

Budget 2018: Housing must continue to be a priority

COMMENT 26/10/18 BY NICK HARRIS INSIDE HOUSING

With the final Budget before Brexit, Philip Hammond faces a tougher than ever fiscal balancing act. But the chancellor has the chance for some quick housing wins, says Stonewater boss *Nick Harris*



Nick Harris is chief executive of Stonewater



The chancellor will deliver the Budget in Parliament on Monday

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The Budget is rapidly approaching. For chancellor Philip Hammond, it will be the most important of his career: the final Budget before the UK leaves the European Union.

The chancellor needs to set out a financial plan that prepares for all outcomes and eventualities – preparing in case of a hard Brexit, whilst providing enough optimism for a Brexit deal.

He must marry the risks with opportunity.

And beyond the challenges of Brexit, domestic issues loom large: prime minister Theresa May proudly declared at Conservative Party conference that austerity is over and “better days were ahead”.

However, Mr Hammond has already warned he is planning for a no-deal Brexit scenario that could mean a 7.7% hit to GDP, and a £80bn hole in the public finances.

He therefore needs a Budget that balances competing priorities: investment that signals the end of austerity without increased public spending.

At the heart of this challenge is supporting housing, affordability and cost of living.

The good news for housing is that there are some quick wins available to him – all of which would be at low cost – or no cost – to the public purse.

Firstly, support reform of the planning system.

It's no secret that the planning system in England and Wales is at stretching point.

Recent reforms, like the National Planning Policy Framework, went some way in improving planning policies and streamlining frameworks, but councils up and down the country are struggling with the sheer volume of planning applications that land are landing on their desks.

For Stonewater, our development potential is slowed by delays to planning approvals.

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With the good news that [councils' borrowing cap is set to be lifted at the end of this](#), Savills have estimated that up to 100,000 more new homes to be built by councils in England and Wales over the next 10 years, at a rate of some 10,000 to 15,000 a year.

Good news for the housing crisis, but bad news for already stretched local authority planners.

Reviewing planning fees and finding ways for developers to better support council's planning departments could go some way to help relieve the pressure, and at minimal cost to the public purse.

Secondly, the government needs to invest in construction skills.

With questions hanging over the free movement of labour post Brexit, the housing sector could soon be facing a labour shortage.

A recent Chartered Institute of Personnel and Development report indicates that employers have already seen a decline in the availability of EU nationals, and that filling vacancies is becoming tougher.

With an existing skills gap in the UK's construction and housebuilding workforce, the UK could miss out on an additional 215,000 migrant workers by 2020.

Finally, we need continued investment in shared ownership.

Together, the prime minister and chancellor have both shown clear commitment to tackling the housing crisis – across a range of tenures - and their support is openly welcomed by the housing sector.

Over the past few years, we've seen a myriad of government-backed schemes that seek to help people onto the housing ladder - through government backed subsidies and access to finance: Right to Buy, FirstBuy, New Buy, and the later Help to Buy.

Last year's Autumn's budget saw Help to Buy receive £10bn in government funding to help people onto the housing ladder.

But this same investment into Shared Ownership could have created 330,000 new homes for first time buyers, compared to the 135,000 of new homes supported by Help to Buy.

So, come Monday, we hope to see that housing - and all its socio-economic interconnections - continue to be a priority for the chancellor and his dispatch box.

And if we have the Chancellor's support, our sector will feel more confident by the end of next March, irrespective of a deal or no deal scenario.

Nick Harris, chief executive of housing association Stonewater