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# Budget 2021: Briefing

## HEADLINES

### Fiscal position and economic projections

- **Headline projections for the economy are better than those produced in November 2020**. The OBR forecasts that real GDP will reach its pre-pandemic peak by the second quarter of 2022, 6 months earlier than originally anticipated. Government borrowing reached 16.9% of GDP in 2020-21, the highest level of peacetime borrowing on record and next year it is forecast to be 10.3% of GDP. Peak unemployment is now expected to be 6.5% (rather than 11.9% forecast last July and 7.5% forecast in November).

### Covid-related support

- **Most forms of Covid-related business support extended.** The Chancellor announced an extension to most forms of emergency CV-19 business support – including the furlough scheme, VAT cuts and business rate reliefs. In most cases these are extended until the end of September, though in some cases they begin to 'taper' from July (e.g. the furlough will begin requiring some employer contribution from July). The Self-Employed Income Support Scheme (SEISS) will also run for a further two grant periods until the end of September. It was also extended to those were newly self-employed in 2019-20 or who became majority self-employed in that year. However, this still leaves those whose average profit is over £50k and company directors excluded from the scheme.
- **Apprenticeships and Traineeships.** Various funding announcements were made to support job creation: including a boost to the apprentice hiring bonus (to £3k) and an extra £126m for traineeships for 18-24 year olds this year.
- **Universal Credit uplift temporarily extended.** The £20pw Universal Credit uplift was extended by 6 months to September. There will also be an analogous one-off £500 payment to eligible Working Tax Credit claimants (who can't receive payments each week for logistical reasons).
- **New 'Restart' grants** of £6k (for shops) and £18k (for hospitality and leisure businesses) were announced to help firms with the costs of reopening after lockdown.
- **ARG boost.** An additional £425 million of discretionary business grant funding for local authorities to distribute (which we believe will be a top up to the Additional Restrictions Grant).

### Tax changes

- **Corporation tax and Income tax increases.** Two major tax rises were announced. Corporation Tax on the largest companies (those with profits over £250k) will increase to 25% from 2023. And the income tax personal allowance and higher rate thresholds will rise to £12,570 and £50,270 respectively in April 2021 and then be frozen at that level until April 2026.
- **The 'super-deduction'.** One major tax cut was announced. From 1 April 21 until 31 March 23, companies investing in qualifying new plant and machinery assets will benefit from a 'super deduction' - a 130% first-year capital allowance.

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**Other announcements**

- **Intracity Transport Settlement**. GM received an allocation of £8.6m capacity funding to prepare for our share of this £4.2bn settlement, announced in the Budget last year.
- **Funding under the Towns Fund** was announced, which includes three places in GM: Bolton (£22.9m), Cheadle (£13.9m) and Rochdale (£23.6m)
- **Freeport** status was awarded to Liverpool City Region (LCR) and seven other places in England (including East Midlands Airport, owned by the Manchester Airport Group). Port Salford is a site within the broader LCR bid.
- **The National Minimum Wage** will increase to £8.91 per hour next year.
- **Help to Grow schemes**: Two new business support schemes for SMEs were launched - 'Help to Grow: Management' (providing leadership and management training), and 'Help to Grow: Digital' (vouchers subsiding the cost of software).
- **A review of Local Enterprise Partnerships (LEPs)** was soft launched on a webpage summarising details of a range of competitive funding streams announced as part of the budget.
- Further details were announced on four competitive funding schemes:
    - **The Community Renewal Fund** (a one-year pilot ahead of the UK Shared Prosperity Fund). This will fund primarily revenue projects totaling up to £3m per local authority to fund activity to boost skills, support local businesses, support communities and places, and support employment. Four GM areas (Manchester, Bolton, Oldham, Rochdale) are on the 'top priority' list for funding. GMCA will be required to invite bids from local organisations and submit a portfolio to national government who will then take final decisions.
    - **The Levelling Up Fund**. This will fund capital projects of up to £20m, focusing on transport, regeneration and cultural investment. Local authorities will be the lead bidders and over the lifetime of the Fund (this Parliament) will be eligible for funding for one project per constituency in their area. Where constituencies cut across council boundaries, a lead authority needs to be negotiated. 9/10 GM authorities are on the 'category 1' priority list for this fund (Salford is not). In addition, GMCA is eligible to submit one Transport bid. Local MP support will be heavily encouraged.
    - **The Community Ownership Fund** will provide up to £250k match funding for community groups to help them buy or take over community assets at risk of being lost.
    - **The £1bn Net Zero Innovation Programme** was first announced in the PM's 'Ten Point Plan for a Green Industrial Revolution' last year. Further details were announced in the Budget, including competitions on four components of the Programme:

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## FURTHER DETAIL

This briefing broadly follows the structure of the Budget itself, with five key sections:

1. **The fiscal and public spending outlook**, including updated projections for the public borrowing and economic growth
2. **Protecting jobs and livelihoods**, which concentrated on CV-19 specific measures to support people and firms
3. **Strengthening the public finances**, which looked at tax and benefits changes
4. **An investment-led recovery**, which covered interventions and policy announcements designed to support the UKs medium-long term economic recovery from the pandemic
5. **Other documents published alongside the budget** (inc. the mandate for the new UK Infrastructure Bank and the 'Plan for Growth')

### 1. Fiscal and public spending outlook

The Government's priority is to return the public finances to a more sustainable footing following a period of record borrowing. The preferred way of doing this is through growth, along with some tax rises. Though in reality day-to-day public spending will continue to be quite tight outside a few 'protected' Departments who are seeing growth.

Many of these projections (and therefore the following spending and tax decisions) are based on an unusually uncertain forecast. The central forecast is that national income will take a long-term real hit of 3% relative to pre-pandemic forecasts. But this sits within a range from 0% to 6%.

- **Gross Domestic Product (GDP) for 2020 as a whole fell by 9.9%** and the Office for Budget Responsibility (OBR) predict that GDP will be c0.75% higher in Spring and Summer 2021.
- The OBR forecasts that real GDP will reach its pre-pandemic peak by the second quarter of 2022, **6 months earlier than originally anticipated**. The new OBR GDP forecast suggests the economy will grow by 3.9% in real terms between 2019 and 2024, compared to 3.7% in the November 2020 forecast.
- **Government borrowing** reached 16.9% of GDP in 2020-21, the highest level of peacetime borrowing on record and next year it is forecast to be 10.3% of GDP. Overall, the pandemic has added an additional 25% of GDP to our debt levels, with debt now expected to reach a new park of nearly 100% of GDP toward the end of this Parliament.
- **Unemployment is now projected to peak at 6.5%** which is below what many commentators expected last year.
- **The Budget did cut £4bn from day-to-day public spending next year**, though HMT argues that this is a technical adjustment to reflect changes in inflation and doesn't represent a real terms change in spending.

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## 2. Protecting jobs and livelihoods

Covid-19 business support

The Budget announced fairly significant additional Covid-related funding for businesses, with the goal of supporting the economy as the country exists lockdown over the coming months. This includes:

- **Recovery Loan Scheme**. This new loan scheme will replace CBILS and BBLS. It will open on 6 April and enable businesses of all sizes to access term loans, overdrafts, invoice finance and asset finance between £25,000 and £10 million, with a Government guarantee of 80% on eligible loans.
- **'Restart Grants'**. These will be available in England and delivered through local authorities. They will be up to £6,000 per premises for non-essential retail businesses and up to £18,000 per premises for hospitality, accommodation, leisure, personal care and gym businesses. They are designed to support businesses with the costs of re-opening.
- **Additional Restrictions Grant.** The Budget announced an extra £425 million allocation for local authorities in ARG.
- **Statutory Sick Pay (SSP) Rebate Scheme.** SMEs will continue to be able to reclaim up to two weeks of eligible SSP costs per employee.
- **VAT Deferral New Payment Scheme.** Any business that used the initial VAT deferral will be able to pay that deferred VAT in up to eleven equal payments from March 2021.
- **Temporary VAT reduction.** The 5% VAT rate for goods and services supplied by the tourism and hospitality sector will continue until 30 September 2021 – and then a discounted 12.5% rate will apply for the subsequent six months until 31 March 2022.
- **Business Rates Relief.** 100% business rates relief will continue to 30 June for eligible properties, followed by 66% relief for the period from 1 July 2021 to 31 March 2022.
- **Trading loss carry-back.** This will be temporarily extended from the existing one year to three years to allow people to offset losses against tax paid in previous years.
- **Airports and Ground Operations Support Scheme.** This will be renewed for a further six months from the start of 2021-22, providing support for eligible businesses in England up to the equivalent of half of their business rates liabilities during 2021-22.
- **Increased single contactless payment limit.** This will be increased up to £100, and cumulative contactless payments up to £300.
- **Culture Recovery Fund.** The government will provide £300 million to extend the Culture Recovery Fund to continue to support key national and local cultural organisations in England as the sector recovers.
- **Film and TV Production Restart Scheme.** The government will extend the £500m Film and TV Production Restart Scheme for six months to 31 December 2021.
- **Sport Recovery Package.** The government will provide £300m for continued support to major spectator sports in England, supporting clubs and governing bodies.

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Covid-19 income support for individuals

- **Furlough.** The Coronavirus Job Retention Support Scheme (CJRS) will be extended to Sept 21. An employer contribution towards the cost of unworked hours will be introduced from July at 10%, then 20% in August and September.
- **Self-employed income support (SEISS).** SEISS has also been extended:
    - Fourth grant (Feb 21 - Apr 21) will cover 80% of average monthly trading profits, paid out in a single instalment covering 3 months' worth of profits up to £7,500 in total.
    - Fifth grant (May 21 - Sept 21) - A fifth and final grant will be provided under the scheme. The value will depend on percentage turnover reduction in the year Apr 20 to Apr 21:
        - For self-employed with a turnover reduction of 30% or more, the grant will cover 80% of 3 months' average trading profits, capped at £7,500
        - For self-employed with a turnover reduction of less than 30%, the grant will cover 30% of 3 months' average trading profits, capped at £2,850
    - People newly self-employed in 2019-20 (previously ineligible) will now be able to claim grants 4 and 5 if they submitted their 2019-20 Self-Assessment tax return by 2 March.

Benefits

- **Universal Credit.** The £20/week Universal Credit (UC) temporary uplift will be extended for six months. However, this now means it will end around the time that unemployment is expected to peak. When it ends, it could cost the poorest households up to 7% of their total income.
    - The UC surplus earning threshold of £2,500 will be also maintained until Apr 22. The UC Minimum Income Floor (MIF) suspension for self-employed UC claimants will be continued until July 21 (it will be reintroduced from August with Work Coaches given discretion to not apply it where individuals' earnings are affected by Covid restrictions).
    - From Apr 21 the period over which UC advances will be recovered will increase to 24 months and maximum deductions will reduce from 30% to 25% of standard allowance (previously announced for October).
- **Working Tax Credit uplifts.** There will also be a one-off payment of £500 to eligible Working Tax claimants. Working Tax Credit claimants who have been furloughed or had fewer working hours due to CV-19, will still be treated as working their normal hours for the duration of CJRS.

Housing

- **Mortgage Guarantee Scheme.** A new mortgage guarantee scheme from Apr 21 to 31 Dec 22 will provide a guarantee to lenders to offer 5% deposit mortgages for homes worth up to £600k.
- **Stamp Duty cut extended.** The temporary SDLT cut for properties up to £500k is extended until 30 June 21. From 1 July, the Nil Rate Band will be £250k, returning to £125k from 1 Oct.
- **Shared accommodation rate exclusion for care leavers.** Care leavers up to the age of 25 (and those who have spent at least three months in a homeless hostel) will be exempt from the Shared Accommodation Rate in UC and Housing Benefit from June 21 (previously Oct 23).

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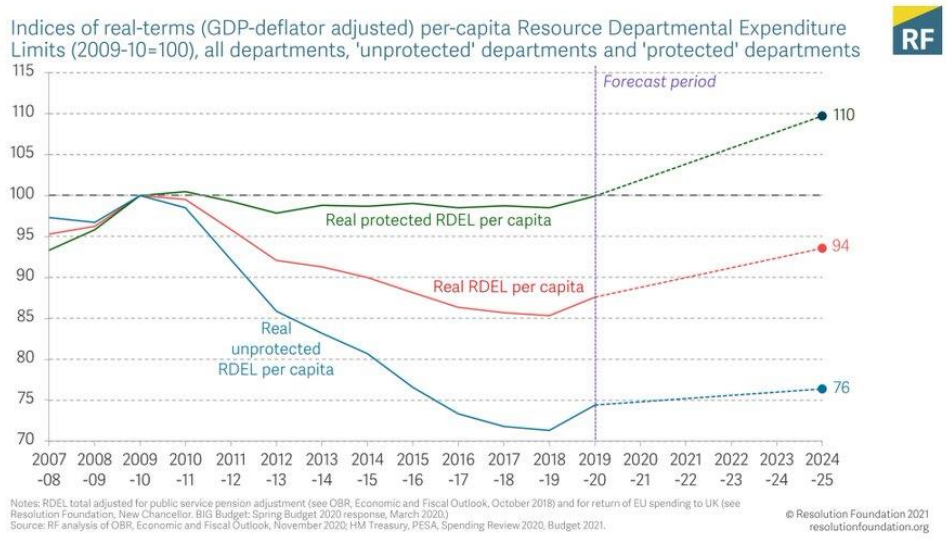
Jobs and training

- **Traineeships.** An additional £126m will be provided in England for work placements and training for 16-24 year-olds next academic year.
- **Apprenticeship hiring bonus.** Employers in England who hire new apprentices between April and September 2021 will receive £3,000 per new hire (compared with £1500 per new apprentice hire and £2000 for under 25s under the previous scheme). This is in addition to the existing £1000 payment for 16-18 year old apprentices and under-25s with EHC plans.
- **Multi-employer apprenticeships.** A new £7m fund will be introduced from July 2021 to help employers in England set up and expand 'portable apprenticeships' which will enable people to work across multiple projects with different employers whilst undertaking an apprenticeship. In particular, the Creative Industries Council will be asked to bring forward proposals in recognition of the potential benefits for the creative sector.

Covid-19 related public spending

The Budget cut £4bn from day-to-day public spending next year, though HMT argues that this is a technical adjustment to reflect changes in inflation and doesn't represent a real terms change in spending. It also includes some specific additional CV-19 related spending next financial year (see below) which comes on top of extra CV-19 related spending for the next financial year which was set out in SR2020.

Beyond these allocations, the Budget does not alter the broad course of the public spending plans set out in SR2020. As it stands, these envisage spending outside some specific 'protected' Departments staying relatively flat across the coming years and ending well below 2008 levels at the end of the Parliament (see chart from Resolution Foundation below). The Office of Budget Responsibility has raised some concerns about this, as the long-term spending pressures arising from CV-19 could well last beyond the next financial year. This is one to watch for the multi-year Spending Review expected later this year.



There were some specific announcements on additional CV-19 related spending next year.

- **Domestic Vaccine Deployment Funding.** £1.65bn for 2021-22 to continue vaccine deployment in England. Plan is still to offer first dose to all over 18 by July 31st.
- **Education Catch Up Funding** – The Budget confirmed the £700m extra education catch-up funding announced a few weeks ago – which will fund a £300m Recovery Premium for state primary and secondary schools, £200m to expand tutoring programmes and £200m for secondary schools to deliver face-to-face summer schools. This comes on top of the £1bn announced last year.
- **Thalidomide Health Grant Renewal**. The Government announced a 'lifetime commitment' to continue Thalidomide Health Grant Funding beyond 2022-23. Includes £39m down payment for first four years and future funding confirmed every four years following assessment of need.
- **Armed Forces charities**. £475,000 was announced for armed forces charities in 2021-22 to support the development of a digital and data strategy which will help different charities work together.
- **Veterans mental health support.** An additional £10m was also announced for next year to the Armed Forces Covenant Trust to support veterans with mental health needs.
- **Tacking domestic abuse**. An additional £19m towards tackling domestic abuse, including £15m next year for perpetrator programmes that work with offenders to reduce risk of reoffending & £4m over the next two years to trial a network of respite rooms to provide support for homeless women facing sever disadvantage.

## 3. Strengthening the public finances

To rebuild the public finances and bring debt under control as the UK recovers from the effects of the pandemic, the Budget set out a number of tax changes which it argues will target the highest-earning households and businesses. As has been widely noted in commentary on the Budget, these changes will increase the tax burden to 35% of GDP in 2025-26 – which is its highest level since 1969.

The Treasury is also planning a 'Tax Day' on 23 March. This won't make further immediate changes, but is expected to launch a series of consultations which may provide some steers about future tax rises or changes later in the Parliament.

### Personal Tax

- **New Income Tax increases.** The income tax personal allowance and higher rate thresholds will rise to £12,570 and £50,270 in April 2021. The thresholds will then be frozen in cash terms until April 2026, steadily increasing the amount of income tax people pay in real terms.
- **Inheritance tax.** The inheritance tax nil-rate band will remain at existing levels until April 2026.
- **NICs and Capital Gains.** The budget confirms previously announced and legislated increases in National Insurance Contribution and maintains Capital Gains Tax exemptions.

Corporate Tax

- **Corporate tax rises.** The rate of corporation tax will increase from April 2023 to 25% on profits over £250,000. However, the rate for small profits under £50,000 will remain at 19% and will then be tapered between these two levels through putting a relief in place.
- **Diverted Profits Tax.** This will also rise in April 2023 to 31% so it remains an effective deterrent against diverting profits out of the UK.

Other taxes and duties

- **Fuel Duty frozen (again).** Government will freeze fuel duty in 2021-22, this is the eleventh consecutive year of the freeze. Future fuel duty rates will be considered in the context of the UK's net-zero commitments.
- **VED and APD rising in line with inflation.** Vehicle excise duty and Air passenger duty will rise with RPI from April 2021 and April 2022 respectively.
    - However, vehicle excise duty will be frozen on HGVs for 2021-22 and will suspend the HGV Levy for another 12 months from August.
- **Alcohol duty frozen (again).** Duty rates on beer, cider, wine and spirits will be frozen for another year.

## 4. An investment-led recovery

This Budget sets out the Government's plans to place the UK's public finances on a 'sustainable footing' and spur an 'investment-led recovery' in the aftermath of the COVID-19 pandemic. This final section of the Budget report sets out some initial policy interventions designed to spur this growth, in particular through encouraging private sector investment.

UK-wide action

- **The 'super-deduction'**. From 1 April 2021 until 31 March 2023, companies investing in qualifying new plant and machinery assets will benefit from a 130% first-year capital allowance, which Government believes will make the UK more competitive globally.
- **Study on the benefits of infrastructure for towns.** The Government has commissioned a new National Infrastructure Commission study, which will look at how to maximise the benefits of infrastructure policy and investment for towns specifically in England.
- **Two new 'Help to Grow' business support schemes.** These are:
    - 'Help to Grow: Management' will work to upskill 30,000 UK SMEs over three years, be delivered by business schools to a national curriculum and will be 90% subsidized.
    - 'Help to Grow: Digital' will support 100,000 SMEs to adopt new software through the distribution of vouchers covering half the cost of software up to a maximum of £5,000.

- **New fast-track visa routes**. The Budget announced the introduction, by March 2022, of an "elite points-based visa" with a specific 'scaleup' stream for people with a job offer from a recognised UK scale-up company.
- **New scale-up programme for fast-growing firms.** The Chancellor also announced £375m to introduce 'Future Fund: Breakthrough', where the British Business Bank will take equity in innovative, R&D-intensive businesses in funding rounds of over £20m led by private investors.
- **Modern Methods of Construction Taskforce.** The Chancellor also announced the creation of this Taskforce, led by MHCLG, that will work closely with Mayoral Combined Authorities to accelerate delivery of this kind of home in the UK.
- **Revenue settlements ahead of the £4.2bn Intracity Transport Fund.** The 2020 Budget saw the Government commit to £4.2bn over the Parliament on intra-city transport settlements for eight English city regions, including Greater Manchester. It confirmed that GM will receive £8.6m in capacity funding in 2021-22 to begin preparations for settlements.

Regionally specific announcements

- **Freeports announced.** Following a bidding process, the Budget also contained the announcement of eight new freeports in England. This included one in the Liverpool City Region, which includes Port Salford as a site. East Midlands Airport, part of the Manchester Airports Group, was also announced as a freeport.
- **Treasury North goes to Darlington.** The Government confirmed widespread reporting that the Governments new Northern Economic Campus will be based in Darlington. This will centre on a new northern outpost of the Treasury, along with associated roles from BEIS and MHCLG.
- **National Infrastructure Bank to Leeds.** The National Infrastructure Bank (first announced in SR2020) will be located in Leeds. This will focus on catalysing private sector investment in Net Zero projects (further details below).
- **Towns Fund funding announced.** Over £1bn from the Towns Fund was allocated for a further 45 Town Deals across England. Of these, three are located in Greater Manchester: Bolton (who will receive £22.9m), Cheadle (£13.9m) and Rochdale (£23.6m).
- **A66 development funding.** The government will provide £135m to accelerate the start of construction on the A66 Trans-Pennine upgrade to 2024.

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New Funding Competitions

The Budget announced a number of new competitive funding streams. These include:

- **Levelling Up Fund.** SR2020 announced a £4.8bn 'Levelling Up Fund' to run across the lifetime of the Parliament. This replaces the Local Growth Fund. The prospectus was published alongside the Budget and sets out the goals of the Fund, eligibility and bidding process.
    - **Who can bid?** While the Fund is open to every local area, it is "especially intended to support investment in places where it can make the biggest difference to everyday life, including ex-industrial areas, deprived towns and coastal communities". There is also a rhetorical focus on smaller infrastructure projects – town centre regeneration, local culture, local transport. For GM's purposes – two types of public body are eligible to bid:
        - Districts will be able to submit one bid per constituency wholly in their place. Where constituencies cut across council boundaries, a 'lead bidder' needs to be agreed locally.
        - GMCA can additionally submit one transport bid.
    - Within England, the Government has developed an index of places in 'most significant need' with three tiers. All GM areas but Salford are in Tier 1 (the top tier). Local authorities in Tier 1 will receive £125,000 in capacity funding to develop their bids (though Government expects this to arrive too late to support bids into the first round of the Fund, it is intended to support bids in future years).
    - **How much is available?** Each bid can be up to £20m, either for a single project or a 'package' of up to 3 projects (still totaling no more than £20m). In 'exceptional circumstances' transport bids can be £20-50m, though the Prospectus is fairly clear the bar for approving these will be higher.
    - **How will bids be assessed?** Bids will be assessed on four key criteria: their 'tier' in the index above, deliverability of the project, strategic fit with local and fund priorities, and value for money. MPs will be expected to 'back one bid that they see as a priority'. The document is clear that this backing will be highly valued in the process.
    - **Which projects are eligible?** The Fund will fund three types of project:
        - Transport: public transport, active travel, and road improvements. There is a clear preference here for smaller schemes (larger schemes 'by exception').
        - *Regeneration and town centre investment*: This will 'build on towns fund framework', and include things like brownfield regeneration, site acquisition, community infrastructure and 'bringing public services into town centres'
        - Cultural investment: Maintaining, regenerating or creatively repurposing museums, galleries and visitor attractions.
    - **What are the timelines?** The Prospectus is for the first year of the fund, focussing on projects which can 'demonstrate investment or begin delivery on the ground' within the year. The deadline for bids is Friday 18th June. Decisions are expected in Autumn 2021.

- **Community Renewal Fund.** A prospectus for the Community Renewal Fund was also published alongside the Budget. This is the £220m, one-year pilot announced as a 'bridge' between EU Funding and the full UK Shared Prosperity Fund which will begin in 2022/23. It is designed to help prepare for the UKSPF by 'piloting new approaches and through provision of capacity funding'.
    - **What are the objectives?** The Fund has four objectives: supporting a smooth transition between EU funding and the UKSPF, enabling innovation through pilots, a new (more direct) way of working between the UK Government and places, and levelling up and creating opportunity.
    - **Who can bid?** The Community Renewal Fund also has a list of 100 'priority places' (note: these are <u>not</u> the same as the Tier 1 areas for Levelling Up Fund purposes). Only four GM local authority areas are in this list: Bolton, Manchester, Oldham and Rochdale.
    - GMCA will be the 'lead authority' for the CRF in Greater Manchester. GMCA will be required to 'invest project proposals from a range of local applicants' (inc. Local authorities, VCSE organisations, and local education providers). GMCA will then be responsible for 'appraising these projects and producing a shortlist of projects up to £3m per place). GMCA will receive 'capacity funding to help them invite bids locally and appraise these bids'. This will be £20k per priority place, which in GM means £80k in total.
    - The Prospectus does not rule out bids from places outside the 'Top 100'. But given the relatively low amount of funding available overall, it seems unlikely that bids from outside these places will be successful.
    - **How much is available?:** Bids can be for a total of £3m per place (i.e. local authority footprint).
    - **Which projects are eligible?** The CRF will be 90% revenue funding, and has four investment priorities:
        - <u>Skills</u>: including work-based training, retraining and digital skills/inclusion
        - <u>Local business</u>: including supporting entrepreneurs, innovation and decarbonisation
        - <u>Communities and place</u>: Including feasibility studies for net zero projects, opportunities for culture-led regeneration, green spaces and rural connectivity.
        - <u>Supporting people into employment</u>: Including addressing barriers to employment, raising aspirations, and basic skills.
    - **What are the timelines?** As with the LUF, bids are due by Friday 18th June. Results are expected in late July, and bids must relate to activity which is complete by 31 March 2022.

- **£1bn Net Zero Innovation Programme.** This was first announced in the PMs 'Ten Point Plan for a Green Industrial Revolution' last year. Further details were announced in the Budget, including competitions on four components of the Programme:
    - **Floating Offshore Wind (FOW) Demonstration Programme.** Launching soon, this is a funding scheme to support the development and demonstration of state-of-the-art technologies and products in the FOW industry and will target 4 challenge areas: Mooring/Anchoring, Dynamic cables, Floaters/Foundations, and others.
    - **Longer Duration Energy Storage Demonstration Programme**. Intended to accelerate commercialisation of innovative longer duration energy storage projects (i.e. excluding commercial solutions such as pumped hydro/lithium ion) at different technology readiness levels.
    - **Biomass Feedstocks Innovation Programme**. To increase the production of sustainable domestic biomass by funding innovative ideas that address barriers to biomass feedstock production. Bids have launched and the deadline initial registration of interest is 31 March 21.
    - **Direct Air Capture and other Greenhouse Gas Removal Technologies competition**. This aims to support the development of Greenhouse Gas Removals (GGR) technologies to help them achieve commercialization. It had already been launched.

- **Community Ownership Fund.** This new £150 million Community Ownership Fund: from summer 2021, community groups will be able to bid for up to £250,000 matched funding to help them to buy local assets to run as community-owned businesses. Further details are:
    - **Who can bid?:** The first bidding rounds will open by June 2021. A full bidding prospectus will be published. Bids will be accepted from all communities across the UK – in most circumstances bids should be made from community and voluntary organisations with formal governance in place. Bids may be considered from groups without formal governance where there is a clear plan to set up community level governance.
    - **Eligible projects:** Government won't publish a definitive list of eligible projects - but projects could include community-owned sports clubs, cinemas and theatres, music venues, galleries, parks, pubs, post office buildings. They should be focused on "place-based assets or amenities" which are important to the local community, "build connections between people and foster a sense of pride in a local area".
    - **Amounts available:** In most cases bids will be able to make a case for up to £250,000 of matched funding which communities have raised. Some funding will be available for feasibility studies and capability building. In exceptional circumstances up to £1m of matched funding to establish a community-owned sports club or help buy a sports ground.

## 5. Other documents published alongside the Budget

Review of LEPs

Alongside the Budget documents itself, the Government released a website summarizing the Levelling Up Fund, Community Renewal Fund etc. On this page, it also says that *"'**We will also be working with local businesses on the future role of Local Enterprise Partnerships**. We want to ensure local businesses have clear representation and support in their area, in order to drive the recovery. We will work with LEPs over the coming months, with a view to announcing more detailed plans ahead of summer recess. This will also include consideration of LEP's geographies'*

UK Infrastructure Bank

The Chancellor announced that the **new UK Infrastructure Bank will be headquartered in Leeds and will begin operating in interim form in Spring 2021**. The Bank will be a long-lasting institution with a high degree of operational independence. An accompanying document was published setting out the Bank's core objectives, mandate and ways of working.

- From its inception, the Bank's core objectives will be to:
  - help tackle climate change, particularly meeting the 2050 net zero target
  - support regional and local economic growth
- In total, the Bank will have £22 billion of financial capacity to deliver on its objectives, consisting of £12 billion of equity and debt capital and the ability to issue £10 billion of guarantees. It will draw capital from HM Treasury and be able to borrow from private markets. It will also grow through recycling and retention of return on investments. It will use this financial capacity to:
  - offer a range of financing tools including debt, hybrid products, equity and guarantees to support private infrastructure projects
  - from the summer, offer loans to local authorities at a rate of gilts + 60 basis points for high value and strategic projects of at least £5 million
  - establish an advisory function for local authorities and other project sponsors to help with the development and delivery of projects
- The Bank will **focus on intervening where it can make the biggest impact**, addressing shortfalls in the provision of private finance to make projects happen that would otherwise not have had the necessary support. Acting as a cornerstone investor, it will leverage private sector finance into underdeveloped or challenging markets.
- The full range of products will also be available to projects in the private sector. **The focus in the public sector will be on an improved offer to local and mayoral authorities through a low-cost infrastructure rate.**
- The Bank will also help to structure deals to attract international investment and unlock capital from institutions including pension funds.

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Build Back Better: The 'Plan for Growth'

This document was **reported in the press as a replacement for the speculated refresh of the Government's Industrial Strategy**. Led by HMT, it aims to set out the Governments broader policy thinking about how to stimulate economic growth and recovery from the pandemic – and the priorities it has for how to do this**. It does not include any new additional policy or spending commitments not set out above or in SR2020**.

The plan says that the 'primary objective of this government is to… ensure no region is left behind as we achieve greater economic prosperity' and has a big rhetorical focus on 'levelling up' and regional economic imbalances.

The Plan sets out three 'core pillars' of growth:

- **Infrastructure**: Where Government will invest £100bn in a National Infrastructure, invest in the UKSPF, Towns Fund and Levelling Up Fund, invest £12bn in the Ten Point Plan for a Green Industrial Revolution and support private sector investment through the new National Infrastructure Bank.
- **Skills**: Where the Government will transform FE, introduce a Lifetime Skills Guarantee, and continue to focus on Apprenticeships.
- **Innovation**: Where Government will support access to finance, develop the regulatory system, attract the brightest and best people, and invest in SME business support (via the two 'Help to Grow' schemes)

The Plan for Growth also sets out three goals for the type of growth it is aiming to deliver:

- **Level Up the whole of the UK**: Including a commitment for every region and nation to have 'at least one globally competitive city at heart', to 'catalyse centres of excellence' and strengthen the Union.
- **Support the transition to Net Zero**: Including through investment in carbon capture, hydrogen technologies and supporting and growing net zero industries.
- **Support our vision for a Global Britain**: Including through the UK's role in COP26, as a role model for free and fair trade and through developing a new export strategy.

Finally, the 'Plan for Growth' also sets out 21 plans and strategies (mostly previously announced) to follow later in the year, including:

- **Within the next three months**: Industrial Decarbonisation Strategy, Integrated Rail Plan for the Midlands and North, National Bus Strategy
- **Within the next six months:** Innovation Strategy, Lifelong Learning Entitlement Consultation, R&D Place Strategy, R&D People and Culture Strategy, and Transport Decarbonisation Plan.
- **Within the next twelve months:** Devolution and Local Recovery White Paper, Digital Strategy, Export Strategy, Full conclusion of the Post-18 Review of Education and Funding, and the Net Zero Strategy.