

BEIS in the Spending Review 2021

- Government unveils investments for a high-wage, high-skilled economy in Spending Review
- pay rise confirmed for millions of working families, alongside investment to back businesses, creating and securing thousands of jobs across the UK
- pledges to help the UK reach net zero emissions and cement its status as a science superpower

The government has published the Spending Review, delivering on key commitments to reach net zero carbon emissions by 2050, support the jobs and industries of the future and invest in a high-wage, high-skill economy.

The Department for Business, Energy and Industrial Strategy (BEIS) will be at the forefront of delivering these plans, overseeing pay rises for millions working families, creating thousands of jobs and securing the UK's status as a global science superpower.

The Budget complements the [Net Zero Strategy](#) which BEIS published last week and delivers the investment and support which UK firms need to plan for the future.

Business and Energy Secretary Kwasi Kwarteng said:

One year ago, this country was in the grip of the biggest recession in 300 years. Thanks to the action we have taken, the UK is recovering faster than our major competitors, more people are in work, and growth is up.

The Budget this week invests in a more innovative, high-skill economy, backs business, helps working families with the cost of living – and levels up every part of the United Kingdom. It is a Budget which provides the foundations for a stronger economy.

We're leading the UK's efforts to cut pollution, cement our status as a science superpower, and support business as they create the well-paid, highly-skilled jobs of the future.

Backing business and workers

As we continue to recover from the economic impact of the coronavirus pandemic, the Spending Review includes key measures to put pounds in the pockets of British workers and support businesses looking to invest and grow. These include:

- a National Living Wage increase up to £9.50 an hour to be introduced from April 2022, giving £1,000 pay rise to two million of the lowest

paid workers across the UK. The change will make the new National Living Wage rate the highest ever, as significant progress is made towards ending low pay

- the extension of the Recovery Loan Scheme by 6 months – with the scheme having already supported the recovery of UK businesses with over £1 billion of government-backed loans since April
- £1.6 billion of finance for new and growing businesses, to be delivered via the government's British Business Bank over the next 3 years. This includes £312 million for 33,000 new Start-Up Loans to business owners across the UK and £307 million for businesses in the North, Midlands and South West through expanding the Regional Funds programme. For the first time, this programme will also launch funds in Scotland and Wales and continue to work with the Northern Ireland Executive to maintain the existing fund. The government will also provide £52.5 million for the Regional Angels Programme
- business rates exemption for green property improvements, including solar panels and heat pumps, to help businesses invest to make buildings more energy efficient
- support for the hospitality, retail and leisure sectors, which have been hit hard by the pandemic, with a 50% business rates discount for these sectors capped at a maximum of £110,000. This also applies to high street personal care businesses like hairdressers
- further support for the hospitality sector, especially community pubs, with a simplified alcohol duty that cuts tax for less strong alcoholic drinks such as beers, fruit ciders and weaker wines, a lower rate of duty for draught beer or cider which independent and community pubs depend on for their revenue, and the cancellation of the planned increase in duty for whisky, beer, wine and cider
- support for small producers of alcoholic drinks, with the introduction of a new small producer relief, building on the success of Small Brewers Relief, for cidermakers and other producers of lower ABV drinks including many English winemakers. The government will also end premium tax rates on sparkling wine and substantially reduce duty on rosé, supporting domestic producers of wine as well as retailers of imported prosecco, cava, champagne and other sparkling wines
- the launch of the Help to Grow: Digital scheme in December, providing small businesses with free, impartial online support on how to use digital technology to boost their performance. It will also offer small businesses access to discounts worth up to £5,000 towards the costs of buying approved software. Businesses can now [register their interest](#) for the scheme
- to attract investment and jobs, the government will look to make it easier for enterprising companies to relocate to the UK. BEIS will launch a consultation on creating a re-domiciliation regime to bring the UK into line with peers such as New Zealand and Canada, strengthening our position as a global business hub
- the Spending Review continues the government's investment in Companies House, as part of a long-term plan to strengthen the register of companies. The funding will help improve the accuracy of the register, increasing the confidence of those who use it to make business decisions, while clamping down on fraud through the misuse of corporate

entities

Unleashing innovation

The UK is a world leader in science and innovation, and this year's Spending Review includes commitments which will cement our status as a science superpower. These include:

- £5 billion increase in government investment in research and development per year by 2024 to 2025 to invest in the science, research and innovation that will deliver economic growth across the UK. The UK will meet its target of investing £22 billion or 2.4% of total GDP in research and innovation by 2026 to 2027
- £354 million for life sciences, including improving our domestic vaccine manufacturing and development capabilities
- £817 million investment in the production and supply chain of electric vehicles in the North East and Midlands
- £24 million to level up manufacturing by helping smaller manufacturers to adopt industrial digital technology through the Made Smarter Adoption scheme
- research and development tax relief for businesses looking to increase investment, with relief expanding to cover cloud computing and data costs, meeting the needs of businesses. This relief will be focussed on domestic investment from April 2023, ensuring that innovation and jobs remain in the UK. There will also be tax relief for cutting-edge research in fields such as genome sequencing, machine learning and data analytics

Investing in new, green industries

The Spending Review supports the landmark Net Zero Strategy unveiled last week, setting out how the UK will kickstart new green industries, create jobs and reach net zero carbon emissions by 2050 ahead of the COP26 climate conference in Glasgow. This includes:

- £26 billion of capital investment in delivering the government's Net Zero Strategy, part of an overall £30 billion worth of investment in the UK's green industrial revolution – including £3.9 billion to decarbonise homes creating thousands of job opportunities
- up to £380 million for offshore wind infrastructure in coastal areas
- nuclear projects, including a commitment to bring at least one large scale nuclear project to a final investment decision within this parliament and the launch of a £120 million Future Nuclear Enabling Fund. These measures support the Nuclear Energy Financing Bill announced by the Business Secretary on Tuesday 26 October, to attract a wider range of private investment into new nuclear power projects
- two new Carbon Capture Utilisation and Storage clusters – HyNet Cluster in the North West of England and North Wales and the East Coast Cluster in Teesside and the Humber – will put our industrial heartlands at the forefront of this technology in the 2020s and revitalise industries in the North Sea. This is backed by £1 billion worth of government support

- £315 million for the Industrial Energy Transformation Fund (IETF), supporting the demonstration and deployment of technologies that enable businesses with high energy use to transition to a low carbon future
- the £140 million Industrial Decarbonisation and Hydrogen Revenue Support (IDHRS) scheme to accelerate hydrogen projects and industry adoption of carbon capture and storage. The IDHRS funding will, combined with the £240 million in the Net Zero Hydrogen Fund, support innovative commercial hydrogen projects across the UK