



## UK Spring Statement 2025

### Introduction

Today's Spring Statement is the first from the UK Labour government and follows on from the Autumn budget which focussed on restoring stability to public finances, rebuilding public services and 'making work pay'.

The statement is not a formal budget as Labour has pledged to deliver only one fiscal event per year. However, it promises to go 'further, faster' and set out plans to deliver economic growth and protect the future of Britain against a backdrop of increasing geopolitical uncertainty.

The OBR's updated economic forecast indicates a challenging fiscal environment with the £9.9bn fiscal headroom from the Autumn Budget now depleted.

Labour remains committed to getting inflation to 2% by 2027 and increase living standards for 'ordinary, working people'. Defence spending, welfare cuts and housing budget allocations are all set within the context of growing the UK economy.

This briefing sets out some of key headlines on issues of particular relevance to Housing Associations in Wales and their tenants.

### Key announcements for Wales

- Barnett consequential to the Welsh Government's budget is £16 million.
- Significant changes will be made to welfare policies, specifically Personal Independence Payments (PIP) and the health element of Universal Credit.
- Planning policy reform in England may inform the consolidation of planning law we expect in the remainder of this Senedd term.
- £2.2 billion additional funding for defence
- Creation of a £3.25 billion Transformation Fund to drive efficiencies in public services and enhance the use of AI and digital technology



# English housing announcements

## Planning reforms

The budget introduces planning reforms, including setting housing targets as part of a growth strategy. These changes, including the national planning and policy framework will help build 170,000 additional homes.

## Affordable homes

As announced in March 2025, the UK Government is investing £2bn in social and affordable homes in England.

## Construction skills

£625m has been allocated to train up to 60,000 more construction workers - including the creation of 10 technical excellence colleges across the UK.

# Tax and benefits

## Closing the tax gap

No new tax increases were announced but the government outlined plans to raise over £1bn additional gross tax revenue per year by 2029-30 by 'cracking down' on tax evasion. Plans include extending the Making Tax Digital for Income Tax Self Assessments (ISTA) and increasing late payment penalties for Value Added Tax (VAT) payers and ITSA payers. The government has also launched consultations today on further anti-tax evasion measures.

# Supporting Households

## Personal Independence Payments (PIP) and Welfare Reforms

Reform to welfare policies were set out earlier this month by the Secretary of State for Work and Pensions, Rt Hon Liz Kendall MP. This included scrapping the Work Capability Assessment (WCA), rebalancing UC standard allowance and UC health element, introducing a 'right to try', and reframing ESA and JSA into a single, non means tested, time limited benefit. This will allocate £1bn to funding employment support for people with disabilities and refocus PIP on those with higher needs. More details on these announcements can be found in the [appendix](#).

The OBR has estimated the package is estimated to save £3.4bn in the welfare budget. The Chancellor has said that the Universal Credit Health element will be cut by 50% and then frozen for new claimants. These reforms are particularly relevant to Wales as we have some of the highest levels of health-related benefits claims in the UK and more than a quarter of a million people on Personal Independence Payments (PIPs).

We are concerned by the proposed cuts to PIP and the health element of Universal Credit. Our most recent cost of living research highlighted households where one or more persons are living with a long term illness or disability as more likely to turn to their housing association in need of



vital financial support. We will continue to lend our voice to national campaigns that call for a benefit system that protects the most vulnerable people.

### Universal Credit Allowance

Standard allowance for Universal Credit allowance will rise to £106 per week, instead of £107 per week in 2030.

## Other announcements

### Defence spending

The fiscal statement promises a £2.2bn boost for defence, with a focus on boosting high-paying jobs across the country, particularly in regions like Newport, where advanced manufacturing and skilled jobs are expected to grow.

### Public sector spending

Significant public sector reforms, including the scrapping of NHS England, with savings redirected towards patient care. Civil service costs will be reduced by 15% and £3.25bn will be invested in a transformation fund to modernise government services.

## CHC's response

We are pleased to see the UK government's continued recognition of affordable housing as essential for personal and economic growth.

Ahead of the Senedd Elections in 2026, CHC are working to demonstrate the value of social housing and housing associations as delivery partners to ensure the Welsh budget for social and affordable homes is protected.

We will be working through the details of these announcements to consider the impact on the Welsh sector and the opportunities for cross-border alignment on policy proposals.

*For more information, please contact:*

Bethany Howells: [Bethany-Howells@chcymru.org.uk](mailto:Bethany-Howells@chcymru.org.uk)

Bethan Proctor: [Bethan-Proctor@chcymru.org.uk](mailto:Bethan-Proctor@chcymru.org.uk)



# Appendix

The [Pathways to Work: Reforming Benefits and Support to Get Britain Working Green Paper](#) sets out the following proposals:

- **Scrapping the work capability assessment (WCA).** In the reformed system in England and Wales there will only be a single assessment for financial support related to health and disability benefits which will be based on current PIP assessment. Eligibility for the UC element will be based on whether someone is receiving any daily living award in PIP. In the short term, whilst WCA are still in place - UK Government will increase capacity to undertake WCA reassessments this is because the transition to the new system will not happen immediately and they need to address backlog and delays associated with current WCA practice.
- **Rebalancing UC standard allowance and UC health element.** The difference between standard allowance and Limited Capability Work Related Activity (LCWRA) element has increased because of a 4 year freeze between 2015 and 2019 on standard allowance. To resolve this, the UK government will legislate to reset payment rates in UC to begin April 2026.
  - Standard allowance will be increased by £7 per week (increasing to £98 per week)
  - Health element will be frozen until 2029/30 (at £97 per week) for existing claims. For new claims the rate of health element will be reduced by £47 per week (to £50 per week in 2026/27). Those with the most severe, long life health conditions will see their incomes protected through an additional premium - this group will also not need to be reassessed in future.
- **Those aged under 22** will no longer be able to claim incapacity benefits.
- **Introducing a ‘right to try’.** So people who want to try to move into work won’t lose their benefits while they do so.
- **Allocating £1bn funding to employment support for people with long term illness or disabilities.** This funding is aimed at providing additional help for those with health conditions.
- **Reforming ESA and JSA into a single, non means tested, time limited benefit.**
- **Refocussing PIP on those with higher needs.** New eligibility criteria introduced to ensure those who score a minimum of 4 points in at least one daily living activity will be eligible for PIP. For those scoring 3 or lower they will no longer be eligible for this component of PIP. This could mean that someone claiming PIP is no longer eligible for the daily living element or other benefits linked to this award. This change will be brought forward via changes to primary legislation following the outcome of the consultation.. The UK Government is also interested to gather views on how to support those with lower needs, who may lose their PIP entitlement.
- **Reviewing the PIP assessment.** UK Government to convene experts to launch a thorough review of the assessment process - any changes to PIP assessment will be introduced after the reforms set out in this Green paper.