












## Summer Budget 2015 - brief summary

This Budget brings with it a number of announcements that will impact on the social housing sector, with Chancellor George Osborne implying that the sector can stand it:

*'So rents paid in the social housing sector will not be frozen, but reduced by 1pc a year for the next four years. This will be a welcome cut in rent for those tenants who pay it and I'm confident that housing associations and other landlords in the social sector will be able to play their part and deliver the efficiency savings needed.'*

### At a glance: The Budget Statement 2015

Some of the announcements that will directly impact on social landlords:

-  Rents in social housing to be reduced by 1% a year over the next four years
-  Savings of £17bn scheduled, of which welfare changes will save £12bn by 2019-20. Measures to be included in a welfare reform bill being published tomorrow
-  Working-age benefits to be frozen for four years, including Tax Credits and Local Housing Allowance. Statutory benefits like maternity pay to be excluded from this
-  Benefits cap to be reduced to £23,000 in London, and to £20,000 elsewhere
-  Wealthy social housing tenants to pay market rents confirmed - subsidies for social housing will be phased out with local authority and housing association tenants in England who earn more than £30,000 (or £40,000 in London) having to pay up to the market rent
-  Tax credits and universal credit will only support the first two children
-  Universal Credit work allowances will be similarly reduced and will no longer be awarded to non-disabled claimants without children
-  Disability benefits will not be taxed or means-tested
-  There will be no automatic entitlement to housing benefit for those aged 18 to 21 (exceptions for the vulnerable)
-  Income threshold in tax credits will be reduced from £6,420 to £3,850
-  Mortgage tax relief for buy-to-let landlords to be restricted to the basic rate (phased in) to 'level the playing field' for home owners.

Further planning reforms are to be announced on Friday 9 July.

Other announcements which will impact indirectly include:

- The economic growth forecast for the economy is down from 2.5% to 2.4%
- Corporation tax to be reduced to 19% in 2017, then to 18% by 2020
- Rates of income tax remain unchanged but the thresholds do not. The personal allowance goes up to £11,000 from next year. The threshold at which the higher rate kicks in will go up to £43,000
- 'Britain deserves a pay rise' - a new national living wage to be introduced. It will apply to over-25s. It will start next year at £7.20, rising to £9 by 2020
- All working parents of three and four-year-olds will receive free childcare of up to 30 hours a week
- Public sector pay rises capped at 1% for the next four years
- Insurance premium tax to be raised to 9.5%
- An apprenticeship levy is to be introduced
- Extension of the Northern Powerhouse to Manchester to devolve control of fire services, land and children, with an Oyster card-style system being developed for the north (similar deals for Liverpool and Sheffield).

Commentary and perspectives:

- [From government \(or download the full budget report here\)](#)
- [BBC](#)
- [The Guardian](#)
- [Office for Budget Responsibility](#)
- [Parliament](#)