

28 October 2021

Budget October 2021

Chancellor Rishi Sunak delivered his autumn budget on 27th October 2021. The pertinent points are as follows:

- An extra £9m will go towards allowing councils to turn neglected urban spaces into "pocket parks" roughly the size of a tennis court.
- The chancellor confirmed £65m for digitising England's planning system. This will be well received across the industry given that there is consensus that the current planning system is outdated and results in delays and confusion.
- Announcement of a £11.5bn Affordable Homes Programme to build 180,000 homes, along with a £1.8bn fund to support up to 160,000 homes to be built on brownfield sites. Sunak said this was enough to make 1,500 hectares of brownfield suitable for development. The money is split between £300m to "unlock" smaller brownfield sites for housing and £1.5bn to help regenerate "underused land" to deliver transport links and community facilities.
- The Chancellor also confirmed that the infrastructure budget would increase to £6.9bn. This, he argued, would help connect towns and cities across the country and would further boost the 'levelling up' agenda. The government is going to spend more than £130bn a year on economic infrastructure throughout the country, including £21bn on roads and £46bn on railways. The budget also includes more than £5bn for cycling infrastructure, as well as the previously announced £5.7bn for London-style transport systems in the country.
- There is also a charge for developers with a £25m fund for some of the cladding. This levy will stand at 4% and reaction has been mixed. Addleshaw Goddard partner Peter Hardy states "the levy on developers with profit of more than £25m to help pay for cladding will need to be very carefully worked out. It's not always obvious who the developer is or was, particularly if the property was built a long time ago. Today's announcement will make developers think carefully about how they structure themselves as a way to try and avoid or offset some of the tax. The announcement could also slow down progress in the sector for a short time whilst potential taxpayers work out what this means for them."
- The £2bn cladding tax confirmed in the budget yesterday and other costs could combine to stifle investment in new homes, the Home Builders Federation has warned. The HBF, reacting to news that the cladding tax will be set at 4% on profits above £25million, voiced concern over a range of increased costs coming down the line for the housebuilding sector.
- Joseph Daniels, an independent net-zero adviser to the government, and CEO of modular housing firm Etopia Group praised the priority shown to brownfield land but expressed concern over the investment that is required to build net-zero carbon homes by 2050.
- The budget gave us greater clarity on what 'levelling up' actually means in that Rishi Sunak said that it wasn't just about investing in infrastructure but in culture, which is why he focused a part of his speech on investment in museums and galleries.
- The speech focused a lot on the north-west but voters in the traditionally red-wall seats would have been disappointed with a lack of emphasis on their areas.