



Autumn fiscal statement 2022

Introduction

This fiscal statement sets out significant changes to the UK Government's spending on public services and taxation, including the block grant to Wales. The Chancellor today acknowledged that the UK is in an economic recession, with forecasts predicting the economy will shrink by 1.4% in 2023.

This statement comes at a critical time in the cost of living crisis where many people are in, are or expected to fall into, significant hardship. We know the pressure on Housing Associations businesses is also acute. This briefing sets out some key headlines on issues of particular relevance to Housing Associations and their tenants.

Welfare

Inflationary increase for benefits

For months prior to the release of this fiscal statement, the Welsh government and many other organisations, including CHC, have been calling for benefits to rise in line with inflation to protect the most vulnerable from the worst effects of the cost of living crisis. Along with many other partners we have also been campaigning for a review of other elements of the benefit system, including the benefit cap.

Today's statement states that means-tested benefits, including Universal Credit (UC) will rise in line with inflation from April 2023. This is measured by September's 2022 CPI figure of 10.1%. By law, some disability benefits must rise in line with inflation each year. The benefit cap will also be increased with inflation next year.

Employment and Support Allowance: delay managed move

The UK government has delayed the managed migration of claimants on income-related Employment and Support Allowance (with the exception of those receiving Child Tax Credit) to UC to 2028.



Employment and Support Allowance claimants are still able to make a claim for UC if they believe that they will be better off, and this will not affect the managed migration of other legacy benefits onto UC.

In-Work Conditionality for Universal Credit claimants

Over 600,000 more people on Universal Credit will be expected to meet with work coaches to “get the support they need to increase their work hours or earnings.” This will be for claimants whose household income is typically between the equivalent of 15 and 35 hours a week.

DWP: additional investment in tackling fraud and error

Another £280m will be invested into the Department of Work and Pensions to crack down on benefit fraud and errors in the next two years.

Moving back the Housing Benefit to Pension Credit merger date

The government’s plans to create a new housing element of Pension Credit to replace pensioner Housing Benefit are now intended to take effect in 2028-29. Eligible pensioners will continue to receive Housing Benefit.

Reforming Support for Mortgage Interest

To support mortgage borrowers with rising interest rates, the government will allow those on UC to apply for a loan to help with interest repayments after three months, instead of nine. The government will also abolish the zero earnings rule to allow claimants to continue receiving support while in work and on UC. This will come into effect in Spring 2023.

Cost of living support

Energy bills support

The Chancellor announced that support for energy bills will remain in place, but will become less generous from April 2023. No further information was given in terms of what this means for the Energy Bill Relief Scheme (EBRS) for non-domestic customers, or the Energy Bill Support Scheme (EBSS) for all households beyond March 2023. There were no in-year changes outlined for any of the energy support schemes.

However, a Treasury-led review of the EBRS is underway, with the government today publishing terms of reference for the review, with the findings to be published by 31 December 2022. While the government recognises that some businesses may continue to require support beyond March 2023, this will be targeted support. CHC is working with our sister federations to influence the review of the EBRS with the objective of securing continued support for housing associations beyond 31 March 2023.



Energy Price Guarantee (EPG)

A 12 month extension to the EPG has been announced from April 2023. The Household energy price cap will rise to £3,000 for a typical household, up from £2,500 at present. This means that millions of households will see their energy bills increase by hundreds of pounds a year.

Alternative Fuel Payments

The UK government will double from £100 to £200 the level of support for households that use alternative fuels, such as heating oil, liquified petroleum gas, coal or biomass, to heat their homes. The UK government will also provide a fixed payment of £150 to all UK non-domestic consumers who are off the gas grid and use alternative fuels, with additional 'top-up' payments for large users of heating oil based on actual usage. No specific date has been given for when these payments are expected.

Additional cost of living payments

There will be targeted support to help with the cost of living for those on low incomes, disability benefits and pensioners. From April, an additional payment of £900 will be paid to those on means-tested benefits, £300 to pensioner households and £150 to people on disability benefits.

Welsh government block grant

There will be an extra £1.2bn for the Welsh Government in the next two years as a result of spending on health and education in England announced by the Chancellor. However the extra funding is unlikely to cover the cost of inflation, and so represents a real-terms cut to the Welsh budget.

The Welsh Government draft budget, due in mid December, will set out how spending on public services will be allocated in the coming year. CHC is working to inform and influence Welsh Government and Senedd Committees' discussions on priorities for the forthcoming budget.

Other announcements

Social rent increases (England only)

Rent increases in the social rented sector will be capped at 7% in the next financial year.

Income tax

The Chancellor has extended the freeze on the current £12,570 income tax threshold for a further two years, until April 2028.

National Living Wage and National Minimum Wage



The National Living Wage will be increased from £9.50 an hour for over-23s to £10.42 from April next year. The government has also accepted the Low Pay Commission's recommendations for the other National Minimum Wage rates to apply from April 2023, including increasing from £9.50 to £10.42 an hour for people aged 23 and over from April 2023.

Energy Efficiency Taskforce (EETF)

The government is announcing a new long-term commitment to drive improvements in energy efficiency to bring down bills for households, businesses and the public sector with an ambition to reduce the UK's final energy consumption from buildings and industry by 15% by 2030 against 2021 levels.

New approach to consumer protection post April 2024

The government will also develop a new approach to consumer protection in energy markets, which will apply from April 2024 onwards, scoping options such as social tariffs, as part of wider retail market reforms. The objectives of this new approach will be to deliver a fair deal for consumers, ensure the energy market is resilient and investable over the long-term, and support an efficient and flexible energy system. CHC has been calling for urgent action on an energy bills social tariff to help mitigate the immediate cost of living crisis. We will continue to monitor these developments closely and seek opportunities to influence.

Stamp duty

The stamp duty cuts announced in the previous mini-budget will remain in place until March 31, 2025. The OBR expects housing activity to slow over the next two years.

Next steps

We will be assessing the impacts of this statement and working with our sister federations to urgently call on the UK Government to do more to ensure the most vulnerable in society are adequately protected from the impacts of the energy crisis, this winter and beyond. This includes continued engagement to inform the review of the EBRS, with the objective of continued support for housing associations beyond 31 March 2023.

We will continue to hold discussions and provide evidence to Welsh Government officials and Ministers ahead of the Welsh Government's draft budget, making the case to protect vital investment in housing, care and support. We are also engaging with Senedd Committees as they undertake pre-budget scrutiny to ensure that housing continues to be seen as a cross-party priority for investment and is protected.

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