



BUDGET 2021

ON THE DAY BRIEFING

Wednesday 3rd March 2021

Key Announcements

- Levelling up fund [prospectus](#) launched
- Funding for a further 45 Town Deals, £456 million of which is heading to the North
- A new UK-wide mortgage guarantee scheme
- Extension to the temporary cut in Stamp Duty Land Tax
- Universal Credit maintain £20 increase to standard allowance for six months
- An MMC Taskforce to be set up to accelerate MMC development
- Domestic Abuse an additional £19 million towards tackling domestic abuse
- Extend payments made to employers who hire new apprentices
- More detail on the new UK Infrastructure Bank to be located in Leeds, confirmation of location of Free Ports and a re-location of the Treasury to Darlington.
- No announcement was made on the future of the Green Homes Grant.

Introduction

Today (Wednesday 3rd March) the Chancellor of the Exchequer has set out the Government's Budget. Alongside the Budget, the Government has also published the Levelling Up Fund Prospectus.

The Spring 2021 Budget is the first Budget since the series of lockdowns and since leaving the EU's Single Market and Customs Union. In this recovery Budget, the Chancellor had immediate decisions to take over many aspects of the emergency support packages that will expire soon.

The Chancellor needed to set out plans for how to help the economy recover, level up the economy and to adjust to the challenges of Brexit, and the move towards Net Zero.

Our prior submission to the Treasury had sought investment to:

- 1. Rebuild:** a green recovery plan to contribute to levelling-up by decarbonising homes in the North
- 2. Level-up:** rebuilding capacity in local government in the North, to drive improvements in housing supply and quality
- 3. Invest in places:** making a visible difference by investing in neighbourhoods to support quality housing of all tenures.

This was 'the recovery Budget' to support organisations to get back up and running post-pandemic. It announces some important measures for the Northern regions with the opening of the Levelling Up Fund, new Towns Deals and the selection of the

North to host key institutions like the new National Infrastructure Bank and Treasury economic campus. The question is whether this will deliver what Northern areas need in order to build back better?

We summarise below the key issues for the Northern housing sector.

Levelling Up Fund prospectus launch

The Chancellor launched the prospectus for the £4.8 billion Levelling Up Fund alongside Budget. The prospectus provides guidance to local areas on the process for submitting bids, the types of projects eligible for funding, and how bids will be assessed. The government has identified priority places based on an index of local need to receive capacity funding to help them co-ordinate their applications.

The guidance states that once all bids are submitted officials will assess them against four criteria, with the 'characteristics of place' score determined by the index of priority places. Ministers will have the opportunity to exercise discretion on selecting bids including 'strategic fit' or 'deliverability' or 'value for money.'

Investment themes for the first round are:

- Transport investments
- Regeneration and town centre investment, building on the Towns Fund framework
- Cultural investment

Local authorities are encouraged to consider whether bids in the first round of the Fund reflect their local priorities, or if they should wait until later rounds so that they have more time to consider and develop their proposals.

The Budget confirmed over £1 billion from the Towns Fund for a further 45 Town Deals, £456 million of which is heading to the North. This will help to level up regional towns, giving them the tools to design and implement a growth strategy for their area and aiding local recovery from the impacts of Covid-19.

The Chancellor has framed the Fund to deliver a broad package of complementary interventions, including community renewal and ownership, the Free Ports, the Infrastructure Bank, and the Towns Fund.

NHC Reaction

The levelling-up fund is important recognition that some parts of our country have received less investment in recent years and the scale of the Fund means it presents a real opportunity for regeneration in the North. In this first round, the town centre investment will be a priority focus for many Northern areas. Competitive bidding processes are attractive to central government, but often absorb limited local

government capacity on abortive submissions. Collaboration and partnership working is encouraged by the prospectus but there is no obvious additional support for delivery.

We will be producing a more detailed briefing on the Levelling-up Fund prospectus in the coming weeks. In the meantime, we welcome your comments and questions on this. Please contact: Karen.Brown@northern-consortium.org.uk

Mortgage Guarantee Scheme and Extension to the Stamp Duty Cut

The Chancellor announced a new mortgage guarantee scheme as part of the Government's continued commitment to supporting home ownership. The new scheme will provide a guarantee to lenders who offer mortgages of up to 95%. This Government claim this will see a return of products to the market that require deposits of 5%. The scheme will be available on homes up to the value of £600,000 and buyers will be able to fix their initial mortgage rate for at least five years. Mortgages available under the scheme will be available from April 1st 2021, up to 31st December 2022. The Budget documents note that the pandemic caused a rapid reduction in the availability of high loan-to-value (LTV) mortgages which has meant fewer prospective homebuyers have been able to enter the market with a low deposit. This new scheme aims to encourage lenders to offer high LTV mortgages so that more people can access a mortgage without the need for prohibitively large deposits.

The Chancellor also announced an extension to the changes made to Stamp Duty in last year's Summer Economic Update. The aim of this extension is to continue to stimulate market activity. The nil rate band will be maintained for homes with a value of up to £500,000 until 30th June 2021 and up to £250,000 until 30th September 2021. It will return to £125,000 on 1st October 2021.

NHC Reaction:

The mortgage guarantee scheme is open to both first-time buyers and existing homeowners who wish to secure a mortgage on a home of up to £600,000. This is intended to help first-time buyers and existing homeowners with low levels of equity. Similarly, the scheme allows for access to 95% LTV mortgages on both new build and existing homes. The scheme seems to be targeted very widely therefore the NHC questions whether the scheme can really *"turn Generation Rent into Generation Buy"*, as the Chancellor outlined it would do. Demand-side subsidies will not address house price inflation in areas of high affordability, and the extension to the Stamp Duty cut is also likely to impact the housing market in ways that will be detrimental to those being targeted by these policies in the long-run.

We welcome your comments and questions on this. Please contact:
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Protecting the jobs and livelihoods of British people

Welfare Support

Protecting jobs and supporting livelihoods remains a key priority for the government in this budget, today the Chancellor confirmed the continued welfare support, including the temporary £20 per week increase to the Universal Credit standard allowance for a further six months, until September 2021. This measure will apply to all new and existing Universal Credit claimants.

Alongside this the government will make a one-off payment of £500 to eligible Working Tax Credit recipients, to provide continued extra support over the next six months.

Chancellor also announced that from April, the National Minimum Wage will increase from £8.72 to £8.91 for workers aged 23 and over.

NHC reaction:

The NHC welcomes this announcement by the Chancellor today, as the uplift has been a lifeline for many of NHC members tenants and customers, however, we would like to see this uplift made permanent or at the very least extended until the next financial year, to provide stability and security at a time when they need it more than ever as we come out of this pandemic and the uncertainty that lies ahead for many individuals and families.

We would welcome your comments and questions on this. Please contact:
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Supporting the most affected – Domestic Abuse

Today the Chancellor announced £19 million to tackle domestic abuse in England and Wales, this will include £15 million to increase funding for perpetrator programmes that work with offenders to reduce the risk of abuse continuing, and £4 million for trialling a network of 'Respite Rooms' to provide specialised support for homeless women facing severe disadvantage. This is in addition to the £125 million announced in the Spending Review for domestic violence programmes.

NHC reaction:

Over the past year or so the NHC has been working closely with members who have reported concerns around the increase in domestic abuse cases across many of their localities, so this announcement today is welcome, and will help towards the

excellent work being done across the North by NHC members in supporting victims and working with perpetrators. However, even prior to the pandemic, services were severely stretched and underfunded and with the recent sharp increase in demand during the past year and beyond, more of a longer-term approach and funding is needed, to ensure adequate services and support can be delivered.

We would welcome your comments and questions on this. Please contact:

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Supporting Jobs & Traineeships

Alongside the Chancellor's announcement around the continued welfare support, today's Budget builds on the government action through the Plan for Jobs, including the Kickstart and Restart schemes, helping people looking for work. Today, the Chancellor announced the increased support for traineeships for young people and payments for employers who hire new apprenticeships to further help those looking for work, including:

- An additional £126 million in England for 40,000 high quality work placements and training for 16-24 year olds in the 2021/22 academic year. Employers who provide trainees with work experience will continue to be funded at a rate of £1,000 per trainee.
- The government will extend and increase the payments made to employers in England who hire new apprentices. Employers who hire a new apprentice between 1 April 2021 and 30 September 2021 will receive £3,000 per new hire, compared with £1,500 per new apprentice hire (or £2,000 for those aged 24 and under) under the previous scheme. This is in addition to the existing £1,000 payment the government provides for all new 16–18-year-old apprentices and those aged under 25 with an Education, Health and Care Plan, where that applies.
- The government will introduce a £7 million 'flexi-job' apprenticeship fund from July 2021 to help employers in England set up and expand portable apprenticeships. This will enable people who need to work across multiple projects with different employers to benefit from the high-quality long-term training that an apprenticeship provides. Employers themselves will also benefit from access to a diverse apprenticeship talent pipeline. Employers will be invited to bring forward proposals here, and in particular the Creative Industries Council will be asked to do so in recognition of the potential benefits of this new approach for the creative sector.
- The government will invest £1.3 million over 2021-22 and 2022-23 to pilot the use of new technologies to support in or out-of-work people to find new job opportunities which are best suited to their skills and experience.

NHC reaction:

The NHC welcomes this additional funding to increase support for young people, as has been widely reported both by main media outlets and by NHC members, young people have been one of the groups who have been impacted the most by the pandemic. This support package would boost confidence for young people and provide an array of opportunities to enable them to meet their full potential providing them with a sense of stability and security for their future and work experience which many have not been able to partake in over the past year. Apprenticeships could play a big part in helping in the recovery as we come out of the pandemic, both for larger and smaller businesses.

We would welcome your comments and questions on this. Please contact:

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Green investment and infrastructure

As part of an investment-led recovery, the Chancellor stressed that this budget lays the foundations for a greener economy. The new UK Infrastructure Bank will be headquartered in Leeds, which the Chancellor said will benefit from the city's existing position as a financial hub, praising its transport links. The Bank will begin this spring with access to £12 billion of equity and debt capital and be able to issue up to £10 billion of guarantees, supporting up to £40 billion of investment to tackle climate change and promote economic growth across the UK. The new UK Infrastructure Bank will finance support to private sector and local authority infrastructure projects, with retrofit projects mentioned as an example of the type of projects the Bank could help fund. The government has also announced its decision to issue its first sovereign green bonds. Totalling a maximum of £15 billion, they pledge to commit contributions of 'green gilt' spending towards social benefits including job creation and levelling-up, though no further detail is given at this time.

In our region, Liverpool City Region, Humberside and Teesside will be granted Freeport status, beginning operations from late 2021. The Chancellor spoke of altering the nation's economic geography, explaining that parts of the Treasury and some officials from other economic departments, such as the business department and the Ministry of Housing, will be relocated to a new 'economic campus' in Darlington. The government will also commission The National Infrastructure Commission Towns and Regeneration study which will consider how to maximise the impact of infrastructure policy and investment for towns in England. There was also a commitment to invest £4.2 billion in intra-city transport settlements from 2022-23 for the following five-years for the combined authorities, six of which are in our region. This will provide £8.6 million to Greater Manchester; £5.6 million to Liverpool City

Region; £5.2 million to Sheffield City Region; £3.5million to Tees Valley; and £7.4 million to West Yorkshire.

NHC reaction:

The Budget represents a concerted effort to provide levelling-up and infrastructure spending to certain parts of our region, particularly Teesside. We look forward to hearing more detail on how the UK Infrastructure Bank will operate and the ways in which our region will benefit from this funding. The lack of clarity on the Green Homes Grant status is less reassuring, however. The position remains with the suggestion that funding for the Green Homes Grant worth £1.5bn will not be rolled over to the next fiscal year, leaving the extended scheme with a £320m budget. If the government wants to prove its commitment to net-zero it must produce a strong *funding scheme for decarbonising the nation's housing stock*.

We welcome your comments and questions on this. Please contact:

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Modern Methods of Construction (MMC) Taskforce

An MMC Taskforce will be established backed by £10 million of seed funding, to accelerate the delivery of MMC homes. The Taskforce will consist of world-leading experts from across government and industry to fast-track the adoption of modern methods of construction. It will be headquartered in MHCLG's new office in Wolverhampton. The Taskforce will work closely with local authorities and Mayoral Combined Authorities, including the West Midlands Combined Authority and the Liverpool City Region who have already brought forwards ambitious proposals.

NHC Reaction

The government have a stated commitment to accelerate the production of MMC homes and have referenced Northern pioneers such as Liverpool City Region.

This is welcome news particularly given the massive appetite there is in the North to revolutionise housing in a modern and sustainable way. This will support our efforts to inspire members to lead the way on MMC developments, as well as offer a more direct opportunity to work with Government in creating MMC policies which properly accommodate the North. We hope to collaborate with this taskforce as much as possible going forward.

We welcome your comments and questions on this. Please contact

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Conclusion

There were certainly few surprises in this statement for the sector with most announcements being widely trailed in advance. The Levelling up Fund prospectus was expected as was the extension of support to home buyers.

As ever, the devil is in the detail and the Levelling up prospectus may hold the key to substantial regeneration investment in towns for this first round of funding, though there could be exclusions for some Northern areas based on the detail of the operation of the priority places criteria. We will be analysing this further in coming weeks, and monitoring the success of Northern bids to the Fund closely.

This Budget was also significant for what wasn't included, especially no reference to further support for green retrofitting and no reference to the capacity of local areas to deliver a green recovery. Attention will now turn to Rishi Sunak's multi-year Spending Review, which is expected later this year.

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