Autumn Budget 2024

Analysis by the

British Property Federation

BRITISH PROPERTY FEDERATION

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You can find more on the UK Autumn Budget here.

Numbers refer to paragraph numbers in the Budget paper. Information provided by the Government (which may have been edited for length) is shown in **bold type**.

Finance and Tax

Business rates

Business rates – immediate measures:

5.70 Business rates: retail, hospitality and leisure relief – For 2025-26, eligible retail, hospitality and leisure (RHL) properties in England will receive 40% relief on their business rates liability. RHL properties will be eligible to receive support up to a cash cap of £110,000 per business.

5.71 Business rates: multipliers – For 2025-26, the small business multiplier in England will be frozen at 49.9p. The government will lay secondary legislation to freeze the small business multiplier. The standard multiplier will be uprated by the September 2024 CPI rate to 55.5p.

Business rates – longer term measures:

5.72 Business rates: sectoral multipliers – The government intends to introduce permanently lower multipliers for Retail, Hospitality and Leisure (RHL) properties from 2026-27, paid for by a higher multiplier for properties with Rateable Values above £500,000.

5.73 Business rates reform – A discussion paper has been published setting the direction of travel for transforming the business rates system and inviting industry to a dialogue about future reforms.

5.74 Business rates: Disclosure Consultation Summary of Responses – The Valuation Office Agency (VOA) is publishing a response to the March 2023 Consultation on Disclosure, which sets out the next steps on increasing the transparency of business rates valuations by disclosing more information

BPF comments:

The transitional 40% relief for retail hospitality and leisure (RHL) may be a helpful measure for some businesses but it will provide very limited benefit to larger businesses and chains, who are not immune to the challenges on the high street, and indeed are often cornerstone businesses in these locations, attracting and supporting footfall for other businesses.

The RHL sector may get some comfort in Government's longer-term commitment to introduce permanent lower tax rates for the sector – albeit their commitment to pay for this by increasing the rate on higher value properties misses the point that the total business rates burden is simply too high, and should be reduced – it also introduces additional complexity and yet another cliff edge in tax rates which could distort investment decisions.

Aside from not addressing the total tax burden directly; we are pleased to see that discussion paper on future business rates reform does consider a number of pertinent issues that we have raised over the years, including the responsiveness of the business rates system; and the efficacy of the new improvement relief and Empty Property Relief (in the context of supporting investment by landlords). The review is running until the end February '25 – and it's anticipated that longer term reforms will be implemented from April '26, aligning with the next revaluation.

Stamp Duty

5.75 Stamp Duty Land Tax: Increase to the Higher Rates on Additional Dwellings – From 31 October 2024 the Higher Rates for Additional Dwellings (HRAD) surcharge on Stamp Duty Land Tax (SDLT) will be increased by 2 percentage points from 3% to 5%. Increasing HRAD ensures that those looking to move home, or purchase their first property, have a comparative advantage over second home buyers, landlords, and businesses purchasing residential property. This is expected to result in 130,000 additional transactions over the next 5 years by first-time buyers and other people buying a primary residence. This surcharge is also paid by non-UK residents purchasing additional property £5 billion for housing investment, including £3.4 billion for the AHP next year.

BPF comments:

Following the abolition of Multiple Dwellings Relief (MDR), the changes to HRAD will have less of an impact on Build-to-Rent (BtR) investors, whose transactions will now mostly be taxed as commercial property. Indeed, the most disappointing tax news for the Build to Rent sector is that the Government have decided not to reinstate MDR, at least for BtR or institutional investment in housing. This is counter intuitive given the Government's ambitious 1.5m housing targets, and the potential contribution that institutional investors could make to genuinely new housing supply in the UK.

Carried interest reform

5.67 Carried interest taxation reform – The government will reform the way carried interest is taxed, ensuring that this is in line with the economic characteristics of the reward. From April 2026, all carried interest will be taxed within the income tax framework, with a 72.5% multiplier applied to qualifying carried interest that is brought within charge. As an interim step, the two Capital Gains Tax rates for carried interest will both increase to 32% from 6 April 2025. The government will also consult on introducing further conditions of access into the regime.

BPF comments:

The interim Capital Gains Tax Rate of 32% is not out of line with other countries' tax rates on similar carried interest payments – and reflects the Government's desire to balance 'fairer and more sustainable outcomes, while safeguarding the strength of the UK as a fund management hub'. We await to see the detail of the further conditions for accessing the carried interest regime which will be consulted on in due course – while the ongoing uncertainty is not helpful to investors, it is important for complex tax changes to be appropriately consulted on.

Reserved Investor Fund

5.117 Reserved Investor Fund and related provisions – The government is proceeding with the introduction of the Reserved Investor Fund (Contractual Scheme) – a new type of UK-based investment fund. Related provisions will also make minor changes to the tax rules in respect of Co-ownership Authorised Contractual Schemes. Secondary legislation will be brought forward before the end of the tax year 2024-25

BPF comments:

UK real estate relies on collective investment and benefits from a strong and healthy investment management sector. To that end, we support there being a broad range of UK based investment vehicles to suit different investors' needs. Getting the RIF's tax treatment right will be important to ensure that this new UK vehicle is competitive compared to overseas equivalents.

Corporate tax

5.123 Corporate Tax Roadmap – The government has published a Corporate Tax Roadmap. The Roadmap includes a commitment to cap the Corporation Tax Rate at 25%; maintain the Small Profits Rate and marginal relief at current rates and thresholds; and maintain key features as such as Full Expensing, the Annual Investment Allowance, R&D relief rates, and the Patent Box. The Roadmap also outlines areas for further exploration including a new process for advanced assurance for major projects and simplifying and improving tax administration

5.97 Land Remediation Relief – The government will launch a consultation in spring 2025 to review the effectiveness of Land Remediation Relief, to consider whether the relief is still meeting its objectives and is good value for money.

5.116 Capital allowances: Tax treatment of predevelopment costs – A consultation will be

launched in the coming months that explores the tax treatment of predevelopment costs.

BPF comments:

It's positive that the Government recognises the importance of tax certainty in supporting long term investment and we welcome the corporate tax roadmap and look forward to engaging with consultations on land remediation relief and predevelopment costs.

Housing

SME and Build-to-Rent support

4.60 Providing an additional £3 billion of support for SMEs and the Build-to-Rent sector, in the form of housing guarantee schemes, allowing developers to access lower-cost loans and support the delivery of tens of thousands of new homes.

BPF comments:

This additional funding is an amalgamation of two distinct pots of funding. The first is around £2bn worth in the form of the PRS Debt Guarantee fund which has been reopened for applications. The second is the £1bn ENABLE Guarantee program that encourages lending to SMEs the UK.

We are very pleased that the government has reopened the PRS Debt Guarantee fund—one of the key asks in our manifesto. We now urge the government to adjust the scheme's rules and structure to better support the needs of a more mature Build-to-Rent (BtR) market. This includes exploring the scheme's potential for development financing, modernizing key lending criteria, and introducing a long-term debt facility to mitigate development risks and reduce the need for unpredictable refinancing.

Right to Buy

5.149 Reduced right to buy discounts and 100% retention of right to buy receipts for local authorities. Reducing discounts on the Right to Buy scheme and enabling councils in England to keep all the receipts generated by sales will deliver on the government's manifesto commitment to protect existing council housing stock and boost council capacity to ensure that vital social housing is available to those who need it most.

BPF comments:

Overall a positive step that whilst not directly impacting our members is an important win that will help bolster affordable housing accounts potentially leading to greater development.

Social housing

5.148 A social housing rent settlement of CPI + 1% for the next five years. A consultation on a new long-term social housing rent settlement of CPI+1% for 5 years will offer long-term certainty for social housing providers, giving the sector the confidence to build tens of thousands of new social homes. The government will consult on whether further potential measures, such as a 10-year settlement, could provide more certainty.

BPF comments:

This is a positive first step and perhaps more importantly the government will consult on whether further potential measures, such as a 10-year settlement, could provide more certainty. We have repeatedly called for a 10-year settlement which would provide investors with reassurance to spur activity, reduce the amount of risk capital required for investment and lower the subsidy requirement per unit.

Building safety

3.37 £1 billion of investment to remove dangerous cladding next year. The government is committed to improving building safety and accelerating remediation of unsafe housing in response to the Grenfell Tower fire. Investment in remediation will rise to over £1 billion in 2025-26. This includes new investment to speed up remediation of social housing. The government will set out further steps on remediation later this autumn.

BPF comments:

It is not clear whether there is much new money in this announcement, or simply spending what is already committed. We also continue to await the Government's final decisions on a Building Safety Levy.

Planning

Nationally Significant Infrastructure Projects

3.16 The Deputy Prime Minister has also used powers to take decision-making responsibility for a number of appeals below the threshold for Nationally Significant Infrastructure Projects, including three data centres, two solar sites, and two film studios. Seven cases have been sent to ministers for a decision on whether to grant planning permission, and all decisions have been made inside the 13-week target, giving developers and other stakeholders certainty within the right timescales. This includes approving the expansion of London City Airport, in line with the government's position to support airport expansions where they contribute to economic growth, whilst balancing environmental objectives, and three large housing development sites in Cambridgeshire, West Sussex and Durham, leading the way for thousands of new homes.

BPF comments:

We welcome Government's early intent to speed up the decision-making process for Infrastructure Projects where they have stalled within the NSIP regime. A similar positive approach needs to be adopted for development delivered through local authority planning applications, which are often delayed by a lack of resource at relevant Statutory Consultees. We await the outcome of MHCLG's recent review of the effectiveness of Statutory Consultees' role in the planning process and would welcome clarity from Government on any next steps.

Investment support

3.22 The government will continue to take action to ensure that the planning system supports public and private investment. This includes:

- **Responding to the National Planning Policy Framework consultation before the end of the year to confirm pro-growth reforms to the planning system.**
- **Implementing legislative changes to ensure a simplified and streamlined planning system, through the Planning and Infrastructure Bill to be introduced in Parliament early next year.**
- **Providing an additional £5 million to deliver improvements to the planning regime for Nationally Significant Infrastructure Projects, as well as £46 million to boost capacity and capability in local planning authorities.**
- **Allocating £70 million in 2025-26 to support infrastructure and housing development while boosting nature's recovery.**

BPF comments:

We welcome confirmation that government will issue its response to the NPPF Consultation by the end of the year. Once the revised planning framework is in place it will be important for national policymakers to monitor its impact on plan-making and development management on the ground. This is important to make sure many of the positive changes to boost housing delivery and plan more effectively for employment uses are delivered in practice. In doing so, the development sector can play its full role in driving wider economic growth and regeneration across the country.

We also look forward to digesting further changes to primary planning legislation through the promised Planning and Infrastructure Bill next year. In addition to the Bill, the property sector would also welcome confirmation on the next steps for implementing the proposed National Development Management Policies which will form an important part of the jigsaw if we are to streamline the planning process effectively.

House building

4.60 Recognising that reform of the planning system is central to any plans to deliver 1.5 million new homes, providing over £50 million of new spending to expedite the planning process, including for Nationally Significant Infrastructure Projects. Funding will foster a pipeline of planners of the future by recruiting an additional 300 planners; and boost and upskill local planning authority capacity to deliver the government's wider planning reform agenda, including changes to the National Planning Policy Framework. It will also accelerate large sites that are stuck in the system.

BPF comments:

An efficient planning system is a gateway to wider economic growth and regeneration.

The announcement of 300 extra planning officers across the country is a welcome start, however many more planners will be needed at local authorities to deliver a real step change to the level of service for applicants and communities.

In our response to the NPPF consultation this Autumn, we called for government and industry to developer a 'Resourcing Roadmap' to flesh out how more resources and skills can be put into the planning system from government and the private sector. Our BPF Planning Manifesto also sets out our ideas for how additional resource can be built into the planning system in more detail.

Life Sciences

Investment Zones and Freeports

3.53 The Budget also ensures support for these sectors is distributed across the UK. As noted above, the Investment Zones and Freeports programmes will continue. The government is announcing the approval of the East Midlands Investment Zone, which will use its funding envelope to drive growth in green industries and advanced manufacturing. Funding was also released earlier this month for Investment Zones supporting advanced manufacturing in the West Midlands and life sciences in West Yorkshire, supporting major clusters in the Industrial Strategy's growth-driving sectors. In addition, the Cambridge life sciences cluster is being supported by taking the next steps in delivering East West Rail, to connect the laboratories, industrial parks, and housing needed.

BPF comments:

It is encouraging to see continuation of the Investment Zones and Freeports programme, including a new Investment Zone in the East Midlands and support for the Cambridge cluster with East West Rail. Full realisation of the potential in the regions will be essential in achieving the Government's ambition to make the UK a global life sciences leader.

R&D

3.71 Reflecting the importance of R&D to the delivery of the government's missions, through the Budget the government is announcing: A real terms uplift to the budget of the National Institute for Health and Care Research (NIHR) as part of over £2 billion of R&D funding, supporting life sciences innovation and accelerating the delivery of the health and growth missions.

BPF comments:

We welcome the Government's commitment to protect core R&D budgets. Continued funding of R&D, including in life sciences, is vital for our sector, as a thriving life sciences industry creates demand for specialised real estate infrastructure. We look forward to seeing how much of this £2 billion will be ringfenced to life sciences.

Oxford and Cambridge

4.70 The settlement secures delivery and development of growth enhancing major transport projects, providing critical connectivity between our biggest economic centres and supporting the development and delivery of new housing, by: Committing to East West Rail between Oxford, Milton Keynes and Cambridge, including funding to accelerate delivery of the Marston Vale Line ensuring services will run between Oxford and Bedford from 2030. This scheme will unlock land for housing and laboratories across the region, particularly around Cambridge, supporting the world-leading life sciences sector. The government is also launching the consultation for the next stage of East West Rail.

BPF comments:

Further connectivity between Oxford and Cambridge will strengthen both cities' life sciences clusters – in particular, we are encouraged by the potential to unlock housing and lab space across the region, given both areas struggle with sufficient key worker housing, and Cambridge's supply of lab space continues to be constrained.

Life Sciences Innovative Manufacturing Fund

4.97 To build resilience for future health emergencies and capitalise on UK life sciences R&D strengths, the government will provide £70 million in 2025-26 for the new Life Sciences Innovative Manufacturing Fund, as part of a

longer-term funding commitment of up to £520 million.

BPF comments:

Life sciences manufacturing is as important as labs, and there is an excellent opportunity for the sector to drive growth here. Our members frequently note that the UK's incubation stage is strong, but once life sciences businesses look to expand or begin manufacturing, they often move to the overseas due to a lack of manufacturing capability in the UK.

Healthcare

2.71 Lord Darzi found the NHS had been "starved of capital" funding during the 2010s – a £37 billion shortfall – and that this has prevented hospitals being productive. The government will take significant steps to address this. Phase 1 of the Spending Review provides record levels of capital investment for health with an increase of £3.1 billion in 2025-26 compared to 2023-24 outturn, rising to £13.6 billion, a two-year average real terms growth rate of 10.9%. This will:

- **Support NHS performance across secondary care with around £1.5 billion capital funding in total for new surgical hubs and diagnostic scanners to build capacity for over 30,000 additional procedures, and over 1.25 million diagnostic tests as they come online; new beds to create more treatment space in emergency departments, reduce waiting times and help shift more care into the community; and £70 million to invest in new radiotherapy machines to improve cancer treatment.**
- **Begin to reverse the trend of capital underfunding of the last 15 years identified by Lord Darzi, with over £1 billion to tackle dangerous reinforced autoclaved aerated concrete (RAAC) and make inroads into the existing backlog of critical maintenance, repairs and upgrades across the NHS estate – protecting staff and patients and boosting NHS productivity.**
- **Establish a dedicated fund to deliver around 200 upgrades to GP surgeries across England, supporting improved use of existing buildings and space, boosting productivity and enabling practices to deliver more patient appointments.**
- **Continue delivery of the New Hospital Programme on a more sustainable and deliverable footing, moving swiftly to rebuild hospitals wholly or primarily built with RAAC or which are in build. Remaining schemes will be delivered through a rolling programme of major investment as part of the government's commitment to providing hospital infrastructure investment. Further details regarding the Programme review and next steps will be set out by DHSC in due course.**
- **Provide £26 million to open new mental health crisis centres, reducing pressure on A&E services. The government is committed to tackling the root causes of mental health problems and supporting people to remain in, return to or find work.**

BPF comments:

It is encouraging to see specific mention of NHS estates, both in primary and secondary care, and mental health, in this Budget, a focus which has not been seen in the last several fiscal events.

While we welcome the Government's additional investment in estates, there is little detail provided about how much investment will go into initiatives such as the 200 upgrades to GP surgeries, and delivery of the New Hospital Programme. Further, the £1 billion committed to tackle the current maintenance backlog is a drop in the ocean, with the backlog now totalling £13.8 billion.

In such a fiscally constrained environment, public sector funds will struggle to deliver the wholesale changes required in NHS estates. The BPF and the sector stand ready to explore how private capital can be deployed to alleviate funding pressures, drive innovation, and support sustainability. Our recently published Building Healthy Futures paper explores this in more detail.

It is disappointing to see, yet again, an absence of any mention of older people's housing, and it is urgent that the Government update on the status of the Older People's Housing Taskforce report, and how the lack of specialist housing for our elderly population will be addressed.

Regeneration & Devolution

Regeneration

3.30 The Budget delivers the next steps in the government's approach to regional growth, through investment, devolution and reform. On investment, this includes:

- **Confirming investment in the Liverpool Central Docks to deliver up to 2,000 homes and transform the waterfront.**
- **Sustainable Transport Settlements, which are funding projects such as Liverpool's Baltic Railway Station, the renewal of Sheffield's Supertram system and the continued development of West Yorkshire Mass Transit.**
- **Securing delivery of the Transpennine Route Upgrade and maintaining momentum on Northern Powerhouse Rail by progressing planning and design works to support future delivery.**
- **£10 million of funding to enable the Cambridge Growth Company to develop an ambitious plan for the housing, transport, water, and wider infrastructure Cambridge needs to realise its full potential, and by taking the next steps to deliver East West Rail.**
- **Investing in growth and regeneration projects across the UK. The Budget confirms funding for the Investment Zones and Freeports programmes UK-wide, including approval of the East Midlands Investment Zone to support advanced manufacturing and green industries, and the designation of five new customs sites in existing Freeports. The UK Shared Prosperity Fund will continue at a reduced level for a further year with £900 million of funding; this transitional arrangement will provide as much stability as possible in advance of wider local growth funding reforms. The Long-Term Plan for Towns will be retained and reformed into a new regeneration programme.**
- **Proceeding with the Mid South-West and Causeway Coast and Glens City and Growth Deals in Northern Ireland. The Budget confirms £162 million of investment over 15 years, subject to value for money assessments of business cases, supporting economic growth in Northern Ireland's rural regions. The government also confirms £25 million for the 10-year investment in the Argyll and Bute City and Growth Deal to drive inclusive and sustainable economic growth, subject to a value for money assessment on business cases. The government will work with the devolved governments to agree an appropriate level for this. The government also confirms £80 million of funding for the Port Talbot Transition Board, with work already underway to support workers and businesses affected by decarbonisation at Tata Steel.**
- **Confirming £125 million for Great British Energy, which will be headquartered in Aberdeen. The government has also confirmed support for two electrolytic hydrogen projects in Scotland, in Cromarthy and Whitellee, and two in Wales, in Milford Haven and Bridgend, to support low carbon hydrogen production.**
- **Designating tax sites in Celtic Freeport in South Wales, meaning businesses will be able to start to benefit from tax reliefs on new investment and employment in those sites in November.**

BPF comments:

There are some helpful spending commitments which seek to support local growth. It is welcome that the Government is also seeking to build on some of the Freeport initiatives of its predecessor.

Devolution

3.31 On devolution, the Budget introduces the first integrated settlements for the West Midlands and Greater Manchester Mayoral Combined Authorities from 2025-26. The integrated settlements will deliver a single flexible pot of funding with a single outcomes framework to support MCAs to deliver growth. The government wants more regions to benefit from integrated settlements and is confirming the MCAs that are eligible to receive integrated settlements from 2026-27: the North East, South Yorkshire, West Yorkshire Mayoral Combined Authorities, and Liverpool City Region Combined Authority. The government will also explore how an integrated settlement could apply to the Greater London Authority from 2026-27.

BPF comments:

The BPF has supported real devolution, with mayors given greater flexibility to spend funds in support of local priorities. Progress in this area is therefore welcome.

Local growth funding

3.32 The government will reform the local growth funding landscape at Phase 2 of the Spending Review: rationalising the number of funds, moving away from competitions, and better supporting local leaders to drive growth. The government will also set out more detail on its strategy for regional growth alongside, and integrated with, plans for infrastructure, investment, and the Industrial Strategy.

BPF comments:

We support the move away from local councils competing for small funding pots, and so broadly welcome the direction of travel.

Transport projects

4.70 The funding settlement secures delivery and development of growth enhancing major transport projects:

- **Committing to East West Rail between Oxford, Milton Keynes and Cambridge, including funding to accelerate delivery of the Marston Vale Line ensuring services will run between Oxford and Bedford from 2030. This scheme will unlock land for housing and laboratories across the region, particularly around Cambridge, supporting the world-leading life sciences sector. The government is also launching the consultation for the next stage of East West Rail.**
- **Delivering the Transpennine Route Upgrade between York and Manchester, via Leeds and Huddersfield, and maintaining momentum on Northern Powerhouse Rail by progressing further planning and design works to support future delivery.**
- **Progressing HS2 Phase One to improve connectivity between London and Birmingham and increase capacity on the West Coast Mainline, while delivering the Transport Secretary's commitments to control costs and bring the project back on track.**
- **Confirming funding to tunnel from Old Oak Common to Euston to ensure HS2 trains terminate in central London, catalysing private investment into the station and local area.**

BPF comments:

All of these projects are critical to growth, productivity, and unlocking opportunities in new and existing places. It is therefore welcome the Government is making commitments on Northern Powerhouse Rail, East-West Rail, and HS2 being delivered to Euston.

Net Zero and Clean Energy

3.77 Accelerating grid connections and building new network infrastructure is central to unblocking private investment, delivering growth in clean energy industries and other growth sectors like AI, data centres, and manufacturing. The Government is working with the new National Energy System Operator (NESO) and Ofgem to develop a robust grid connection process, to ensure viable projects are connected in a timely manner.

3.78 Making buildings and homes cleaner and cheaper to run is essential for meeting net zero and supporting energy security and resilience. Through the Budget, the Government is providing support to both the public sector and households by: delivering hundreds of local energy schemes to help decarbonise the public estate through the Public Sector Decarbonisation Scheme, with over £1billion of funding over three years; and taking the first step towards a Warm Homes Plan, committing an initial £3.4billion towards heat decarbonisation and household energy efficiency over the next three years. This includes £1.8billion to support fuel poverty schemes, helping over 225,000 households reduce their energy bills by over £200. The government will increase funding for the Boiler Upgrade Scheme in England and Wales this year and next, following the high demand for the scheme. The Government is also providing funding to grow the heat pump manufacturing supply chains in the UK to support the plan.

3.82 The Government will also respond to the Climate Change Committee's (CCC) Progress Report, publish an updated Carbon Budget Delivery Plan, and capitalise on UK clean energy strengths through the new Industrial Strategy.

BPF comments:

We welcome the continued focus on improving our network infrastructure. As we set out in our BPF Carbon Manifesto, decarbonising the grid, increasing capacity and speeding up connections will be critical to delivering a net zero property sector and a net zero economy.

We agree that we will not meet our net zero ambitions unless we decarbonise our homes and buildings. However, although we welcome the support set out in the Budget for public buildings and households, this is unlikely to deliver change on the scale or at the pace required. The absence of any support or acknowledgement of the need to decarbonise commercial buildings is disappointing.

We look forward to the Government's response to the CCC's recent Progress Report, which accurately sets out many of the policy decisions that the Government needs to take in the coming months to provide the sector with the certainty needed to bring forward investment into retrofitting and decarbonising buildings.

Members might also like to note that, alongside the budget, the Government published its response to an earlier consultation on the introduction of a UK carbon border adjustment mechanism (CBAM). This confirms that a UK CBAM will be introduced form 1 January 2027 and will place a carbon price on some of the most emission-intensive industrial goods imported into the UK, including cement, aluminium and steel. The scope will be kept under review.

British Property Federation

T 020 7802 0110

info@bpf.org.uk
www.bpf.org.uk

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