



In-depth Briefings

UK Government Budget

March 2020

On 11th March the Chancellor Rishi Sunak delivered his first Budget, after being in post for less than four weeks. As expected the announcement was rightly dominated by support and stimulus to tackle Coronavirus. It was recognised that this is not the only challenge facing the country, with a number of significant announcements also made on welfare policy, infrastructure spending, decarbonisation, building safety and housing.

Community Housing Cymru welcomes the emergency announcements to widen access to financial support through the welfare system, but we would urge further action to prevent unnecessary hardship caused by sanctions during this unprecedented time.

With extra funding promised to Wales, we would now like to see the Welsh Government act on their promise to prioritise additional spending for the Housing Support Grant, which funds crucial services to tackle homelessness in Wales. Further investment is also needed to support housing associations to build 75,000 zero-carbon affordable homes and create 50,000 jobs by 2036.

Key headlines from the budget include:

- £30bn fiscal stimulus package to tackle the outbreak of COVID-19
- £5bn emergency response fund for the NHS and public services to tackle the impacts of COVID-19



- Business rates abolished for those in retail, leisure, and hospitality sectors
- Statutory sick pay to be repaid for up to 14 days for businesses of 250 staff or less
- The minimum income floor to be temporarily removed for self-employed UC claimants who are affected by Covid-19 or choose to self-isolate.
- £175bn committed to infrastructure spending over the next 5 years
- An additional £360mn for the Welsh Government

Detailed funding announcements:

Coronavirus

With coronavirus dominating much of the world's news, the UK Government's Budget unveiled a £30bn COVID-19 package to help soften the impact. Support has been directed at health, businesses, and individuals in the form of increased welfare provision. Measures include:

- £5bn for an emergency response fund for the NHS and public services.
- Statutory sick pay extended to cover individuals advised to self-isolate and people caring for those within the same household who display COVID-19 symptoms.
- Business rates for those in the retail, hospitality, and leisure sectors with a rateable value of less than £51,000 temporarily abolished
- A temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank to offer loans of up to £1.2mn to support small and medium-sized businesses.

Universal Credit

The Chancellor announced two emergency measures to provide additional assistance through the welfare system in response to the COVID-19 outbreak.

- The minimum income floor (MIF) will be temporarily removed for self-employed UC claimants who are affected by Covid-19 or choose to self-isolate.
- The waiting period for contributory based (New Style) ESA will be temporarily removed.



- Further measures include guidance from DWP that they will not face sanctions for not attending appointments due to the outbreak, as long as they inform their work coach in advance.

The Budget detailed previously announced changes including:

- A shifted timeline for managed migration, ending in September 2024.
- Additional exemptions from the Shared Accommodation Rate of LHA for some groups.
- From October 2021, an increase in the repayment period for advance payments under UC to 24 months and a reduction in the maximum deductions rate from 30% to 25% of the standard allowance

Public Services

The NHS Settlement was confirmed in January 2019, which saw an additional £34bn per year by 2023-24. The Budget also re-announced the extra £750mn of funding to begin the recruitment of additional police officers, and £114mn in 2020-21 for counter-terrorism. Furthermore, the government will provide £20mn for Fire and Rescue Services to enable them to increase fire inspection and enforcement capability and to build capacity to respond to the Grenfell Tower Inquiry's findings, by investing in training, equipment and a stronger strategic centre for the fire service.

Affordable Housing

The rate for discounted PWLB lending to support social housing will be reduced to 80 basis points above gilts for local authorities in England, Scotland and Wales.

Members may also be interested to know that the government committed to creating at least 1 million new homes in England by the end of this Parliament and an average of 300,000 homes a year by the mid-2020. The Budget sets out a package of investment including £12.2 billion for the Affordable Homes Programme. The Secretary of State for Housing, Communities and Local Government will also set out comprehensive reforms to the planning system.

Building Safety

Following expert advice, the Rishi Sunak confirmed an additional £1bn for a Building Safety Fund to remove unsafe cladding from residential buildings above 18 meters. This is intended to tackle all unsafe combustible cladding, not solely ACM, for every private and social residential building. In Wales, the Minister has committed to banning the use of combustible materials in cladding on buildings of 18m or more on all new residential buildings.



Welsh Government funding

The Welsh Government's block grant will increase by over £360 million through to 2020-21 before adjustments for tax devolution, this includes a 5% uplift in Barnett consequential agreed as part of the Welsh Government's fiscal framework in 2016.

Since leaving the European Union, the Shared Prosperity Fund has been intended to address disparities and inequalities in economic developed areas. The Budget today promised to, at minimum, match current levels of funding for Wales from EU structural funds.

The Budget also announced £242mn to fund further four City and Growth Deals across Scotland, Wales, and Northern Ireland. This builds on the £2.5 billion already allocated to existing deals.

Greener economy

The government reminded us through the budget that all of our homes will need to be zero-carbon by 2050 – at the latest. This will be achieved by replacing natural gas and other fossil fuels with low carbon alternatives – which was stated to likely be a mix of green gas, heat pumps, and heat networks.

While the Welsh Government is currently working out pathways to EPC A for social housing providers, the Budget today announced the acceleration of decarbonising the gas grid by supporting a biomethane scheme, funded by a Green Gas Levy. The government will also support the installation of heat pumps and biomass boilers by introducing a Low Carbon Heat Support Scheme.

The Budget also confirmed funding for the Heat Networks Investment Project for a further year to 2022 and provided £270 million of new funding to enable new and existing heat networks to adopt low carbon heat sources.

Infrastructure

Many of the announcements made in the Budget in regards to infrastructure relate to England only, however Wales will benefit from a consequential. The second Road Investment Strategy was announced to spend over £27bn between 2020 and 2025. A new Potholes Fund was also announced to provide £500mn a year, resulting in 50% increase to local road maintenance budgets in 2020-21.



The government committed £5bn to support the rollout of gigabit-capable broadband in the most difficult to reach 20% of the country. This investment will particularly benefit rural areas. Furthermore, the Budget announced the Shared Rural Network agreement between government and industry which will see up to £510mn committed to improving 4G mobile coverage. The government reiterated its investment of £2.6 billion in flood defences to ensure areas at risk are better protected.