

# Weekly policy update from London Chamber of Commerce and Industry

*A round-up of key policy changes from the past seven days*

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## *Chancellor unveils Budget*

- Chancellor Rishi Sunak has unveiled the 2021 Budget. The main announcements are detailed below.
- **Office for Budget Responsibility forecasts updated:**
  - The OBR now forecasts that the economy will return to pre-pandemic levels in the middle of 2022, six months earlier than previously estimated.
  - The OBR still expects that in five years' time, the economy will be 3% smaller as a result of Covid-19. The OBR forecasts that the economy will grow **4.0% in 2021**, 7.3% in 2022, 1.7% in 2023, 1.6% in 2024, and 1.7% in 2025.
- **Covid-19 business support extensions**
  - The Coronavirus Job Retention Scheme (CJRS) has been **extended until 30 September 2021**. However, the contributions of the **Government will be reduced incrementally from July**: in July, businesses will be asked to contribute 10%; in August and September, employers will contribute 20%. Employees will continue to receive 80% of their wages.
  - Fourth and fifth grants for Self-Employment Income Support Scheme (SEISS), and more self-employed now eligible.
    - Anyone who has filed a self-assessment tax return for 2019/20 will now be able to apply for the fourth and fifth SEISS grants.

- The fourth grant will cover the February to April period, worth 80% of three months' average trading profits and capped at £7,500. This can be claimed from late-April.
- A fifth grant covering the May to September period has also been announced. However, the grant will have a turnover test. For firms who have seen turnover decline by 30% or more, they will be able to access the full SEISS grant payment (80% of three months' average trading profits, capped at £7,500). For firms whose turnover has fallen by 30% or less, the grant will be worth 30% of three months' average trading profits, capped at £2,850. This can be claimed from late-July.
- **Restart grants for firms in non-essential retail, hospitality, leisure, personal care and for gyms**
  - Non-essential retailers in England can apply grants worth up to £6,000 per premise.
  - Leisure, hospitality, personal care and gym businesses will be able to apply for grants worth up to £18,000 per premise.
- £425 million in additional discretionary grant funding to be provided to local authorities.
- **Business rates relief for retail, hospitality and leisure firms extended**
  - The Government will continue to provide 100% business rates relief to retail, hospitality and leisure firms until 30 June 2021.
  - From 1 July 2021 to 31 March 2022, this will be followed by 66% business rates relief, capped at £2 million per business for properties required to be closed on 5 January 2021, or £105,000 for other eligible properties.
- **VAT reduction to 5% for hospitality and leisure extended to 30 September 2021**
  - Hospitality and leisure firms will then pay 12.5% VAT until 31 March 2022, before a return to the full 20% VAT rate.
- New Recovery Loan Scheme announced
  - From 6 April 2021, businesses can apply for loans ranging from £25,000 to £10 million. Government will offer an 80% guarantee to lenders on loans under the RLS.
- Statutory Sick Pay (SSP) rebate scheme extended
- Airports and Ground Operations Support Scheme extended for a further six months from 2021/22
- Culture Recovery Fund extended, additional £300 million in funding

- £90 million in continued support for national museums and cultural bodies
- £300 million in support for sports clubs and governing bodies
- An extension of the Film & TV Production Restart scheme
- Trading loss carry-back rule will be temporarily extended from the existing one year to three years

- **Key employment and business announcements**

- **From April 2023, the corporation tax rate will rise from 19% to 25%.** Companies with profits under £50,000 will remain at 19%. A taper will be introduced after the £50,000 profits threshold: only businesses with profits greater than £250,000 will be taxed the full 25% rate.
- A new 'super deduction' for business investment
  - 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.
- UK Infrastructure Bank to be established in Leeds
- Incentives to hire apprentices doubled, more funding for traineeships
  - **Firms that hire apprentices between 1 April and 30 September 2021 will receive £3,000 per new hire.**
  - The Government will provide an additional £126 million to fund traineeships for 16-24 year olds in the 2021/22 academic year.
- New funding for 'flexi' apprenticeships
  - A new £7 million fund will be introduced from July 2021. Employers will be able to set up and expand portable apprenticeships, which will enable people to work across multiple projects and employers.
- Personal Allowance and higher rate thresholds (HRT) to rise, then freeze for five years
  - The income tax Personal Allowance will rise with CPI as planned to £12,570 from April 2021 and will remain at this level until April 2026. The income tax HRT will rise as planned to £50,270 from April 2021 and will remain at this level until April 2026.
- Fuel and Alcohol duty rates frozen for a further year
- Stamp Duty holiday extended
  - The £500,000 nil rate band has been extended until 30 June 2021. From 1 July to 30 September 2021 the nil rate for stamp duty will be £250,000, before returning to the usual level (£125,000) from 1 October 2021.
- £20 uplift to Universal Credit extended until September

- Help to Grow schemes for management and digital announced
- Eight new English Freeports will be based in East Midlands Airport, Felixstowe & Harwich, Humber, Liverpool City Region, Plymouth, Solent, Thames and Teesside.
- An extension of Test and Trace support payments until the summer
- **Other key announcements**
  - The £4.8 billion Levelling Up Fund will be [published](#), with guidance for local areas on how to bid for the first round of funding starting in the next financial year
  - The Government wants to issue at least £15 billion in green gilts in the coming financial year
  - Visa reforms to attract “top level talent” to the UK, including the introduction of a new ‘elite’ points-based visa
  - A new Future Fund: Breakthrough product, a co-investment product to support the scale-up of innovative, R&D-intensive businesses
- The full Budget document can be found [here](#).

### *Transport Secretary chairs first meeting of Global Travel Taskforce*

- The Taskforce [discussed](#) developing a new risk-based framework to help facilitate international travel, using existing measures such as testing and quarantine and the recommendations from the first Global Travel Taskforce last year.

### *Government releases guidance for reopening businesses and venues*

- The Government has released [guidance](#) detailing the different stages at which various types of businesses and venues will reopen.

### *Labour unveiled plans to support high streets after pandemic*

- The Labour Party has [unveiled](#) proposals to **support high streets after the pandemic**.
  - Labour wants the Government to reverse new planning rules that have been introduced, and give councils new powers to repurpose commercial properties that have been vacant for at least 12 months to bring them back into continued use.
  - Labour also wants the Government to ensure the reforms to business rates are “wholesale”.

If you have any queries, please send an email to the LCCI Policy Team at [policy@londonchamber.co.uk](mailto:policy@londonchamber.co.uk).