

BEIS in the Budget 2021

The government has published a Budget aimed at protecting the jobs and livelihoods of the British people through the COVID-19 pandemic. The Department for Business, Energy and Industrial Strategy (BEIS) will have a key role to play in delivering this commitment.

The Budget builds on the government's existing support, which has helped to limit lasting damage while strengthening the economy in the longer term. Including measures announced at Budget 2020, total support for the economy comes to £407 billion this year and next year – the largest peacetime economic support package on record.

Alongside addressing the immediate challenges of COVID-19 and putting the UK's public finances on a sustainable footing in the medium term, the government recognises the importance of acting now to create the conditions for an investment-led recovery driven by private sector growth.

Business Secretary Kwasi Kwarteng said:

Through this Budget, we will continue to stand by workers and businesses as we have done throughout the pandemic – supporting millions of jobs and livelihoods across the United Kingdom.

Recognising the critical role our innovators and wealth creators will play in driving our economic recovery, the government has also unveiled a raft of measures to stimulate private investment, including a radical new super-deduction to cut companies' tax bills if they invest in Britain's future.

As we look forward with optimism to easing restrictions and carefully reopening our economy, we are investing in the people, the businesses, and the innovative, climate friendly projects that will strengthen our Union, create new jobs and ensure we can build back better, greener and stronger from the pandemic.

Protecting jobs and livelihoods, and backing business

In his Budget statement on Wednesday 3 March the Chancellor pledged to continue doing whatever it takes to support the British people and businesses through the pandemic.

This includes:

Jobs

- to protect the livelihoods of those hardest hit, the furlough scheme

(the Coronavirus Job Retention Scheme) will be extended to September and the Self-Employment Income Support Scheme (SEISS) will continue with a fourth and a fifth grant. The Chancellor announced that more than 600,000 people, many of whom became self-employed in 2019-20, may now be able to claim direct cash grants under SEISS

- as part of the UK government's Plan for Jobs to support, protect and create jobs, the Chancellor is increasing support with £126 million of new money to enable 40,000 more traineeships, and doubling the cash incentive to firms who take on an apprentice to a £3,000 payment per hire

Businesses

- £5 billion for new Restart Grants – a one off cash grant of up to £18,000 for hospitality, accommodation, leisure, personal care and gym businesses in England. Non-essential retail businesses will open first, so they will receive grants of up to £6,000 per premises. Hospitality and leisure businesses, including personal care and gyms, will open later, or be more impacted by restrictions when they do, so will be given grants of up to £18,000. This brings the total spent on business grants to £25 billion
- a new UK-wide Recovery Loan Scheme to make available loans between £25,001 and £10 million, and asset and invoice finance between £1,000 and £10 million, to help businesses of all sizes through the next stage of recovery. This replaces the existing COVID-19 loan schemes which have supported £73 billion of lending to date and close to applications at the end of March
- the business rates holiday in England has been extended by an additional 3 months. That means 750,000 retail, hospitality and leisure properties in England will pay no business rates for three months from 1 April when combined with Small Business Rates Relief, with further relief available for the rest of the year
- to continue supporting the 150,000 businesses in the hospitality and tourism sectors and to protect 2.4 million jobs, the government has extended the temporary 5% reduced rate of VAT until 30 September 2021. To help businesses manage the transition back to the standard rate, a 12.5% rate will then apply for a further 6 months, until 31 March 2022
- small and medium-sized employers in the UK will continue to be able to reclaim up to two weeks of eligible Statutory Sick Pay (SSP) costs per employee from the government – a temporary COVID-19 measure intended to support employers while levels of sickness absence are high
- to help otherwise-viable UK businesses which have been pushed into a loss-making position, the trading loss carry-back rule will be temporarily extended from the existing one year to 3 years
- £100 million for a new Taxpayer Protection Taskforce to crack-down on COVID fraudsters who have exploited UK government support schemes. Government will also raise awareness of enforcement action in order to deter fraud and will significantly strengthen law enforcement for Bounce Back Loans

An investment-led recovery

The Budget will spread investment and opportunity across the UK, helping businesses to grow, and improving access to skills, capital and ideas.

- beginning April 2021, the new super-deduction will cut companies' tax bill by 25p for every pound they invest in new equipment. This is worth around £25 billion to UK companies over the 2-year period the super-deduction will be in full effect
- the £375 million UK-wide 'Future Fund: Breakthrough' will invest in highly innovative companies such as those working in life sciences, quantum computing, or clean tech, that are aiming to raise at least £20 million of funding
- up to 130,000 small and medium sized businesses will be supported through the new UK-wide Help to Grow scheme, providing the digital and management tools needed to innovate, grow and help drive recovery
- the government is launching a review of Research & Development tax reliefs to make sure the UK remains a competitive location for cutting-edge research
- the new UK Infrastructure Bank will provide financing support to private sector and local authority infrastructure projects across the UK, to help meet government objectives on climate change and regional economic growth
- to help progress the Prime Minister's ambitious ten point plan for a green industrial revolution, new port infrastructure will be built to support the next generation of offshore wind projects on Teesside and on the banks of the River Humber
- £20 million will be provided to fund a UK-wide competition to develop floating offshore wind demonstrators and help support the government's aim to generate enough electricity from offshore wind to power every home by 2030
- £68 million to fund a UK-wide competition to deliver first-of-a-kind long-duration energy storage demonstrators that will reduce the cost of net zero by storing excess low carbon energy over longer periods
- £4 million for a biomass feedstocks programme in the UK to identify ways to increase the production of green energy crops and forest products
- plans for at least £15 billion of green bond issuance in the coming financial year, to help finance critical projects to tackle climate change and other environmental challenges, fund important infrastructure investment, and create green jobs across the UK
- the Budget also coincides with the publication of the government's new Build Back Better: our plan for growth strategy, setting out how infrastructure, skills and innovation will drive the UK economy

Strengthening the public finances

In the near term, continuing to support businesses, jobs and people's livelihoods up and down the country is vital to give the economy the best possible chance of rebounding as restrictions are lifted. However, it will be necessary to take steps to get the public finances back on track once the economic recovery is durably underway.

We will maintain the income tax Personal Allowance and higher rate threshold from April 2022 until April 2026.

To balance the need to raise revenue with the objective of having an internationally competitive tax system, the rate of Corporation Tax will increase to 25%, which will remain the lowest rate in the G7. In order to support the recovery, the increase will not take effect until 2023. Businesses with profits of £50,000 or less, around 70% of actively trading companies, will continue to be taxed at 19% and a taper above £50,000 will be introduced so that only businesses with profits greater than £250,000 will be taxed at the full 25% rate

Delivering for every part of our United Kingdom

The majority of the measures set out in the Budget apply to individuals and businesses in every part of the UK. On top of these UK-wide measures, the Budget also confirms an additional £2.4 billion for the devolved administrations in 2021-22 through the Barnett formula and targeted investment in specific places and sectors across Scotland, Wales and Northern Ireland.

Scotland

The government will provide £27 million for the Aberdeen Energy Transition Zone, helping to support North East Scotland to play a leading role in meeting our net zero ambitions.

The government will also provide a further £5 million for the Global Underwater Hub, and up to £2 million to further develop industry proposals as part of the government's support for the North Sea Transition Deal (NSTD). Taken together, these three funding proposals are the first stage in delivering on the North Sea Transition Deal commitment and will support areas like Aberdeen transition to a low-carbon future. The UK government is also accelerating City Deals across Scotland, including the Ayrshire, Argyll and Bute, and Falkirk Growth Deal.

Wales

The government will provide £4.8 million in 2021-22 to support the development of a green demonstration hydrogen hub in Holyhead, Anglesey, which will create 30 high-skilled green jobs and indirectly support a further 500 jobs.

Government will also provide up to £30 million for the Global Centre for Rail Excellence in Wales, which will support innovation in the UK's rail industry, including the testing of cutting-edge, green technology. The UK Government is also accelerating City Deals across Wales, including the Swansea Bay, North-Wales and MidWales City and Growth Deals.

Northern Ireland

Businesses in Northern Ireland will benefit from UK-wide initiatives to

invest in the future of firms from start-up to scale up, such as the new Help to Grow scheme and Future Fund: Breakthrough.

More pounds in the public's pocket

To put more money in the public's pocket, fuel duty will be frozen for the 11th consecutive year. And there will be a freeze in duty rates for beer, cider, wine and spirits – saving drinkers £1.7 billion, and further supporting the hospitality sector.

An increase in the National Living Wage from April ensures that the lowest paid will continue to receive pay rises.