

The budget delivered on 3 Mar 2021 sets out the government's tax and spending plans for the year ahead. It covered announcements on new measures to help business and jobs through the pandemic and to support the UK's long-term economic recovery, plus a series of tax-raising plans to help rebalance the public finances.

A summary of some of the key headlines for the purposes of Team East Sussex (TES) is set out below.

1. Coronavirus support

- **The Coronavirus Job Support Scheme – Furlough to be extended** until the end-of-Sep 2021. The government to continue paying 80% of employees' wages for hours they cannot work. Employers to be asked to contribute 10% in Jul and 20% in Aug and Sep 2021.
- **Support for the self-employed** also to be extended until Sep 2021. 600,000 more self-employed people will be eligible for help as access to grants is widened.
- **£20 weekly uplift in Universal Credit** worth £1,000 a year to be extended for another six months.
- **Working Tax Credit** claimants will get a £500 one-off payment.
- **Minimum wage** to increase to £8.91 per hour from Apr 2021.

2. State of the economy and public finances

- UK economy shrank by 10% in 2020.
- Economy forecast to rebound in 2021, with predicted annual growth of 4% this year.
- Economy forecast to return to pre-Covid levels by middle of 2022, with growth of 7.3% next year.
- 700,000 people have lost their jobs since the pandemic began.
- Unemployment expected to peak at 6.5% next year, lower than the 11.9% previously predicted.
- UK to borrow a peacetime record of £355 billion this year.
- Borrowing to total £234 billion in 2021/22.

3. Taxation

- **No changes to rates of income tax, national insurance or VAT.**
- **Tax-free personal allowance** to be frozen at £12,570 from Apr 2021 levels to 2026.
- **Higher rate income tax** threshold to be frozen at £50,270 from Apr 2021 levels to 2026.
- **Corporation tax on company profits above £250,000 to rise from 19% to 25% in Apr 2023.** Rate to be kept at 19% for about 1.5 million (70%) smaller companies with profits of less than £50,000.
- Stamp duty holiday on house purchases in England and Northern Ireland extended to 30 Jun 2021. No tax charged on sales of less than £500,000.
- Inheritance tax thresholds, pensions lifetime allowances and annual capital gains tax exemptions to be frozen at 2020/21 levels until 2025/26.

4. The arts and sport

- **Nearly £400 million to help arts venues** in England, including museums and galleries, re-open.
- **Extension of the Film & TV Production Restart scheme in the UK.**
- **£300 million recovery package** for professional sport and £25 million for grassroots football.

5. Business, digital and science

- **Tax breaks** for firms to 'unlock' £20 billion worth of business investment.

- From 1 Apr 2021 to Mar 2023, **firms will be able to ‘super-deduct’ investment costs** from tax bills, reducing taxable profits by 130% and cutting companies’ tax bills by 25p for every pound they invest in new equipment.
- **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.
- **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.
- **A new Help to Grow scheme** will be launched in Autumn 2021 to offer up to 130,000 companies across the UK a digital and management boost. On digital, the government will discount 50% of equipment up to £5,000. On management training, the government will contribute 90% of the cost of executive development programme.
- **Incentives for firms to take on apprentices to rise to £3,000** to Sep 2021.
- **£7 million for a new ‘flexi-job’ apprenticeship programme** that will enable apprentices to work with a number of employers in one sector.
- **Additional £126 million for 40,000 more traineeships**, funding high quality work placements and training for 16-24 year olds in 2021/22 academic year.
- **Lower VAT rate for hospitality firms** to be maintained at 5% rate until Sep 2021. Interim 12.5% rate will then apply for the following six months.
- **Business rates holiday** for firms to continue until Jun 2021 with 75% discount after that.
- **£5 billion in Restart grants for shops and other businesses forced to close** – a one off cash grant of up to £18,000 for hospitality, accommodation, leisure, personal care and gym businesses and £6,000 per premises for non-essential outlets due to reopen in Apr 2021.
- **New visa scheme** to help start-ups and rapidly growing tech firms source talent from overseas.
- Contactless payment limit will rise to £100 later this year.

6. Environment, transport, infrastructure and housing

- **New UK Infrastructure Bank** to be set up – £12 billion in capital, with aim of funding £40 billion worth of public and private projects.
- **£15 billion in green bonds**, including for retail investors, to help finance the transition to net zero by 2050.
- **£68 million to fund a UK-wide competition to deliver first-of-a-kind long-duration energy storage prototypes** that will reduce the cost of net zero by storing excess low carbon energy over longer periods.

7. Nations and regions

- **New Levelling Up Fund 2021-22 with £4.8 billion investment – Prospectus.** The government has given priority ranking to Borough/District Council authorities, with Eastbourne, Hastings, Lewes and Rother in priority group 1 and Wealden in priority group 2. www.gov.uk/government/publications/levelling-up-fund-prospectus.
- **UK Community Renewal Fund £220 million investment in 2021-22 – Prospectus.** The government has ranked B/DC authorities and determined Hastings and Lewes are ‘Priority Places’, with the rest termed ‘other places’ for consideration. www.gov.uk/government/publications/uk-community-renewal-fund-prospectus.
- £150m for community groups to take over pubs at risk of closure.
- First eight **Freeports** sites announced in England included Felixstowe and Harwich, Solent and Thames.