



## *In-depth Briefing*

### **Budget 2017**

On 22 November, Chancellor Philip Hammond delivered his Budget Statement. This was the first budget since the snap election in June which saw the Conservatives lose their majority. Hammond delivered an update on the UK's economic situation, stating that the economy continues to grow as the UK develops new relationships with the European Union while Brexit talks progress. Hammond reinforced that the negotiations with the EU are in a critical stage; however, he stated that this budget is about more than just Brexit.

The Chancellor promised that the government would make good on their promise to build more affordable housing for the next generation, making "the dream of home ownership a reality for all".

The Chancellor continued by making a number of new policy pledges and changes, as well as reasserting several promises from previous budgets.

The key points from the Budget which may impact Welsh housing associations include:

- £3bn has been set aside over the next two years to ensure that the country is prepared for Brexit. This is likely to be used on preparing borders, establishing new trade deals and implementing the future immigration system.
- Philip Hammond repeated previous pledges to reduce the tolls on the Severn Bridge.
- The Chancellor vowed to increase the National Living Wage by 4.4% to £7.83. He will also increase the basic rate income tax threshold to £11,850.
- Adjustments to the structure of Universal Credit to address issues surrounding payment delays.

Although many of the pledges Hammond made that are related to housing will only impact directly on England, there are still aspects that are relevant to Wales. These are detailed below.



## Detail on relevant funding announcements

### 1. £1.5bn to address concerns surrounding Universal Credit

In this Budget, Hammond reinforced the Conservatives' belief that Universal Credit is a necessary and beneficial change in the benefit system. He did, however, recognise the issues with the system so has vowed to remove the compulsory 7 day waiting period at beginning of claim, meaning that entitlement will commence on the day the claim is made.

Hammond also recognised that many claimants struggled with living costs in the weeks before their first payment was implemented, despite the advancement payments being an option. Hammond has promised to change the advancement system which will allow any family to access their full month's entitlement payment within 5 days of making the claim for the advance. The repayment schedule for this advancement will also be extended from 6 months, to 12 months.

Hammond recognised that many claimants were falling into rent arrears under Universal Credit, so he has promised that claimants who receive housing benefit on the old system will continue to receive this for a further two weeks after making a Universal Credit claim.

### 2. £1.24bn consequential for Welsh Government

Phillip Hammond advised that the consequential funding for Welsh Government will be £1.24bn. We are awaiting further details on the type of funding and the time period in which Welsh Government will receive this, but Welsh Government has already stated that two thirds of this funding will have to be paid back to UK Government and the "real uplift is smaller than it appears".

### 3. £44bn of funding and loans over 5 years to boost housing market

Phillip Hammond reinforced the Conservatives' belief that home ownership should be within reach for all and released a number of policies in order to back this up. This additional funding will go towards boosting construction and skills.

This is an England-only policy; however, some of the additional funding devolved to Wales will be included in the £1.24bn consequential and we will call for it to be invested in housing.



## 4. Stamp duty to be abolished for first time buyers

To applause from both sides of the house, Hammond announced that he will abolish stamp duty for first time buyers for homes up to the value of £300,000, or the first £300,000 of £500,000 homes in London.

The Welsh Government is implementing a new system to take the place of stamp duty land tax from April 2018 - Land Transaction Tax. This means that there is a potential for this abolition of stamp duty to be in effect in Wales until then. For more information on the Welsh Government's stamp duty policy, please see [here](#).

If you have any questions about the content of this briefing, please contact Georgina Shackell Green on [Georgina-shackellgreen@chcymru.org.uk](mailto:Georgina-shackellgreen@chcymru.org.uk) or 029 2067 4800.

**Community Housing Cymru**  
**November 2017**