



Chartered
Institute of
Housing

What you need to know about the Spring Budget



HOUSING

What you need to know about the Spring Budget



Chartered
Institute of
Housing

Introduction

On Wednesday 23 March 2022 the Chancellor delivered his [Spring Budget Statement](#). This briefing for CIH members provides a summary of the announcements relating to housing, welfare and the cost of living – and our initial response to them. (Financial support will be passed on via Barnett consequential to the devolved nations.)

What's new?

- Doubling of the Household Support Fund in 2022-23 to £1bn
- Increase to the National Insurance (NI) threshold by £3,000 this year (equalising the NI contributions threshold with the personal income tax allowance of £12,570)
- Cut in fuel duty by 5p per litre until March 2023
- Cut in VAT rate from 5 per cent to zero for 5 years for households installing energy-saving materials (for GB)

Initial CIH response

Ahead of the Chancellor's Spring Statement the Office for Budget Responsibility provided a [bleak assessment](#), warning disposable incomes are in line for their worst drop since the 1950s. The Office for National Statistics also published its [latest statistics](#) on housing affordability in England and Wales which showed that, at a local level, house prices grew faster than earnings in 91 per cent of local authority districts.

Household Support Fund and NI threshold - Whilst the increase in the Household Support Fund and changes to the National Insurance threshold are welcome, they do not go far enough in addressing the rising cost of living and are somewhat undermined by the £40m

cut to the Discretionary Housing Payment announced last week. Many of the poorest cannot afford to run a car so the cut to fuel duty will make little difference. Analysis from the [Resolution Foundation](#) following the Spring Statement shows a further 1.3 million people are set to fall into absolute poverty next year.

Raising the NI threshold is poorly targeted. If you can't work because you are disabled, old or caring for someone you receive nothing. If you already earn below the current threshold, you receive nothing. If you earn in between old and new (those taken out of NI altogether) you only partially benefit. To receive the full benefit, you must earn at least the new amount already. To break even – including November's welcome Universal Credit reforms – from the end of £20 uplift you must earn around £280 per week (30 hours per week if you're on minimum wage). If you earn £241.73 (where you get maximum benefit) you are only better off by about £5 per week – that won't go very far when energy bills are projected to rise by 60%.



Rather than relying on temporary fixes the government should be making our welfare system fit for purpose by uprating benefits, unfreezing Local Housing Allowance rates and restoring the Universal Credit £20 uplift to help those on low incomes. As things stand the most vulnerable face a significant real-term income cut.

"The measures announced will not come close to bridging the gap between what the lowest income households have and what they need. A benefits uprating to match the cost of inflation would have done much more to support the most hard pressed households in our society. As it stands people are facing a real terms cut whilst costs are spiralling."

Energy efficiency and tackling fuel poverty

- The VAT cut on green home measures for homeowners is positive but more radical action is needed if we are to address the energy crisis. An additional two years of funding to 2027 for the Social Housing Decarbonisation Fund (promised in the Conservative manifesto) would provide the certainty and capacity housing providers need to invest. The narrow focus also misses the need for broader reform of VAT that would support decarbonisation and building safety work. We hope some of this detail will be reflected in the forthcoming energy strategy.

"We need a concerted investment programme from Government to reduce energy costs and raise energy efficiency in fuel poor homes."

Background

In our [submission to the Treasury ahead of the Budget](#) we called on government to:

- Provide enough help with housing costs so people can access an affordable, decent place to call home and restore the £20 uplift for people on universal credit to ease the pressures of fuel poverty
- Bring forward investment with clear, long-term plans to tackle homes with poor energy efficiency
- Invest in a long-term strategy to end homelessness in all its forms and provide good quality temporary accommodation
- Invest in existing and new supported housing to meet a range of support needs.
- Increase grant levels to provide the number of homes at social rents we need each year

We will continue to make representations on this to government.

For further information email policyandpractice@cih.org

