

# Phew! What a tumultuous couple of weeks we've had!

## The Road to Recovery – Budget Update

With the Government providing a pathway to open the economy by June 12, and the Chancellors second Budget just delivered, it's time to take stock.

The budget was aimed squarely at restarting the UK's economy after the third lockdown, with targeted giveaways and no sign of punitive tax rises – yet.

He has made it clear that what he outlined is to ensure that the UK starts the road to recovery but has also been clear about the need for future tax rises, and the need to fix the Public finances.

With measures to boost the housing market and extend furlough support, the Chancellor promised to do whatever it takes but also paved the way for future tax rises. Here is a summary of how the key measures will immediately affect the property market, with the main headline points.

He announced the return of 95% mortgages to help first-time buyers. He also announced that house buyers would be exempt from paying stamp duty for a further three months with the scheme ending on 31st June 2021.

The stamp duty holiday that fuelled a breakneck recovery in the housing market is to be extended by three months to the end of June, before tapering over the subsequent three months.

Introduced in July 2020, the holiday lifted the threshold at which the purchase tax kicks in from £125,000 to £500,000 in England and Northern Ireland, saving buyers up to £15,000.

The chancellor said the £500,000 nil rate would end on June 30, after which it would fall to £250,000 until the end of September. We will only return to the usual level of £125,000 from October 1.

The extension will come as a relief to buyers rushing to complete before March 31. However, it will raise fears over surging house prices, which hit an annual 6.9 per cent in February, according to the latest Nationwide house price index. Average prices rose to £231,068.

In a bid to offer support to first-time buyers, the Chancellor also announced a government-backed mortgage guarantee scheme. First-time buyers who need a 95 per cent mortgage have been locked out of the market as these higher-risk loans virtually disappeared from the market in 2020.

The government will encourage banks to offer these mortgages on properties worth up to £600,000 by guaranteeing a portion of the home loan. The Chancellor has said large banks including Lloyds, NatWest, Barclays, Santander and HSBC would offer the loans from next month, with others including Virgin Money joining them later. Additional loans and grants will be available for businesses, and further details will be published.

All this frantic activity adds up to opportunities for the construction sector, to recover the overall economic downturn and act as a platform to grow. Now that we can see the general direction of travel, what are your plans to get back on track? Are you seeking to buy, sell or re-finance your business. If so, you should talk to The Business Board.

Over the next few weeks', we will be looking at the M&A sector in more detail and offering more informative guides with practical help to leverage your current situation to grow your business.

The Business Board is always keen to hear from its clients and would welcome the opportunity to carry out occasional interviews and pass on real life business tips and information to benefit our readership. We are also available to meet and discuss how we could be of service to our clients.

If you would like to be interviewed, please contact us via the link below:

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