Live updates: Budget 2020

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Colliers: We need to be acting sooner on zero carbon, and the the new stamp duty shows a lack of understanding

Andres Guzman, head of sustainability at Colliers said: “In the year that Britain is going to host COP26 we would expect that the budget would more closely reflect our Government’s ambitions to achieve net-zero carbon emissions by 2050.

“While we welcome the investment in research and development and carbon capture it takes a long time to bear fruit, and we need to be acting sooner rather than later to start making an impact on the environment and improving air quality now.

“While investment in green mobility and improving the natural environment is a start, what has failed to be addressed is the opportunity to reduce carbon emissions now, by tackling energy inefficiency in the built environment.”

Andrew White, head of residential at Colliers said: “The new stamp duty land tax on overseas purchasers is only going to further subdue international buyers from investing in the UK. The Government is trying to stop overseas investors from creating too much demand for residential property, whilst perhaps not understanding the importance of early capital in development programmes. SDLT in the UK is now far too complicated and causing issues across the residential sector and should have been addressed comprehensively.

“Although any social housing funding measures are welcomed and helpful, many registered providers lack the ability to purchase land in a competitive environment. Streamlining planning policy would be much more beneficial to stimulate the housing market.”

“The Chancellor has once again neglected to support larger retailers”

Ed Cooke, chief executive of Revo said: “With this strain of coronavirus likely to impact consumer spending on the high street, the Government’s move to cut business rates for small business, underwrite statutory sick pay and extend the ‘Time to Pay’ service is welcomed and provides a much needed safety-net which will keep many retailers trading.

“However, the Chancellor has once again neglected to support larger retailers, who are major employers are drivers of economic activity in towns and cities across the UK, particularly in those communities that lent their votes to the Conservative Party last December. Attention will now turn to the business rates review, with the Chancellor seeming to have broken its fiscal neutrality rule in favour of ‘reducing the burden on business’ – if this is the case, it could be excellent news but must apply to retail and leisure occupiers of all sizes.

“We also welcome moves to review the transitional rate relief scheme, as we have long argued it is time to end a system where retailers in Middlesbrough are subsidising those in Mayfair. After a decade of calls for change, we hope this Government will be the one to get it done.”

Colliers: “The silent majority is sidelined yet again”

John Webber, head of business rates at Colliers, said: “Whilst helping SME’s is to be applauded, there is nothing in the Budget that tackles the issues of the larger businesses – and these are the ones shedding the jobs.”

“Without helping larger businesses on business rates, the silent majority is sidelined yet again. Business Rates Relief under s44A LGFA 1988 should and could have been used for underused buildings – if funded by Central Government this would not be subject to state rules therefore would help all businesses, providing a much more targeted and valuable relief for those hardest hit by the oncoming economic storm.”

"And promising "yet another" review of business rates, to be heard in the Autumn, seems non-sensical when the issue has already had a detailed review and the Treasury Select Committee gave its recommendations last November, many of which appear to be ignored. One wonders what was the point of all the expenditure in time and money, if we are purely to review again."

"This Government claims it is the Government to "Get Things Done". This is not "done" in my book. Yet again another trick has been missed in the chance to get some proper reform. Unless business rates are properly reformed, as recommended by the Treasury Select Committee, these plans will do nothing to counter the impact of the 2017 business rates revaluation and introduction of downward phasing and simply won't go far enough to help retailers struggling with their current rate bills. We are now destined to see more shop closures and job losses in the high street in the months ahead."

Irwin Mitchell: "Applause will be ringing out regarding the removal of dangerous cladding"

Jeremy Raj, national head of residential property at Irwin Mitchell said: "It is clearly the case that the significant additional funding for affordable housing is to be welcomed and will benefit the country in a multitude of ways. Such pledges have historically proved difficult if not impossible to turn into reality and we will wait to see whether the bricks, construction workers and planning permissions also materialise over the coming years. It is to be hoped that the further announcements from the Housing Minister will back up these aspirations with practical measures that actually enable more affordable homes to be built.

"The additional 2% SDLT announced for foreign buyers from April 2021 is a watering down of the Conservative manifesto pledge but could still prove to be damaging to parts of the market that are already struggling. It may be the intention to scare off foreign investment but money to keep the market afloat will need to come from somewhere.

"Applause will be ringing out for the announcement that the Government intends to address the issue of removal of dangerous cladding from tall buildings with additional funding. That money must be released quickly and in targeted fashion so that the many homeowners and businesses that have been living in a horrible limbo since Grenfell will be able to move on with their lives and live without the stress, fear and financial uncertainty that has blighted their lives."

Business rates: What about larger retailers?

Jerry Schurder, head of business rates at Gerald Eve, said: "The removal of business rates for an expanded group of small retailers will be welcomed by those that benefit, and it is an entirely appropriate measure given the extraordinary circumstances that businesses face.

“But what about larger retailers? Or firms outside the retail and leisure sectors? They will surely face huge challenges from the coronavirus outbreak, but are being left to rot by the Treasury. The notion that companies above a certain size or outside specific sectors are insulated from the effects is clearly nonsense, but the Chancellor has left these firms to fend from themselves at a time of unprecedented difficulties.”

Grant Thornton: “We are in support of a fundamental review into the future of business rates”

Kersten Muller, partner in the real estate and construction team at Grant Thornton said: ”As expected, a number of the announcements played towards the “levelling up” agenda trailed in the Conservative Party manifesto – the focus on investment into infrastructure, transport and housing. The range of focus included the building safety fund, significant additional funding for affordable homes, building on brownfield sites, 40 hospital projects and the fund to build new roads and maintain existing ones.

“The investment is undoubtedly needed and there is a significant opportunity to unlock even more funding from institutional and private investors to joint venture with the public sector. The initiatives to provide additional key worker and affordable housing are again laudable but a key question remains on how the additional homes will be delivered; there was no mention of investment into alternative delivery models (including Modern Methods of Construction for instance). At a time when the country is struggling with the required skills and potential disruption to supply chains, this has to be a key focus.

“An announcement on business rates was widely expected…and help was offered for smaller businesses. We are very much in support of a fundamental review into the future of business rates and believe that this should have clear focus on the way businesses use property in the 21st century.”

UKGBC: “Hopefully tomorrow’s planning announcement brings welcome news”

Julie Hirigoyen, chief executive at UKGBC said: “Some welcome measures in today’s Budget include funding to improve climate resilience and biodiversity, including through a £200m place-based resilience programme, and, buried within the Budget documents, the extension of the Climate Change Agreement scheme, which incentivises energy intensive businesses to improve their energy efficiency.

“Unfortunately, notably absent from the budget documents are the Government’s three biggest manifesto promises on energy efficiency: The social housing decarbonisation fund, Home Upgrade Grants and the Public Sector Decarbonisation scheme.

“There was plenty of talk about homes in today’s speech – but no promise that they will help achieve net zero or be affordable to run. Hopefully tomorrow’s planning announcement will bring with it some welcome news for those in the built environment industry looking to get net zero done.”

Irwin Mitchell: Infrastructure investment and zero-carbon pledge difficult to balance

Claire Petricca-Riding, mational head of law firm Irwin Mitchell’s planning and environment team, said, “Given the number of traditionally labour constituencies that lent the Conservatives their votes at the last election, it is not surprising that additional money has been found to support Johnson’s ‘levelling up’ agenda, with pledges made to invest heavily in strategic infrastructure projects, such as road and rail improvements, delivering affordable housing and improving the UK’s broadband capability. The Government has also promised to invest in the green economy and improve our environmental credentials.

Balancing large scale infrastructure projects with the shift to a zero-carbon economy is going to be a challenge, particularly in the wake of the recent Court of Appeal ruling over the lawfulness of the Heathrow expansion. The pledge to leave our environment in a better state than we found it does not sit easily alongside a pledge to get Britain building.”

“A budget to shore up support for the economy”

Shaun Dawson, head of insights at commercial real estate agency DeVono Cresa, said this budget signalled an end to austerity and an increase in capital spending financed by the biggest rise in borrowing for 30 years.

”For those small businesses that pay little or no business rates as a result of the Small Business Rate Relief (SBBR), the government has announced a funding of £2.2 billion for local authorities in England. This will provide £3,000 to around 700,000 businesses currently eligible for the SBBR.

“This is a Budget designed to shore up support for the economy in tandem with the Bank of England’s decision earlier in the day to reduce interest rates. The extent to which this will buoy market sentiment remains to be seen with the FTSE 100 trading 70 index points below the point at which it started when the Chancellor rose to his feet.”

Business rates: further action needs to be taken

David Smithen, partner at UK law firm TLT said: ”The action on business rates is to be welcomed by SMEs. However the chancellor will probably have to take the initiative on business rates further. The burden of business rates is, after all, often cited as one of the main burdens that has exacerbated the demise of various traditional retailers. Many ‘bricks & mortar’ based retailers will also be pressing the government to accelerate the Digital Services Tax – so as to level the taxation playing field across the various retail channels.”

“Coronavirus isn’t the only challenge facing the country”

Nigel Purves, chief operating officer at Wayhome said that he wasn’t surprised the Coronavirus dominated Rishi Sunak’s first budget, considering the scale of contagion in recent weeks. However, he added that ”as the Chancellor said, ‘Coronavirus is not the only challenge facing the country’ and while he’s cut taxes and turned on infrastructure spending taps, it’s clear that not enough has been done for housing. This is particularly the case for the millions of ‘reluctant renters’ – credit-worthy people simply unable to buy a suitable property appropriate for their needs.

”Building new homes is one thing – but with demand rising, there needs to be a concerted effort to help people get on the path to homeownership.”

Building Safety Fund: “The key issue is how quickly the funds can be called upon”

David Westgate, group chief executive at Andrews Property Group, welcomed the announcement of the £1bn Building Safety Fund in today’s spring budget.

“The key issue, as ever, is how quickly the funds can be called upon and if there are any specific criteria that must be met for developments to be eligible.

“The funds have officially been made available but the logistics have yet to emerge. In the meantime many people’s lives have been put on hold as they cannot secure mortgage finance and they cannot sell their homes.

“What’s also vital is that the new fund covers rendered insulation as well as combustible cladding. In our experience, the cladding issues we are seeing around the UK could soon be surpassed by the problem of rendered insulation.

“If we are to genuinely make every apartment and housing block in this country safe then the newly announced fund needs to cover all materials that are deemed to be unsafe, not just cladding.”

Housing crisis: “The government is making good on their pledge to prioritise housing supply”

Frank Pennal, chief executive of merchant bank Close Brothers’ property finance division said: “This budget is exactly what the doctor ordered for the housing market. It is hugely encouraging to see that the housing crisis has not been totally overshadowed and the government is making good on their manifesto pledge to prioritise housing supply. After decades of reduced investment this £12billion extension of the affordable housing programme should act as a lightning rod to stimulate affordable housing supply.”

“It is not an enviable position to be announcing your first Budget in the midst of a potential pandemic, however, the Chancellor has struck a very good balance between delivering on some key manifesto pledges and demonstrating prudence to ensure reserve funds which will mitigate the potential damage to the UK economy.”

Business rates: Cushman & Wakefield

Mike Flecknoe, partner in business rates at Cushman & Wakefield said: “The temporary 2020/21 rates reliefs announced for the retail, hospitality and leisure sectors, together with the additional support for pubs valued below £100,000 and additional funding for those small businesses in receipt of small business relief are to be welcomed given the likely short-term economic impact of the coronavirus.

“However, it is disappointing there was no business rates support in this budget for large business, even those occupying multiple lower value properties given the impact of State Aid Rules, nor other sectors outside retail, leisure or hospitality.

“The Chancellor announced that the promised fundamental review on business rates will take place reporting in the Autumn. The terms of reference, which were also released, are encouragingly wide, but to enable fundamental change other forms of taxation will also likely need to be considered too.”

BPF: Chancellor has rightly balanced short-term interventions and long-term ambitions

Melanie Leech, chief executive, British Property Federation said:“The Budget today was always going to be more difficult than the Chancellor would have liked, given the immediate threat of coronavirus, but he has rightly balanced short-term interventions in response to the global health emergency and the Government’s long-term ambitions to level up the UK’s regions. Tripling the average net investment made over the last 40 years into rail and road, affordable housing, broadband and research is a necessary and serious statement of intent – to delivering improvements in productivity, economic and social wellbeing, unlocking private sector investment into the places where we all live, work and spend our free time, improving quality of life and enabling businesses to grow across the country.

“While all the short-term measures to manage the fallout from coronavirus are welcome, the Chancellor has missed a trick. Our town and city centres, and businesses of all sizes, need more support today. It is not enough to just offer more relief to small businesses and ignore the UK’s bigger high street stores, who are some of the country’s largest employers. Downwards phasing, where businesses given a lower rates bill following an evaluation go through a staggered process of reducing their bill over a period of time, means businesses today are still paying rate liabilities related to their property valuations in 2010, while many retailers’ rents have fallen by about 30 per cent in this time. This process is unfair and should have been abolished – businesses should be paying a business rates bill that is based on current rental values.

"It is positive, however, that the Treasury's business rates review is to begin imminently. We urgently need more frequent revaluations and the Government must move away from the outdated notion that business rates should raise the same amount of money every year regardless of the health of the economy."

Commitments to social housing and brownfield sites

Nigel Hewitson, a senior planning solicitor at law firm, Gowling WLG, said: "Any investment in affordable homes is to be welcomed. But, while the financial figures appear impressive on the surface, when you drill down and work out how many new homes they would pay for (over several years) it becomes clear the funding announced will barely make a dent in the acknowledged shortfall of homes in the UK. There will remain a significant gap that will need to be plugged if the ambitious targets previously set are to be met. It will, be interesting to see how the government plans to address this in the months ahead."

Brownfield redevelopment fund welcomed

Paul Weston, regional head, Prologis UK, said: "A £400m fund for brownfield redevelopment is a step in the right direction for the UK. Particularly in the logistics sector, unlocking the potential of former industrial sites, close to urban centres, is crucial in ensuring that businesses can move goods effectively and customers receive their deliveries as quickly as possible."

Stamp duty: This won't help buyers that need it most

Mark Hayward, chief executive, NAEA Propertymark, speaks about the government's announcement to introduce a 2% stamp duty surcharge for non-UK residents: "If introduced, this policy allows those in the UK to have a better chance at purchasing a home. However, overseas buyers tend to purchase properties in prime central London which are completely unaffordable to most homebuyers anyway. Therefore, this move will not help those that need it most. Ultimately, by energising surcharges, it is likely that purchasers will factor this additional cost into any offers they make on a property so prices may be pushed down in areas where overseas buyers are purchasing."

"Big on promises but short on detail"

Richard Steer, chairman of Gleeds Worldwide, expresses caution.

"The huge announcement on infrastructure spending and increased funding for housing would be a cause for celebration under normal circumstances, however when it is announced in the teeth of a global crisis, with limited reliable financial data, you wonder how much control they have over the economy to find and invest the cash. With construction firms collapsing every day, one wonders if there was much to help them in this budget. It was big on promises but short on detail as to how it will be funded."

GME co-founder: “Boris bounce could turn into belly flop”

Dean Clifford, co-founder of developer Great Marlborough Estates, said that damaging policies such as the extra stamp duty for foreign buyers could leave London the worst affected.

“The capital has the most globalised housing market of any UK city and while there has been a lot of criticism of ‘off-plan’ sales to overseas investors the fact is they provide a crucial source of development finance. London already contributes the lion’s share of stamp duty revenue too.

“Talk of ‘Lights Off London’ being created by foreign buyers snapping up homes and leaving them empty is largely a myth. London has one of the lowest rates of empty properties of any UK city. Vacant homes are far more common in deprived post-industrial areas, where people don’t want to live as there are no decent jobs available.

“If Boris wants to power up the regions, we need to see serious investment into infrastructure and education to boost productivity and skills, not punitive taxes that will damage the UK’s most economically successful city.”

Business rates: “many retail landlords will be disappointed”

Nick Stewart, partner at MMX Retail, said that many retail landlords will be disappointed by the budget announcement.

“Many had hoped for a higher threshold than was announced by the Chancellor. These savings are paramount to any investment into the retail landscape and we all know that needs to happen now.

“Firstly, business rates reform will right a longstanding wrong in the online/offline retail war, but also it will allow the retailer to invest in stores, staff, experience and ultimately the health of the high street. However, it won’t stop retailers asking for rent concessions and it won’t shift the balance of power to the landlord. We all know there is too much retail real estate and retailers can’t un-know the derisory rents that landlords have agreed to of late. This has created a game of chicken that is a lease negotiation heavily weighted in the retailer’s favour: landlord quotes new rent, retailer threatens not to renew, landlord looks for new tenant, none available, landlord forced to accept incumbent tenant’s unsavoury terms.

“What landlords should consider is how to partner with their retailers to reinvest in stores and staff - improving the experience for shoppers and giving the public reason to keep visiting shops in person – but ultimately we need much more meaningful change.”

Knight Frank welcome surcharge for overseas buyers

Tom Bill, head of London residential research at Knight Frank welcomed the 2% stamp duty surcharge of overseas buyers of property in the UK. ”Attempts to ease affordability pressures in the wider housing market should be welcomed, although the new measure will need to be monitored carefully to ensure there are no unintended consequences, including for the forward-funding of new-build developments. Furthermore, a wider re-think of stamp duty rates is still needed to increase housing market liquidity and maximise any stimulus the government plans to provide to the UK economy."

Knight Frank: Increased spending on infrastructure will enhance the UK

Darren Mansfield, partner, commercial research at Knight Frank said:"A government commitment to long term investment in the UK regional cities is not only welcome, but necessary to sustain growth moving forward. In recent years, regeneration and reinvention initiatives have positively impacted local economies delivering new business, living and job creation hotspots. This newly created buzz has led to an influx of domestic and international businesses who have established, not only an operational footprint, but new career options for local residents. Today's announcement of increased spending on infrastructure both physical and digital can only serve to enhance the place creation successes already achieved and in turn solidify the case for continued investment into the UK cities."

Business rates: "A diverse mix of retailers is crucial"

Tamra Booth, managing director of Sorbon Estates said : "A genuinely diverse and interesting mix of retailers is crucial to the success of high streets and town centres throughout the UK, so we support any changes that will help safeguard their future and underpin the success of independent retailers. While the Budget goes a significant way to supporting this through the temporary abolishment of business rates for small businesses, and a coronavirus loan to give confidence to SMEs in this challenging period, more can be done if we are to turn the tide at a national level, including a more fundamental reform of business rates in total, the introduction of the digital services tax to level the retail playing field as well as better planning policies to enable developments that will bring residents back into town centres."

Infrastructure: "Today was always going to represent a missed opportunity"

Liz Jenkins, partner at Clyde & Co, said she saw no sign of a cohesive infrastructure strategy.

"This was positioned as a budget that 'gets it done', but today was always going to represent a missed opportunity to truly set the infrastructure revolution in motion. While it is clear that the Government is seeking to level-up the regions through significant funding promises for new roads, railways and stations to keep regional voters happy, these headline-grabbing figures are not a cohesive infrastructure strategy. The construction industry still needs the much delayed response to the National Infrastructure Assessment and a long term commitment to infrastructure investment."

Business rates reaction

Martin Davenport, head of business rates at property consultancy Hartnell Taylor Cook said: "Today's announcement will have unimaginable effects on businesses across the country. Half of UK businesses can now breathe a little easier, feeling the weight of business rates ease off their shoulders.

"It's giving each business, on average, £25,000 extra to play with, helping them ride out an already trying trading climate put into crisis with the coronavirus. It is a shame that businesses with a rateable value over £51,000 won't feel the benefits but is of course a step in the right direction."

"However, the business rates system is still riddled with issues on many fronts, so Mr Sunak's promise to assess the system further in autumn is absolutely necessary.

"Many businesses in the Midlands and the North are paying rates they shouldn't be. In these places, occupiers have seen their rents and rateable values halved, while their rate bills stay largely the same due to downward transition.

"The current appeals system of Check, Challenge, Appeal (CCA) is cumbersome, complex and discouraging for businesses; it's a blocker, rather than a gateway, to businesses seeking a fair rate. In an tricky trading climate, we need a rates system that encourages regeneration rather than curbing it. A change we desperately need is a less bureaucratic appeal system."

Commitments to the north: "The regions have a significant contribution to make"

Owen Michaelson, chief executive Harworth Group, a leading land and property regeneration specialist in the Midlands and the north of England, says he is delighted that the Chancellor has backed further devolution away from London.

"The regions have a significant contribution to make in future-proofing our economy and improving the nation's productivity. Commitments such as significant investment in infrastructure, including rail; a £400 million brownfield fund to support the development of new homes; and a significant increase in Research & Development spending will directly support its delivery. We are also delighted that the Chancellor backs further devolution into the regions, including the long awaited West Yorkshire deal."

Colliers reacts to the 2020 Budget

Dr Walter Boettcher, UK head of research & economics at Colliers International, says the budget's commitments should allay fears.

"The impressive set of investment announcements, digging in as it does into government coffers, needs to be coupled with engagement with the commercial property sector so as to tap into the even deeper coffers of domestic and international investment funds.

"The UK Budget's commitments to regional rebalancing and infrastructure investment should allay fears that stimulus might have been delayed and that Government momentum might have been lost. Regional stakeholders should take comfort in affirmation of the Government's investment intentions and find renewed confidence in formulating their own development plans and initiatives to tap into the wealth of domestic and international capital available to do the heavy lifting across all regional markets. Hopefully, the regional development agenda will find renewed momentum.

"UK regional rebalancing does not need to come at the expense of London's investment needs. UK investment is not a zero-sum game, there is sufficient capital to float all the boats. The real step that needs to be taken is to encourage cooperation between regional stakeholders to create investment opportunities of scale to attract this capital."

Business rates: "An unfair and unsustainable tax"

Charles Begley, Executive Director for London Property Alliance, said: "Business rates place a disproportionate burden on the very lifeblood of our town centres so we welcome the fundamental review into this unfair and unsustainable tax. We would urge the Government to seize the opportunity this will provide and give local authorities the fiscal powers needed to ensure the benefits from future growth are felt by local communities."

Civil servants move to the north of England 'heartening'

Reacting to the news that 22,000 civil servants will be moved out of London, including 750 staff from the Treasury, business, local government and departments, Jessica Bowles, director of strategy at Bruntwood, says the plans are heartening.

"Our current centres of power in London must get closer to the regions and so it's heartening to see concrete plans to move elements of Whitehall outside of the capital. The people making policy need to experience the reality of the UK regions in order to understand them."

Social Housing Agenda: "We welcome the lip service"

Adrian Plant, director of Shared Ownership, Leaders Romans Group, commented: "Many in the industry will argue that it could have gone further, but we welcome the lip service that was lent to the social housing agenda. Influential voices including the National

Housing Federation have been making sensible calls over the last few weeks, which have been all about providing additional security and stability for those who need it most and that view doesn't seem to be at odds with the government. There seems to be a recognition that the sector is suffering from a real supply shortage at the moment as first time buyers and key workers find it harder to get a foot on the ladder, and today's announcements represent a positive step in that sense."

Unsafe cladding: "Today's sums are simply not enough"

Mary-Anne Bowring, a member of RICS Residential Working Group and consultant to Federation of Private Residents Associations says the government has not gone far enough to support those left unsure of the safety of their buildings after the fire at Grenfell Tower.

"We cannot simply wait for the next crisis to happen, while millions of people are left unsure over the safety of their building. There needs to be an acceptance of the scale of the problem and today's sums just simply are not enough," she said.

"The crisis goes far beyond removing Grenfell-style cladding. Even leaseholders who have had their cladding found safe are still unable to remortgage or sell their properties due to the challenges of getting a signed EWS1 form. It is not just about dangerous cladding, it is about retrospectively tracing the physical construction of the building, and testing and how all the components and layers of the building act together."

New public funding to remove unsafe cladding

The Chancellor has announced the creation of a building safety fund of £1bn in the aftermath of Grenfell Tower. It will ensure all unsafe combustible cladding will be removed from buildings above 18m.

"It should not take a public health emergency to take it over the line"

Lee Nuttall, head of tax at law firm Gowling WLG emphasised that the cut is business rates has been a long time coming. "While the temporary business rates relief for the retail, leisure and hospitality sectors is welcome, the need for this measure has been evident for a number of years. It should not take a public health emergency to finally take it over the line. The benefit of the temporary relief may well be eroded by a reduction in footfall and revenue as a result of COVID-19 and simply avoids a double hit for these businesses. Such subsidy, whilst welcome, should not hide the need for more fundamental reform of business rates. Waiting until the Autumn Statement for reform is yet another delay. Whilst that delay is regrettable, it is at least a step forward."

Business rates abolished

Chancellor Rishi Sunak abolishes business rates this year for small businesses. All businesses in the retail and leisure sector with a rateable value below £51,000 will not have to pay business rates for the next year.