



Summer Budget 2015

Full details of the Government's budget can be found in the Red Book, available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443232/50325_Summer_Budget_15_Web_Accessible.pdf.

Government Spending

- Public sector spending on housing and the environment will be £28 billion 2015/16.
- Spending on social protection, which includes welfare, will be £231 billion in 2015/16.

Welfare

- *Removing the Family Element in tax credits, the first child premium in Universal Credit and the Family Premium in Housing Benefit* – In Housing Benefit, the family premium will be removed for new claims and new births from April 2016.
- *Universal Credit waiting days updated delivery schedule* – The government plans to implement 7 waiting days for Universal Credit in August 2015.
- *Limiting backdating in Housing Benefit* – From April 2016, Housing Benefit claims will be backdated for a maximum of 4 weeks.
- *Restricting Housing Benefit entitlement for young people* – From April 2017, those out of work aged 18 to 21 making new claims to Universal Credit will no longer be automatically entitled to the housing element. Parents whose children live with them, vulnerable groups, and those who were living independently and working continuously for the preceding 6 months will be exempt from this measure.
- *Lowering the household benefit cap* – The government will lower the household benefit cap, which caps the amount of benefits out-of-work working-age families can receive, to £20,000, except in Greater London where the cap will be £23,000. The current exemptions to the cap will continue to apply.
- *Discretionary Housing Payments* – The government will provide £800 million of funding for Discretionary Housing Payments over the next 5 years.
- *Benefits uprating* – Most working-age benefits will be frozen for 4 years from April 2016. This will apply to Jobseekers' Allowance; Employment and Support Allowance; Income Support; Child Benefit; applicable amounts for Housing Benefit; and Local Housing Allowance rates, with provision for high rent areas.

Devolution

- Greater Manchester will receive further powers including over planning and a new Land Commission.
- The government is working towards further devolution deals with the Sheffield City Region, Liverpool City Region, and Leeds, West Yorkshire and partner authorities, to be agreed in parallel to the Spending Review. If agreement is reached, including on an elected mayor working with local leaders to oversee new powers devolved from ministers, these city regions will be granted significant additional powers and the opportunity to take control of their own affairs to support economic growth.

Social Housing

- *Social rents* – The government will reduce rents paid by tenants in social housing in England by 1% a year for 4 years from 2016. The Treasury estimate that this will achieve a 12% reduction in average rents by 2020-21 compared to current forecasts.
- *Pay to Stay* – Social housing tenants with household incomes of £40,000 and above in London, and £30,000 and above in the rest of England, will be required to “Pay to Stay” by paying a market or near market rent for their accommodation. Housing Associations will be able to use the rent subsidy that they recover to reinvest in new housing. The government will consult on how this is implemented.
- *Lifetime tenancies* – The government will review the use of lifetime tenancies in social housing to limit their use and ensure that households are offered tenancies that match their needs and make best use of the social housing stock.

Private Rented Sector

- *Reform of the Wear and Tear Allowance* - From April 2016, the government will replace the Wear and Tear Allowance with a new relief that allows all residential landlords to deduct the actual costs of replacing furnishings. Capital allowances will continue to apply for landlords of furnished holiday lets. The government will publish a technical consultation before the summer. HMRC has published a more detailed briefing paper on this available at <https://www.gov.uk/government/publications/rent-a-room-relief-increase>.
- *Restricting finance cost relief for landlords* – The government will restrict the relief on finance costs that individual landlords of residential property can get to the basic rate of tax. The restriction will be phased in over 4 years, starting from April 2017. Ministers believe that this will “shift the balance between landlords and homeowners.” A more detailed note from HMRC is available at <https://www.gov.uk/government/publications/restricting-finance-cost-relief-for-individual-landlords>. This notes that Landlords will be able to obtain relief as follows:
 - In 2017-18 the deduction from property income (as is currently allowed) will be restricted to 75% of finance costs, with the remaining 25% being available as a basic rate tax reduction.
 - In 2018-19, 50% finance costs deduction and 50% given as a basic rate tax reduction.
 - In 2019-20, 25% finance costs deduction and 75% given as a basic rate tax reduction.
 - From 2020-21 all financing costs incurred by a landlord will be given as a basic rate tax reduction.

- *Increasing the level of the Rent-a-Room relief* – The government will increase the level of Rent-a-Room relief from £4,250 to £7,500 from April 2016.

Apprenticeships and Skills

- *Youth obligation* – From April 2017, 18-21 year olds on Universal Credit will participate in an intensive period of support at the start of their benefit claim. After 6 months they will be expected to apply for an apprenticeship, traineeship, gain work place skills or go on a work placement.
- *Apprenticeships levy* – The government will introduce a levy on large UK employers to increase the number of apprenticeship starts. In England, employers will be able to access this funding for apprenticeship training. Details including rates and implementation will be set out in the Spending Review.

Property Taxation

- *Stamp Duty Land Tax (SDLT): application to certain authorised property funds* - As previously announced, the government intends to introduce a seeding relief for Property Authorised Investment Funds (PAIFs) and Co-ownership Authorised Contractual Schemes (CoACSs) and intends to make changes to the SDLT treatment of CoACSs investing in property so that SDLT does not arise on the transactions in units, subject to the resolution of potential avoidance issues.

Impact of Measures

- The Treasury believe that the impact on Treasury revenue of various policy decisions made will be as follows:

	£ Million					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Rent-a-room relief: increase to £7,500	0	-5	-10	-10	-10	-15
Residential property: restrict finance relief to basic rate, phase from 2017	0	0	0	+225	+415	+665
Residential property: reform wear and tear allowance	0	0	+205	+165	+165	+170
Uprating: freeze working-age benefits, tax credits and Local Housing Allowances for 4 years from 2016-17	0	+90	+940	+2,325	+3,885	+4,010
Benefit cap: reduce to £20,000, and £23,000 in London	0	+100	+310	+360	+405	+495
Remove family element in tax credits and UC, and the family premium in Housing Benefit, for new claims	0	+55	+220	+410	+555	+675
Reduce income thresholds in tax credits and work allowances in UC	0	+2,880	+3,060	+3,180	+3,310	+3,440
UC waiting days: revised schedule	-5	0	0	0	0	0

Housing Benefit: End automatic entitlement for out of work 18-21 year olds	0	0	+25	+35	+35	+35
Reduce social sector rents by 1% each year for 4 years from 2016-17	0	+165	+475	+875	+1,320	+1,445
Pay to stay: higher income social housing tenants to pay market rents	0	0	+365	+185	+245	+240
Limit Housing Benefit backdating awards to 4 weeks	0	+10	0	-	-	-