



Black Country
Chamber of
Commerce

AUTUMN BUDGET 2021

27 October 2021

Background

This afternoon, the Rt Hon. Rishi Sunak, Chancellor of the Exchequer delivered the Autumn Budget following a Comprehensive Spending Review.

Out of lockdown and with the vaccine rollout and booster programme well underway, the local economy is very much in COVID-19 recovery mode in a radically altered landscape post-Brexit and an impetus to do business sustainably. Going into this budget, we always knew that the aspiration for increased productivity and higher wages would take years to achieve and wanted to see measures which would tackle the issues businesses are facing right now including escalating costs for international freight and energy prices alongside supply chain pressures and recruitment challenges which have seen investment decisions deferred as regional GDP decreased.

Whilst we await the finer detail behind the announcements there appeared to be a range of measures which local firms would welcome. Positive steps were forthcoming through new R&D relief, improvements to make buildings more sustainable, reforms to business rates alongside help to ensure goods keep moving, a focus on skills and, for those members in the visitor economy severely impacted by pandemic restrictions, there were plenty of measures designed to help them.

We know though that for growth to return in our industries and sectors, the Black Country needs to be able to compete nationally and internationally and there were further announcements to support the levelling-up agenda which would see investments in local transport and infrastructure projects and hopefully for regional projects as part of new funding streams.

Over the next few months, we'll know whether the budget has been successful if businesses have the confidence to invest and, with tax increases on the horizon, we wait to see if it gives industry leaders the confidence to invest.

Below, we outline the key announcements, and, over the coming days, we will continue to analyse what these mean for you and your business.

Economic Forecast

- Scarring forecast from the pandemic has been downgraded from 3% to 2%.
- Unemployment is projected to hit 5.2%, significantly lower than the 12% initially forecast by the pandemic shutdown.
- Growth forecasts for 2021 have been raised from 4% to 6.5%, while the OBR projects growth will reach 6 per cent in 2022.
- Inflation is set to average 4% over the next year, according to the Office for Budget Responsibility.

Announcements

Business Rate Reforms

- More frequent revaluations moving to a three-year cycle. New revaluation cycle will be delivered from 2023.
- A new relief to support green technologies. Until 2035, plant and machinery used onsite for renewable energy will be exempt from business rates altogether.
- New business rates improvement relief. From 2023, every business will be able to make property improvements and for 12 months, pay no extra rates.
- One-year 50% discount on business rates for retail, leisure, and hospitality businesses.
- Next year's business rates multiplier will be cancelled.

Transport and Logistics

- HGV Excise Duty frozen and the HGV Levy suspended until next year.
- New funding for lorry parks.
- Planned 4.9% rise in fuel duty in 2022 will be cancelled.
- UK to reform ship tonnage tax system in bid to boost flagging registry.
- Air passenger duties for flights within the UK will be subject to a new lower rate from April 2023, but higher fees will be introduced for longer haul flights.

Wage Increases from 1st April 2022

- The National Living Wage: for over 23s will rise by 6.6% (59p) to £9.50 .
- The Minimum Wage:
 - For people aged 21-22 rises by 82p to £9.18 an hour;
 - For 18-21 rises to £6.83;
 - For under 18s rises to £4.81;
 - And the Apprentice rate rises by 12% to £4.81.

Culture, Leisure and Hospitality

- Doubled headline rates of tax relief for theatres, museums, and galleries until end of March 2023.
- A new one year 50% business rates discount for retail, hospitality, and leisure sectors.
- From April 2023 there will be a lower rate of air passenger duty for domestic flights.
- "Draught relief" that would apply a lower rate of tax to draught beer and cider served from kegs and casks in pubs.

Skills

- £3.8bn will be invested in skills, an increase of 48 per cent over the course of this parliament.
- £560m 'Multiply' programme to be launched providing personalised maths coaching for up to half a million people.
- Apprenticeship funding will increase by £170 million to £2.7bn in 2024-25.
- A new 'Global Talent Network' will be set up to attract foreign talent into the UK's science and tech sectors.

Inward Investment

- Government intends to make it easier for companies to relocate to the UK through a new re-domiciliation regime, bringing the UK more in line with Canada, New Zealand and Switzerland.
- £1m annual investment allowance limit extended to March 2023.

Business Finance

- £312 million for the British Business Bank's Start-Up Loans programme to provide 33,000 loans to entrepreneurs.
- £150 million funding for the British Bank to expand the Regional Angels Programme.

Property and Construction

- £1.8 billion to turn brownfield land into 160,000 new homes and £300 million to be locally held by regional authorities to unlock smaller, brownfield sites.
- £65 million investment to support digitisation and improvement of planning systems.

Infrastructure

- £5.7 billion over 5 years to be invested in sustainable transport with over £1 billion allocated to the West Midlands Combined Authority region as part of programmes including the Wednesbury to Brierley Hill Metro extension and the roll of Sprint rapid bus transit in the Black Country.
- £1.2 billion allocated to transform bus services with the intention to speed up journey time, simplify fares and increase the number of services in the regions.

Innovation

- Research and development tax reliefs will be extended to include cloud computing and data costs.
- UK's target for spending £22 billion a year on research and development would be delayed by two years until 2026-27.
- Public sector investment in R&D would rise to 0.7 to 1.1 per cent by the end of the parliament.

Future Pandemic Resilience

- The Recovery Loan Scheme (due to expire at the end of 2021) to be extended for a further six months until 30 June 2022.
- £1.4 billion Global Britain Investment Fund will provide grants to encourage international firms to invest in the UK's critical and most innovative industries.
- The new fund will include £354 million to support investment in life sciences manufacturing, increasing resilience for future pandemics.
- Over £800 million investment in the production and supply chain of electric vehicles including in the Midlands.

Get in Touch:

If you have any questions about the policies announced in this Budget, please get in touch with Jonathon Gray, our Policy & Campaigns Manager. Jonathon can be reached at:

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