



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Baroness Warwick of Undercliffe  
House of Lords  
London  
SW1A 0PW

22 November 2024

Dear Diana,

Thank you for the points you raised on housing during the Budget debate on Monday 11th November. My sincere apologies that the time limit for the debate prevented me from addressing your points in the House.

At the Budget, the Chancellor set out new investments to kickstart the biggest increase to social and affordable housebuilding in a generation, providing the conditions needed for the market to deliver 1.5 million homes. This includes major steps towards delivering a once in a generation increase in social housing. A £500 million boost to the Affordable Homes Programme in 2025-26 will build up to 5,000 additional affordable homes, increasing annual spend to £3.1 billion.

The Chancellor has also set out the Government's commitment for a five-year rent settlement. We are currently consulting on whether other options could give greater certainty, for example making a 10-year rental settlement or commitment on a rolling basis. We will need to strike a balance between ensuring the commitment is meaningful, whilst also providing as much certainty as possible, on which the consultation will seek views. The consultation is open until 23 December this year.

You asked if the Government plans to reintroduce a 'convergence' policy. The Government has no plans to reintroduce this policy. As you noted, re-introducing a convergence policy would allow registered providers to generate more rental income. However, it would also reduce the disposable income of tenants affected by rent increases. The Government does not want to put additional burdens on households who are already struggling to make ends meet.

Turning to your question around National Insurance Contributions (NICs), you asked whether the Government would consider a relief or exemption from the employer NICs increase for housing schemes. The UK's tax regime for charities is among the most generous of anywhere in the world with tax reliefs for charities and their donors, worth just over £6 billion for the tax year to April 2024. We have protected small charities and businesses by more than doubling the Employment Allowance to £10,500, meaning more than half with NICs liabilities either gain or see no change next year. Charities will still be able to claim employer NICs reliefs including where eligible and are still exempt from business rates.

At the Budget, the Chancellor also announced an additional £233 million of funding to help prevent homelessness and rough sleeping, taking total spending on reducing homelessness to nearly £1 billion in 2025-26. We will fix the foundations of local government and support councils to meet the costs of temporary accommodation - providing more stability through multi-year funding settlements, ending competitive bidding pots and reforming the local audit system.

This package provides billions of government support and certainty for investors, ahead of the government's long-term housing strategy, which will be published alongside Phase 2 of the Spending Review

Thank you again for bringing these concerns to my attention.

A copy of this letter will be deposited in the Library.

With very best wishes,

A handwritten signature in black ink, appearing to read 'Spencer Livermore', with a horizontal line extending to the right.

Spencer Livermore

FINANCIAL SECRETARY TO THE TREASURY