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Housing

What you need to know: the comprehensive spending review and the national infrastructure strategy



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On 25 November 2020 the government published the [National Infrastructure Strategy](#) (NIS) in tandem with the [Spending Review](#). Whilst the Spending Review is focused on the next twelve months, the NIS has a longer-term focus and there is cross referencing between the two on a number of elements. This briefing for CIH members provides a summary of the most significant aspects of both in relation to housing, and our initial response.

The National Infrastructure Strategy (NIS)

The strategy, delayed from spring 2020, is based on research from the National Infrastructure Commission (NIC) and sets out how the government will “build back fairer, faster and greener” by:

- boosting growth and productivity across the whole of the UK, levelling up and strengthening the Union
- putting the UK on the path to meeting its net zero emissions target by 2050
- supporting private investment and providing clarity to investors over the government’s plans
- accelerating and improving delivery of infrastructure projects through wide ranging reforms (including speeding up the planning system and improving the way projects are chosen, procured, and delivered).

The strategy is to be followed by a series of detailed publications setting out further details on key areas of infrastructure policy, including the Construction Playbook, white papers on energy, English devolution and local recovery, a refreshed Industrial Strategy, union connectivity review and an updated national infrastructure and construction pipeline.

Headline takeaways

- “Levelling Up” - including a £4 billion cross-departmental ‘levelling up fund’ to be invested in local infrastructure across England, a £4.2 billion fund to support large city regions outside London with intra-city transport settlements, and £27 billion of investment in key strategic roads outside London

- “Doing things differently” including changing how investment and policy decisions are made. Ensuring that decisions are not just made in Whitehall but reflect the diversity of the country, empowering local areas and leaders
- Relocation of 22,000 civil servants out of London and the South East by 2030
- A new National Infrastructure Bank for the UK, headquartered in the north of England
- UK Gigabit - promising £5 billion of investment to support a UK-wide roll-out of gigabit broadband, a Shared Rural Network extending 4G mobile coverage to 95 per cent of the UK, and £250 million of investment to ensure resilient and secure 5G networks. ensuring that no citizen, community, or business is left behind
- Project Speed - further emphasis on this included plan to reform environmental regulations, wide-ranging improvements to the current planning system and streamlining of the decision-making process
- Union Connectivity Review - to identify options to improve transport links across the four nations of the UK, to include consultation with the devolved administrations
- Re-balancing the UK by boosting the cities and towns most in need (including the freeports programme and Towns Fund)
- Construction - it is noted UK’s construction industry contributed £117 billion to the UK economy in 2018 and supports more than 2 million jobs, but also that it is one of the nation’s least productive industries and that the built environment is a major contributor to greenhouse gas emissions. The Construction Playbook (expected imminently) will set out policies and principles to “help UK construction to live up to its full potential”

- Flooding - investing £5.2 billion in flood defences and minimising the impact of flooding to better protect 336,000 properties at risk of increased flooding from coastal erosion because of climate change (this is considered as part of the overall investment towards tackling climate change).

What does it say about housing?

The government will provide an additional £100 million in 2021/22 to support housing delivery and regeneration, including unlocking brownfield sites, regenerating estates, and releasing serviced plots on public sector land. These plans form part of the £7.1 billion National Home Building Fund which will help deliver up to 860,000 homes across the country, in large part through investment in infrastructure to unlock housing - including roads, community facilities and utilities. "This will ensure that more homes mean better, not more stretched, local infrastructure and community facilities".

Climate change and housing

The strategy states that the government will "unlock private sector investment to accelerate the deployment of existing technology, such as retrofitting the UK's building stock ... while advancing newer technologies such as carbon capture and low-carbon hydrogen".

Key measures noted include:

- over £3 billion through the Green Homes Grant, Public Sector Decarbonisation Scheme and Social Housing Decarbonisation Fund (already announced earlier this year)
- introduction of a Future Homes Standard before 2025 (announced earlier this year)
- new Green Gas Support Scheme to support the production and injection of green gas (biomethane) into the grid, funded through a Green Gas Levy (announced earlier this year)
- £270 million Green Heat Networks Scheme, enabling new and existing heat networks to be low carbon and connect to waste heat that would otherwise be released into the atmosphere (announced earlier this year)
- support for households to invest in heat pumps through a Clean Heat Grant scheme, backed by £100 million of funding (announced earlier this year)

The strategy recognises that the UK continues to have some of the oldest and least energy efficient homes in Europe, and the sector continues to make up 23 per cent of total UK emissions. This means that more ambitious and urgent action is required in this Parliament to meet the UK's climate goals.

It is observed that 85 per cent of homes are currently on the gas grid but, to get to net zero, the vast majority will need to stop burning natural gas. This will require further improvements in the energy efficiency of buildings, repurposing the grid to green gases (biomethane or hydrogen), moving to non-grid low carbon heat sources (primarily heat pumps), or to hybrid systems that combine the two. It is noted that it is not yet clear which of these routes will be best and that it is necessary to take the steps now to inform decisions about what kind of installation must be made.

The NIS confirms that a £320m Heat Networks Investment Project has been issued by the Government. However, the strategy does not give a date for introducing the Future Homes Standard instead stating it will be issued in "the shortest possible timeframe before 2025". The Government is also aiming to deliver 600,000 domestic heat pump installations by 2028 and will invest £81m to create a hydrogen neighbourhood and village.

Comprehensive Spending Review

Whilst much of the spending review was understandably focused on post-COVID economic recovery, it contained a number of housing policy announcements:

- **Homelessness** - a further £151m was announced for 2021/22 to support the government's Rough Sleeping Initiative and to support local authorities to prevent homelessness and rough sleeping in their area. It was also confirmed that £87m of capital funding will be spent in 2021/22 primarily to support the delivery of long-term supported accommodation for rough sleepers
- **The £7.1bn National Home Building Fund** - of this £7.1bn it is understood that £4.8bn constitutes previously announced capital grant funding

- **Local Housing Allowance freeze** – a promise to keep housing benefit at the level at which it would cover the lowest 30 percentile of homes in any given area for the remainder of this financial year (however, according to the Office for Budget Responsibility, the government had not specified rates beyond next year and that in reality this could amount to a real-term cut)
- **Social housing decarbonisation funding** - documents accompanying the chancellor's speech confirmed that the government plans to spend £60m on the retrofitting of social housing in 2021, alongside £320m on its Green Homes Grant scheme. Both initiatives were part of a £3bn commitment to the decarbonisation of buildings announced by the chancellor in July as part of his COVID-19 recovery plans
- **Help to Buy Programme** - Spending Review documents show that an additional £5.3bn will be funnelled through the Help to Buy Programme in the next two years, with £2.2bn in 2021/22 and £3bn in 2022/23
- **Building safety** - £70 million to implement new laws to improve building safety, to set up new regulators, build a new regulatory regime and help remove dangerous cladding
- **Changes to the Treasury's green book** – a review of the methodology to end a bias towards the South East and London

CIH's response

The Spending Review and National Infrastructure Strategy include some important messages on levelling up and tackling our housing crisis.

It is encouraging to see money being allocated for retrofitting social homes and a focus on achieving environmental targets. Acknowledgement for the need for action and retrofitting must now be followed by a commitment to a long-term plan for this.

Whilst funding for the Building Safety Regulator is welcomed, government still needs to address the need for funding to remove dangerous cladding from affected blocks.

It is positive to see to additional money being allocated to help end rough sleeping and prevent homelessness. However, at CIH we know that what is also urgently needed is investment for 90,000 new homes at social rents each year, realistic help with housing costs for those who need it and good quality housing support services. Investing in new social rented homes would not only help to address homelessness and meet housing need - it would also boost the economy and create much-needed jobs. We will continue to make the case for this to government.

Policy advisor John Perry has also written a [comment piece](#) for Inside Housing assessing the government's green housing plans.