



Briefing

UK Government Budget 2025

RICS analysis for the built and natural environment



Contents

Introduction	3
Housing	
Housing Supply and OBR Outlook	3
Property Income Tax & Rental Sector Impact	4
First-Time Buyer Support	5
High Value Council Tax Surcharge	5
Businesses & High Streets	
Business Rates Reform	6
Stamp Duty Reserve Tax Relief	6
Employee Ownership Trust	6
Income Tax on dividends & non-reimbursed home-working expenses	6
Employee Car Ownership Schemes	6
Infrastructure & Land	
Infrastructure Pipeline	7
Advance Tax Certainty Service	7
Landfill Tax	7
Environmental Delivery Plans	8
Sustainability & Retrofitting	
Warm Homes Plan and Scrapping of ECO	8
Skills & Next Generation	
Apprenticeship Funding	9
Conclusion	9

Introduction

The 2025 UK Budget arrives at a time of **ongoing pressure across the built and natural environment** – sectors estimated to contribute over £550bn annually to the UK economy – 24% of our national Gross Value Added (GVA).

While the Budget includes targeted interventions, such as planning resourcing, regional housing investment and reconfirmed infrastructure commitments, it stops short of the comprehensive approach required to meet national housing targets, deliver net-zero buildings and stabilise the private rented sector.

The Office for Budget Responsibility (OBR) forecasts **modest growth in housing supply and market activity, but persistent affordability challenges** and **higher tax burdens on landlords** risk reducing investment and slowing market turnover. The government's decision to **expand the Warm Homes Plan** is welcome, yet the scrapping of the Energy Company Obligation (ECO) without a replacement undermines the consistency needed to grow retrofit capacity and quality.

For surveyors working across planning, development, housing, valuation, land, sustainability and infrastructure, the Budget provides areas of opportunity, primarily through **clearer infrastructure pipelines** and **increased support for apprenticeships**, but also raises concerns, particularly around building safety capacity, PRS contraction and the lack of a coordinated strategy for housing supply.

RICS will continue engaging with government, devolved authorities and industry to ensure policies reflect evidence, support professional standards and promote the high-quality delivery of homes and infrastructure.

Housing

Housing Supply and OBR Outlook

The OBR forecasts **1.49 million net additional UK dwellings by 2029/30**, just below the Government's target of 1.5 million, although the target is England-specific against UK-wide forecasts.

Property transactions are expected to increase from 1.1 million (2024) to 1.3 million (2029), though 155,000 per year lower than earlier forecasts. Furthermore, the OBR predict the

average house price will rise from £260,000 in 2024, to £305,000 by 2030 – with mortgage rates likely to climb to 5% in that same time.

Among the announcements from the budget on housing supply, these include the introduction of a **£1.3bn National Housing Delivery Fund** for major devolved authorities - Greater Manchester, Greater London, Liverpool City Region, the North East, South Yorkshire, West Midlands, West Yorkshire. RICS recognise that these authorities will be seeing a growth in powers in areas including housing and planning, skills and infrastructure, as well as sustainability in the coming years. It will be important for the surveying profession to embed itself within these authorities to support the growth in demand for built environment expertise and policies are developed and delivered effectively.

£48 million was also announced to boost planning resource – a welcome announcement aimed at recruiting over 300 new planners. However, it was noticeable that despite recent announcements on additional resource for the **Building Safety Regulator, no new funding** was announced for similar recruitment needs – despite it being well-documented that the regulator is a blocker of new homes.

Property Income Tax & Rental Sector Impact

From April 2027, a **2% increase in income tax on property income** will be introduced applying across England, Wales and Northern Ireland – with UK Government engaging with devolved governments to provide them with the ability to set property income rates in line with their current Income Tax powers in their fiscal plans.

With this increase and coming just a few weeks after the Renters' Rights Act secured Royal Assent, new challenges now exist for landlords and tenants. Increasing taxation within the PRS, even modestly, risks further reducing PRS capacity, and seeing additional costs offset by higher rents - exacerbating affordability for tenants.

In November 2025, RICS and Opinium polling of 500 PRS landlords showed the scale of the challenge:

- **62%** of landlords more likely to **raise rents** to offset any additional taxation
- **48%** own a single property—small providers and those using a property as a pension investment were most impacted
- **42%** cite taxation as the **biggest barrier** to investment in additional properties and upgrades

- **23%** have sold or reduced portfolios in the past two years with **1 in 3** plan to exit or downsize within the next two years.

In advance of the budget, RICS urged government to respond to the proposals to introduce new Minimum Energy Efficiency Standards (MEES) to the PRS – with many landlords raising concerns to RICS about the short timeframe of the proposals to introduce EPC C minimums for new lets from 2028 and all lets from 2030 (with certain exceptions) – and the funding and supply chain to deliver such work. With the budget putting further pressures on landlords, it is important the government decide on the future of MEES soon.

First-Time Buyer Support

The government have also announced plans to consult in early 2026 on a new first-time buyer ISA scheme which will eventually run in place of the Lifetime ISA.

It will be important that whatever new scheme is create, avoids the unintended consequences seen with Help-to-Buy where market pressures, especially

High Value Council Tax Surcharge

High Value Council Tax Surcharge, or the ‘mansion tax’ as called by some, looks set to introduce a surcharge on homes over £2m from 2028 in England.

In advance of the introduction, it will be important to understand how government intends to value such properties. Using national indices and indexed council tax banding might be a quicker and more cost-effective solution for government, but it risks being fraught problems and potential legal challenges.

Homes of such value may come with additional complexities on ownership and potentially require more valuer subjectivity and professional expertise, which is why **professional valuation advice will be important in such determinations.**

Businesses & High Streets

Business Rates Reform

The Budget introduces a permanent lower business rates multiplier for retail, hospitality and leisure businesses in England, while applying a higher-rate multiplier to larger occupiers. Although these partial improvements are welcome, **comprehensive modernisation of the system remains overdue.** Whilst the Chancellor identified large commercial occupiers such as

online shopping warehouses as those who could pay a higher rate, these risks including high-street anchors, who may see increased liabilities as a result but face wider economic pressures.

From 1 April 2026, business rates in England will be updated to reflect changes in property values since the last revaluation in 2023, ensuring that rateable values more accurately align with current market conditions.

Stamp Duty Reserve Tax Relief

The Budget introduces a three-year exemption from Stamp Duty Reserve Tax for companies listing in the UK, a measure aimed at **strengthening the competitiveness of the UK's capital markets**. This relief may incentivise more UK-based listings and corporate exits, creating potential opportunities for advisers involved in transactions and restructuring. Property advisory and business expertise will play an important role in ensuring clients understand both the tax implications and the temporary nature of the exemption.

Employee Ownership Trust

Effective immediately, the Capital Gains Tax Relief available on qualifying disposals to Employee Ownership Trusts, which allows business owners to sell their shares without paying any CGT, has been reduced from 100% to 50% which could impact business owners using this method to dispose of their practices at retirement.

Reduce the Capital Gains Tax relief available on qualifying disposals to Employee Ownership Trusts, which allows business owners to sell their shares without paying any CGT, from 100% of the gain to 50%. This will take effect from 26 November 2025

Income Tax on dividends & non-reimbursed home-working expenses

From next year, the rates of Income Tax applicable to dividends will rise. Starting 2026-27 the ordinary rate will increase by 2% to 10.75% and the upper rate will also rise by 2% to 35.75%. The additional rate remains unaltered at 39.5%. The Budget also removes the deduction from Income Tax for non-reimbursed home-working expenses.

Employee Car Ownership Schemes

In last year's Budget the government announced it would bring employee car ownership schemes (ECOS) into scope of the Benefit in Kind rules from 6 April 2026, which has now been delayed. It is welcome that more time is being given for the sector to prepare for and adapt to this change in treatment and the implementation will now be delayed to 6 April 2030, with transitional arrangements until April 2031.

Infrastructure & Land

Infrastructure Pipeline

The government reaffirmed its commitment to several major infrastructure schemes, including the Lower Thames Crossing, the Heathrow third runway, the Wylfa small modular reactor, the Transpennine Route Upgrade, and the DLR extension to Thamesmead.

For RICS members, this **continued pipeline provides important certainty for workforce planning, investment decisions** and the **development of specialist skills** across surveying disciplines. These projects, along with more details of the broader UK Infrastructure Pipeline, should help sustain steady demand for quantity surveying, infrastructure advisory, land assembly and CPO work, as well as environmental assessment and monitoring services.

Greater clarity around delivery milestones and further procurement reform would bolster industry confidence, while the scale and complexity of these programmes also present opportunities to **expand ADR and dispute-avoidance services to help minimise delays** and manage cost escalation.

Advance Tax Certainty Service

The Government announced plans to legislate for a new Advance Tax Certainty Service, due to launch in July 2026 - designed to give major investment projects greater upfront clarity on their tax position. Designed to support those who plan to invest over £1bn through the lifespan of an infrastructure project, this service aims to reduce uncertainty in project planning and support more confident investment decisions—particularly relevant for large-scale development, infrastructure and regeneration schemes.

Landfill Tax

The government confirmed that the existing two-rate landfill tax system will remain in place in England, the gap between the rates will not be allowed to widen, and the current backfilling exemption will be retained. This outcome avoids significant new costs the sector and organisations including **RICS had warned could arise under earlier proposals and provides welcome cost stability** for developers and contractors when assessing project viability. Retaining key exemptions also supports brownfield remediation, which is vital for unlocking housing delivery and promoting the reuse of land.

Environmental Delivery Plans

Through the Planning & Infrastructure Bill, the Government will introduce via secondary legislation “Environmental Delivery Plans” to manage the impact of development on the environment, in what they are defining as a “more strategic approach to manage the impact of development on the environment”.

Sustainability & Retrofitting

Warm Homes Plan and Scrapping of ECO

The Budget confirms that the Energy Company Obligation (ECO) will be scrapped without an immediate replacement, creating uncertainty for the retrofit supply chain at a time when scaling activity is critical.

Past schemes, including ECO, have shown that poor-quality installations can undermine consumer trust and the wider credibility of retrofit, highlighting the need for **long-term, stable programmes that support investment, skills development and quality assurance.**

A policy vacuum now risks slowing progress toward net-zero housing and reducing opportunities for green jobs. In a bid to negate these effects. The government’s Warm Homes Plan includes an additional £1.5 billion of investment, aimed at expanding high-volume retrofitting, improving energy efficiency, reducing fuel poverty and delivering healthier homes. While the extra funding is welcome, successful delivery must avoid the pitfalls seen under ECO, with strong professional oversight and robust quality control essential to protecting consumers and ensuring long-term performance.

RICS initiatives, including the **RICS Residential Retrofit Standard** and the **Residential Retrofit Surveying (AssocRICS) pilot pathway**, place the profession in a strong position to support high-quality, large-scale retrofit activity in the years ahead.

Skills & Next Generation

Apprenticeship Funding

The government's decision to offer free training for SME apprentices under 25 has the potential to widen participation and address **long-standing barriers that have discouraged many smaller surveying firms from taking on apprentices**, including cost and administrative burdens.

This is a welcomed announcement and could **meaningfully expand the early-career entry pipeline across surveying**, with particular benefits for small practices working in construction, planning, valuation and land disciplines.

Conclusion

Overall, the 2025 UK Budget offers selective improvements across housing, infrastructure, skills and business support, yet falls short of delivering the coordinated policy framework needed to address long-term challenges in housing supply, affordability, building safety and net-zero delivery.

While targeted funding and reaffirmed infrastructure commitments provide some certainty for parts of the built environment, unresolved questions around PRS taxation, MEES, long-term business rates reform and planning capacity continue to create operational and investment risk.

RICS will continue to advocate for evidence-based, coherent policymaking and to support members in navigating the evolving landscape, ensuring that professional expertise remains central to delivering safe, sustainable and high-quality homes, places and infrastructure across the UK.

Delivering confidence

We are RICS. As a member-led chartered professional body working in the public interest, we uphold the highest technical and ethical standards.

We inspire professionalism, advance knowledge and support our members across global markets to make an effective contribution for the benefit of society. We independently regulate our members in the management of land, real estate, construction and infrastructure. Our work with others supports their professional practice and pioneers a natural and built environment that is sustainable, resilient and inclusive for all.

Enquiries
contactrics@rics.org



[rics.org](https://www.rics.org)