in her speech that existing levies charged on household energy bills would be scrapped or reformed, in an attempt to reduce energy bills. From March 2026, the Energy Company Obligation (ECO) will no longer be charged. ECO is currently charged on energy bills and used to fund energy efficiency improvements for fuel poor households. In addition, from 2026/27-2028/29, the Government will cover 75% of the costs of the Renewables Obligation. Taken together, the reduced levies on bills from ECO and Renewable Obligations are expected to reduce the average energy bill by around £150 per year.

The Warm Homes Discount, which provides a further £150 of support for some low-income households, will also be extended to a further three million households. Currently, households in receipt of Universal Credit, selected legacy benefits (Housing Benefit, income-related Employment and Support Allowance [ESA], income-based Jobseekers' Allowance [JSA], Income Support) and the 'Savings Credit' part of Pension Credit are eligible for the Discount in England.

At the same time, the Budget will provide additional grant funding to improve the energy efficiency of homes in both the social and private rented tenures through the Warm Homes Plan. £1.5bn of additional capital investment will be available between 2026/7 and 2029/30, in addition to the £13.2bn previously allocated at the Spending Review.

The Warm Homes Plan, which will provide further detail about how these funds will be spent, is due to be published shortly.

Finally, the ambition for retrofit funding to be devolved to the North East, Liverpool City Region, West Yorkshire, South Yorkshire Combined Authorities and the Greater London Authority over this parliament was recommitted to – though this remains one of the few funding streams 'tbc' in the detailed breakdown of these integrated settlements published at Budget.

Devolution

The Chancellor used the Budget to reaffirm the Government's commitment to devolution, noting that "mayors are transforming the trajectory of local economies across England by investing in transport, housing and local growth" and in particular devolution had "driven a step change in the productivity growth rates of cities across the North".

Announcements made at the Budget included:

Integrated Settlements

Reconfirmation of integrated settlements for Greater Manchester, West Yorkshire, South Yorkshire, Liverpool City Region, and the North East for 2026-27 to 2029-30. These Established Mayoral Strategic Authorities will share at least £13bn of Spending Review 2025 funding. Integrated settlements will provide greater local control over a single flexible pot for growth and public services priorities, aligned with their local growth plans. The Budget provided a detailed breakdown of the various funding streams underpinning the integrated settlements.

Integrated settlements cover a set of agreed functional responsibilities including transport and infrastructure, economic development, and housing and strategic planning. The National Housing Development Fund is the sole fund the housing and strategic planning functional responsibility draws from. In comparison, the economic development and regeneration functional responsibility brings together a number of funds from different Government departments including the Local Growth Fund, Adult Skills Fund, and transport funding. The Government remains committed to rolling out integrated settlements to more places at the next Spending Review.

National Housing Delivery Fund

The Budget confirmed that £1.3bn of the new National Housing Delivery Fund will be devolved through integrated settlements to Established Mayoral Strategic Authorities and the Greater London Authority. Of this £1.3bn, £811m will be allocated to the North, covering Greater Manchester, Liverpool City Region, the North East, South Yorkshire, and West Yorkshire through these integrated settlements.

In 2026/27, the North will collectively receive £124m of devolved brownfield funding. This is a 19% increase on funding currently devolved through the Brownfield Housing Fund for 2025/26. The National Housing Delivery Fund is also set to significantly ramp up over the next few years, with Established Mayoral Strategic Authorities set to have direct control over £298m of devolved funding by 2029/30.

Full allocations can be found below:

Authority	2026/27	2027/28	2028/29	2029/30
North East	£28,950,000	£26,500,000	£64,500,000	£69,670,000
South Yorkshire	£18,050,000	£16,530,000	£40,230,000	£43,460,000
Liverpool City Region	£15,470,000	£14,160,000	£34,460,000	£37,230,000
Greater Manchester	£39,490,000	£36,150,000	£87,990,000	£95,050,000
North (subtotal)	£123,810,000	£113,340,000	£275,870,000	£298,000,000
Greater London	£49,520,000	£45,340,000	£110,340,000	£119,190,000
West Midlands	£26,710,000	£24,460,000	£59,530,000	£64,300,000
Total	£200,040,000	£183,140,000	£445,740,000	£481,490,000

This will support leaders to deliver ambitious growth projects in their area and develop strategic sites across the country, building on existing government investment in places such as Liverpool Central Docks and Forth Yards in Newcastle.

Place-Based Budget Pilots

Five to-be-announced Mayoral Strategic Authorities will pilot the pooling of public service budgets in local areas to understand how such an approach could break down siloes, unlock more funding for prevention and help deliver better outcomes for taxpayers.

The Government will work with Greater Manchester on its proposals to establish a ‘Prevention Demonstrator’, which includes looking at the potential of budget pooling locally.

Mayoral Revolving Growth Fund

The Government will launch a £500m Mayoral Revolving Growth Fund for mayors with an integrated settlement, working alongside a wider set of public financial institutions, to invest in growth projects. The fund will act as a strategic investment partnership whereby central government and Mayors will share risk to overcome access to finance barriers in key city regions, accelerate investment, unlock development and boost growth.

Local Growth Fund

The Government will also launch the Local Growth Fund for the Mayoral Strategic Authorities of Greater Manchester, North East, South Yorkshire, West Yorkshire, Liverpool City Region, Tees Valley, Hull & East Yorkshire, and York & North Yorkshire.

The fund is intended to build on the Pride in Place programme by continuing to invest in regeneration. The strategic authorities named will each receive a share of the £902m over four years to invest in growth-driving interventions, including local infrastructure, business, and employment support and skills programmes.

Growth Mission Fund

A Growth Mission Fund was announced and will allocate £16m for the construction of a STEM centre in Darlington.

Further details on the project and confirmation of funding will follow in due course.

Leeds City Fund

The Budget is supporting West Yorkshire Combined Authority by establishing the Leeds City Fund. This is a business rates retention (BRR) zone in Leeds city centre, within which Leeds City Council can retain 100% of business rates growth above an agreed baseline for 25 years.

The Leeds City Fund builds on the Government's funding for West Yorkshire Mass Transit, support for the Northern Square Mile, and designation of Leeds South Bank as a promising site for a New Town.

Reform to the Business Rates Retention system

In line with the Fair Funding Review, the Government will reform the business rates retention system to better support mayors in driving growth. Options being considered include giving Mayoral Strategic Authorities a direct share of regional business rates, building on Local Growth Plans, and keeping more tax where it is raised.

The Government will work with mayors to co-develop a new approach, potentially replacing existing grants. To further support local growth, the Government is also developing a standardised business rates retention zone offer at the Mayoral Strategic Authority level and has begun discussions with South Yorkshire and the North East.

The current 100% business rates retention pilot in Liverpool City Region will be extended for three more years, to 2028–29, while new long-term arrangements are developed.

Overnight Visitor Levy

As trailed, the government will give Mayors in England powers to raise a visitor levy on overnight accommodation, and explore the option for this power to be extended to the leaders of other strategic authorities. The Government is consulting on the design of the levy.

Place Based Business Cases

Building on changes to the Green Book, the Government has announced early adopters of place-based business cases, including in Liverpool.

The National Wealth Fund has also transformed its support offer to local authorities by establishing a new regional project accelerator (RPA). The RPA will focus on long-term and deeper strategic partnerships with high growth Mayoral Strategic Authorities and city regions.

Finally, the Government has launched an initiative to accelerate the delivery of priority projects in Greater Manchester and West Yorkshire with support from across public investment institutions.

Progressing planning reform

The Government reiterated its commitment to advancing major planning reforms through the Planning and Infrastructure Bill. The Bill is set to become law imminently – with secondary legislation and guidance to support full implementation to follow – claiming to cut delivery timelines for major projects by up to 12 months.

Further reforms include scrapping the paper permissions stage for judicial reviews, removing appeals with no merit, and working with the judiciary to speed up cases. Together, these changes could reduce delays by up to 6 months.

An additional £48m will boost planning capacity by:

- recruiting 350 planners through the Pathways to Planning Graduate Scheme
- creating a Planning Careers Hub to retain and retrain mid-career professionals
- funding improvements to environmental regulators and priority projects.

This will bring total recruitment across the planning system to 1,400 by the end of this Parliament, helping to speed up decisions and support delivery of 1.5m homes.

Welfare Reforms

The Chancellor announced several changes the Government is making to help tackle child poverty and reform welfare, including:

- the two-child limit in the Universal Credit Child Element will be removed from April 2026.
- the Government will maintain the surplus earnings threshold at £2,500 for Universal Credit claimants for a further year until April 2027.
- the maximum amount that can be reimbursed for childcare costs for eligible Universal Credit claimants will increase by £736.06 for each additional child above the current maximum cap for two children.
- from Autumn 2026, the Government is adjusting how earnings are treated for Housing Benefit and Universal Credit claimants in supported housing and

temporary accommodation, so that most claimants will not be subject to reductions in income for working more hours.

- the administration of Housing Benefit and Pension Credit will be brought together to streamline how pension-age individuals claim both benefits with a phased introduction from Autumn 2026.
- the £35,000 income threshold for Winter Fuel Payments will be maintained for this Parliament.
- the Government will extend the DWP's Targeted Case Review, that identifies incorrect Universal Credit claims, to 2031.
- the Government will introduce reviews of Pension Credit claims that are at risk of being incorrect, starting from 2026 and ending in 2029.
- the Government will be increasing Work Capability Assessment reassessment capacity, extending Personal Independence Payment award reviews periods and increasing face-to-face health assessments.
- the Government will reassess Carer's Allowance overpayments which were the result of incorrect operational guidance. Department for Work and Pensions will cancel existing debts or return previously collected debts to affected carers.
- under the Pathways to Work Guarantee, anyone claiming out-of-work benefits who is disabled or has a health condition will have access to 1,000 specialist advisers and tailored support, including an expanded Connect to Work programme in England and Wales.
- from July 2026, the Government will introduce new tax rules for vehicles leased through the Motability Scheme and equivalent qualifying schemes. Any top-up payment made by claimants for vehicles costing more than the standard welfare allowance will attract 20% VAT. Insurance Premium Tax will also be applied at the standard rate of 12% for insurance related to vehicles leased through the scheme. Tax changes will not apply to vehicles designed for, or substantially and permanently adapted for, wheelchair or stretcher users.
- the Government will protect members of the Pension Protected Fund and Financial Assistance Scheme from the impact of inflation by introducing CPI-linked increases, capped at 2.5% a year, on pre-1997 pension accruals where their original schemes provided this benefit, from January 2027.

Additional changes include:

- from 1 April 2026, the **National Living Wage** will increase by 4.1% to £12.71 per hour.
- the **National Minimum Wage** for 18–20 year-olds will also increase by 8.5% to £10.85 per hour and for 16-17 year-olds and apprentices by 6.0% to £8.00 per hour. The **accommodation offset** will increase by 4.1% to £11.10 per day.

- the Budget confirmed the introduction of a **High Value Council Tax Surcharge**. From April 2028, owners of residential properties in England valued at over £2 million will pay an annual charge in addition to their existing Council Tax liability.
    - the surcharge will apply to fewer than 1% of properties in England and is expected to raise around £430 million per year from 2028–29. Savills estimate in the North only 0.1% of properties are worth over £2 million.
    - charges will be set in bands: £2,500 for properties worth £2.0–2.5 million, £3,500 for £2.5–3.5 million, £5,000 for £3.5–5.0 million, and £7,500 for properties above £5 million.
    - **local authorities will collect the surcharge** on behalf of central Government and will be fully compensated for administrative costs.
    - a public consultation on implementation details will take place in early 2026. The collected revenue will be used to support funding for local services, with further decisions to be considered in the next Spending Review.
- for young people wanting to get into work, the Government has announced that £1.5 billion will be invested into a **Youth Guarantee** and **Growth and Skills Levy.**
    - £820 million for the Youth Guarantee, which aims to offer every eligible 18 to 21 year old who has been on Universal Credit and looking for work for 18 months a guaranteed six-month paid work placement.
    - £725 million for the Growth and Skills Levy to support young people finding apprenticeships. This includes full funding of small and medium enterprise apprenticeships for eligible people under 25. More details on the Youth Guarantee and Growth and Skills Levy package will be announced soon.
- the Government is not proceeding with converging the two rates of **Landfill Tax**. It has revised its approach to ensure the reforms to Landfill Tax do not impose unavoidable costs on businesses and do not undermine the Government's target of building 1.5m new homes in England. Instead, Government will prevent the gap between the two rates of Landfill Tax getting any wider over the coming years. Government will also retain the tax exemption for backfilling quarries so housebuilders and the construction sector continue to have access to a low-cost alternative to landfill.
- the Government is making changes to **salary sacrifice arrangements for pension contributions**. It will cap National Insurance Contributions (NICs) relief on salary sacrifice into pension schemes to the first £2,000 of pension contributions per person from 2029.
    - this means that employees contributing up to £2,000 into their pension each year through salary sacrifice will continue to benefit in full.
    - however, employee and employer NICs will be charged in the usual way on the amount above £2,000 for people who contribute above this. 74% of basic rate taxpayers, and their employers, currently using salary sacrifice

will be unaffected by this change. Changes will be legislated for and will take effect from 6 April 2029.

Concluding remarks

Today's Budget contained some welcome news, particularly on devolved funding for brownfield remediation, and additional grant funding for the Warm Homes Plan, both reflecting key asks from the NHC in our recent research on Brownfield First and Warm Homes, Green Jobs.

After a transformative Spending Review for social housing, with much to welcome in the North, this Budget was undoubtedly a more muted affair. In delaying rent convergence, and not providing clarity on vital policy and regulatory requirements, it was a missed opportunity to provide the certainty needed to maximise delivery. We are still awaiting the Government's overarching housing strategy which is expected in the new year. And the lack of action on the Local Housing Allowance remains a real challenge for many low-income households in the North.

In our Budget submission, we called for:

1. the re-introduction of rent convergence, with £2 per week convergence which lasts for the full ten-year rent policy period at least.
2. investment in place-based housing-led regeneration.
3. an efficient and cost-effective way to deliver new standards of quality for rented housing.
4. investment in supported housing to increase the supply of supported housing.
5. A commitment to ensuring Local Housing Allowance (LHA) reflects the true cost of renting.

The NHC will be continuing to advocate strongly to make sure future investment is in place to support housing needs in the North.