

# BUDGET MARCH 2023: SUMMARY OF KEY POLICY ANNOUNCEMENTS



| <u>SUBJECT</u>                  | <u>MEASURE / ANNOUNCEMENT</u>  | <u>DEVOLVED?</u>             |
|---------------------------------|--|------------------------------|
| <p><b>Business Taxation</b></p> | <p><b>Corporation Tax</b></p> <ul style="list-style-type: none"> <li>• The Budget confirms the decision taken at Spring Budget 2021, to increase the headline rate of Corporation Tax to 25% from April 2023.</li> </ul> <p><b>Capital Allowances: Full Expensing</b></p> <ul style="list-style-type: none"> <li>• Full expensing is a 100% first-year allowance which allows companies to claim a deduction from taxable profits that is equal to 100% of their qualifying expenditure in the year that expenditure is incurred.</li> <li>• Expenditure must be incurred on the provision of “main rate” plant or machinery on or after 1 April 2023 but before 1 April 2026.</li> <li>• Full expensing is available to companies subject to Corporation Tax only.</li> <li>• The plant and machinery must be new and unused, must not be a car, given to the company as a gift, or bought to lease to someone else.</li> <li>• Expenditure on second-hand assets and those bought to lease to someone else can still qualify for the AIA.</li> </ul> <p><b>Capital Allowances: The 50% first-year allowance (FYA)</b></p> <ul style="list-style-type: none"> <li>• This lets taxpayers deduct 50% of the cost of other plant and machinery, known as special rate assets, from their profits during the year of purchase. This includes long life assets such as solar panels and thermal insulation on buildings.</li> <li>• The 50% FYA was introduced alongside the super-deduction and was due to end on 31 March 2023. Is now extended to 31 March 2026. For each year following the first year, 6% of the remaining cost will be written off via Writing Down Allowances (WDAs).</li> <li>• 50% FYA allows for faster relief than under the default WDAs-only regime, which is worth 6% each year, including year one.</li> <li>• As part of his commitment to maintain a stable economy, the Chancellor’s long-term ambition is to make 50% FYA permanent.</li> </ul> | <p>Applies across the UK</p> |

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| <b>Labour Market</b> | <p><b>Universal Credit</b></p> <ul style="list-style-type: none"> <li>• Paying parents on Universal Credit childcare support up-front when they are moving into work or increasing their hours, rather than in arrears.</li> <li>• Increasing the maximum amount parents on Universal Credit can receive in childcare support by several hundred pounds.</li> <li>• Strengthened work search requirements are expected to encourage over 700,000 lead carers of children on Universal Credit to look for work or increase their hours and will receive additional Work Coach support to do so.</li> <li>• The Administrative Earnings Threshold (AET), the minimum amount a person can earn without being asked to meet regularly with their Work Coach, will be increased from the equivalent of 15 to 18 hours of earnings at the National Living Wage for an individual claimant. The couples AET, where a second member of a household may not be asked to look for work if their partner is working, will be removed entirely.</li> <li>• Strengthening the application of the Universal Credit sanctions regime. This includes additional training for Jobcentre Work Coaches to ensure they are applying sanctions effectively, including for claimants who do not look for or take up employment, and automating administrative elements of the sanctions process, including sending automated messages to claimants who fail to meet with their Work Coach, to reduce error rates and free up Work Coach time.</li> </ul> | <p>Applies across the UK</p>           |
|                      | <p><b>For disabled people and long-term sick:</b></p> <ul style="list-style-type: none"> <li>• A Health and Disability White Paper will be published on the day of the Budget outlining plans to scrap the Work Capability Assessment. Under the current system disabled people need to have a health assessment and be found incapable of work to receive additional income support through the benefits system. Scrapping the Work Capability Assessment means that disabled people can try work without fear of losing their benefits and reduce the number of assessments needed to qualify for health-related benefits.</li> </ul>  | <p>Applies across the UK</p>           |
|                      | <p><b>For the over 50s:</b></p> <ul style="list-style-type: none"> <li>• Returnerships will offer skills training that focuses on flexibility and takes previous experience into account, shortening the length of time individuals have to be in training.</li> </ul>   | <p>Devolved in Scotland, Wales, NI</p> |

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|                | <ul style="list-style-type: none"> <li>Skills bootcamps will be expanded by 8,000 places per year in 2024-25, up from 56,000 currently, reskilling people in important sectors such as construction and technology.</li> <li>Sector-Based Work Academy Programme (SWAPs) - Training and work experience in high-demand sectors for those currently out of work.</li> </ul> <p><b>Misc.</b></p> <ul style="list-style-type: none"> <li>Additional £8.1 million in each of the next two years to expand the Staying Close programme to around half of local authorities by March 2025 to help young people leaving residential care into employment.</li> </ul> <p><b>Occupational Health: SME subsidy pilot scheme expansion</b></p> <ul style="list-style-type: none"> <li>To support more businesses to provide occupational health services, the UK Government will expand the forthcoming occupational health pilot subsidy scheme for small and medium sized businesses announced by the Department for Health and Social Care and DWP in 2021. The UK Government will also launch a separate consultation on options for incentivising greater take-up of occupational health provision through the tax system.</li> <li>The UK Government will consult on ways to boost UK occupational health coverage, including, for example, through regulations to require employers to provide occupational health services. The consultation will also consider a process of kitemarking and professional accreditation to assure quality of occupational health services. To ensure occupational health providers can meet this increased demand for their services, the consultation will also consider the supply of occupational health professionals, including through the Long-Term Workforce Plan for the NHS.</li> </ul> <p><b>Migration and Shortage Occupation List</b></p> <ul style="list-style-type: none"> <li>To help ease immediate labour supply pressures, the UK Government commissioned the Migration Advisory Committee (MAC) to undertake a rapid Shortage Occupation List (SOL) assessment for the construction and hospitality sectors, ahead of its full review of the SOL concluding later in 2023.</li> <li>The UK Government has accepted the MAC's interim recommendations, to initially add five construction occupations to the SOL, which will take effect before summer recess. The UK Government will also review the SOL more regularly,</li> </ul> | <p>Devolved in Scotland, Wales, NI</p> <p>Changes in obligations upon employers would apply in England, Scotland and Wales – employment law is devolved in NI</p> <p>Applies across the UK</p> |

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|  | <p>based on recommendations from the MAC, so that the legal migration system is quicker and more responsive to the needs of businesses and the economy.</p> <p><b>Business visitor rules</b></p> <ul style="list-style-type: none"> <li>• The UK Government will simplify business visitor rules. This includes expanding the range of short-term business activities that can be carried out for periods of up to 6 months and reviewing permitted paid engagements. These changes will be implemented from autumn 2023. In addition, the UK Government will consider further enhanced provisions linked to negotiations with trade partners, including a wider range of activities.</li> </ul>  | Applies across the UK  |
| <b>Energy, environment, and net zero</b> | <ul style="list-style-type: none"> <li>• For households, the Energy Price Guarantee will be kept at £2,500 for an additional three months from April to June. Households will save a further £160.</li> <li>• The Climate Change Agreement Scheme will be extended by 2 years to allow eligible businesses £600m in tax relief on energy efficiency measures.</li> <li>• £20 billion over the next 20 years to support carbon capture and storage projects across the UK.</li> <li>• Launch a competition for this country's first Small Modular Nuclear Reactors.</li> <li>• The launch of Great British Nuclear to enable nuclear projects, support the UK's nuclear industry and provide opportunities to build and invest.</li> <li>• Nuclear power to cast as environmentally sustainable in the new Green Taxonomy to encourage investment (subject to consultation) and ensure same incentives as currently exist for renewable energy.</li> </ul> | Applies across the UK  |
| <b>Housing and Planning</b>              | <ul style="list-style-type: none"> <li>• £200 million for new regeneration projects</li> <li>• £400 million for new levelling up partnerships (20 places across England)</li> <li>• The third round of the Levelling Up Fund has been confirmed, providing a further £1bn to local communities so they can invest in new local priority infrastructure projects.</li> </ul>   | Devolved in Scotland, Wales and NI (Barnett consequentials apply however)                                |
| <b>Transport and Infrastructure</b>      | <ul style="list-style-type: none"> <li>• Fuel duty will be frozen and a 5p reduction will be maintained for a further 12 months.</li> <li>• £80m for eight new investment zones across the English regions, with four more planned in the devolved nations, part of this funding is for infrastructure spending.</li> </ul>   | Fuel duty and investment zone announcements apply across the UK – direct funding announcements are area- |

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|  | <ul style="list-style-type: none"> <li>• £8.8bn for a second round of the City Region Sustainable Transport Settlements, to help develop mass transit networks and sustainable transport.</li> <li>• Councils across England will get additional funding to help tackle potholes, through an extra £200m for pot-hole repairs.</li> <li>• The Chancellor announced £1.5m to repair the Cloddach Bridge in Scotland and £20m to restore the Holyhead Breakwater in Wales. On top of the £320m of funding for the Scottish government, £180m for the Welsh government and £130m for the Northern Ireland executive.</li> </ul>   | specific (Barnett consequentials apply however)   |
| <b>International trade and Foreign Direct Investment</b> | <ul style="list-style-type: none"> <li>• No new announcements</li> </ul>   |   |
| <b>Immigration</b>                                       | <ul style="list-style-type: none"> <li>• The UK Government has accepted the Migration Advisory Committee (MAC) interim recommendations to initially add five construction occupations to the Shortage Occupation List (SOL), taking effect pre-summer Recess. Committed to reviewing the SOL more regularly, based on recommendations from the MAC, so it is more responsive to the needs of businesses and the economy</li> </ul>   | Applies across the UK   |
| <b>Childcare &amp; Education</b>                         | <ul style="list-style-type: none"> <li>• New childminders will receive incentive payments of £600, rising to £1,200 for those joining through an agency.</li> <li>• Increase funding to nurseries offering free hours by £204m from this September, rising to £288m next year.</li> <li>• Offer providers more flexibility in how they operate – staff-to-child ratios will change from 1:4 to 1:5, though the new ratios will remain optional.</li> <li>• For parents on UC who are moving into work or want to increase their hours, the UK Government will pay childcare upfront and increase the maximum they can claim to £951 for one child, and to £1,630 for two children.</li> <li>• Fund schools and local authorities to increase the supply of wraparound care, with a view to starting this from September 2026.</li> <li>• In eligible households where all adults working at least 16 hours, the UK Government will introduce 30 hours of free childcare for every child over 9 months – starting from the moment maternity and paternity leave ends – to be introduced in stages</li> <li>• Working parents of 2 year olds will be able to access 15 hours of free care from April 2024</li> </ul> | <p>Childcare provision announcements apply in England only – Universal Credit payment changes apply across the UK</p> <p>£40 million allocated to extend further and higher education participation in Northern Ireland</p> |

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|                                  | <ul style="list-style-type: none"> <li>• From September 2024, that 15 hours will be extended to all children 9 months up</li> <li>• From September 2025, every working parent of under-5s will have access to 30 hour free childcare per week</li> <li>• To support children in care, will double qualifying care relief threshold to £18,140 and increase funding provided to the Staying Close programme by 50 percent to help more care leavers into employment.</li> <li>• Support young people with SEND with £3m expansion of Supported Internship pilot programme</li> </ul>   |   |
| <b>Local Growth / Devolution</b> | <ul style="list-style-type: none"> <li>• 12 new investment zones- possible areas include West Midlands, East Midlands, Teesside, Liverpool, and one in each of Scotland, Wales and Northern Ireland. Access to £80m support for skills, infrastructure and tax relief.</li> <li>• £200m for new regeneration projects.</li> <li>• £400m for new levelling up partnerships, helping to regenerate 20 places across England.</li> <li>• £320m for the Scottish Government, £180m for the Welsh Government, and £130m for Northern Ireland Executive as a result of the Barnett consequentials.</li> <li>• Up to £8.6m of targeted for Edinburgh festivals. As well as £1.5m to repair the Cloddach Bridge.</li> <li>• £20m for Welsh Government to restore the Holyhead breakwater.</li> <li>• Northern Ireland to receive a further £3m to extend the tackling paramilitarism programme and up to £40m to extend further and higher education participation.</li> <li>• Consult on transferring responsibilities for local economic development from local enterprise partnerships to local authorities from April 2024.</li> <li>• Will agree multi-year devolution deals with Greater Manchester &amp; West Midlands Combined Authorities in the next Spending Review, and into four mayoral areas over time.</li> <li>• A long-term commitment so that Greater Manchester &amp; West Midlands Combined Authorities areas can retain 100 percent of their business rates.</li> </ul> | Investment zones announcement applies across the UK – other announcements apply to England only, or to directly funded areas only (Barnett consequentials do apply however) |
| <b>Pensions</b>                  | <ul style="list-style-type: none"> <li>• Increase in pensions annual tax-free allowance by 50 percent to £60,000</li> </ul>   | Applies across the UK   |
| <b>Customs</b>                   | <ul style="list-style-type: none"> <li>• The UK Government is reviewing customs declarations requirements and will engage stakeholders on this work later in the year - will assess potential scope for</li> </ul>  | Applies across the UK, but subject to the Protocol and  |

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|  | <p>simplifications to customs declarations requirements and cover both simplified and standard customs declarations</p> <ul style="list-style-type: none"> <li>• The UK Government also seeking to deliver a number of improvements to Simplified Customs Declaration Process (SCDP) by:</li> <li>• increasing the amount of time traders have to submit their supplementary declaration for imports and exports (in the case of exports where it relates to more than one consignment of goods) from the fourth working day of the month to the 10th calendar day of the month.</li> <li>• increasing the amount of time traders have to submit their final supplementary declarations from the fourth working day of the month to the 11th calendar day of the month.</li> <li>• allowing traders to submit one supplementary declaration for goods imported over the course of a month (known as aggregation), reducing the total number of declarations that have to be submitted.</li> <li>• The UK Government to consult on introducing a voluntary standard for customs intermediaries, with the aim of improving the overall quality of service provided across the sector.</li> <li>• The UK Government is now planning a package of measures to simplify the transit facilitation. These measures will improve processes for both outbound and inbound movements in response to user feedback. They also improve the offer to authorised consignee/consignors.</li> <li>• All measures and implementation timelines to be consulted upon by HMRC with business and other stakeholders in 2023.</li> </ul> | <p>Windsor Framework in NI on NI-EU goods trade</p>   |
| <p><b>Research &amp; Development</b></p> | <ul style="list-style-type: none"> <li>• For R&amp;D intensive SMEs, for every £100 spent on R&amp;D, eligible companies will be able to claim £27 back, helping them to invest in more R&amp;D and grow for the future.</li> </ul>   | <p>Applies across the UK</p>  |
| <p><b>Digital, Culture, Media</b></p>    | <ul style="list-style-type: none"> <li>• £63m fund to keep public leisure centres and pools afloat- £40m will go towards making pools more energy efficient in the long term, with £20m to help leisure centres deal with rising costs.</li> <li>• £100m to support thousands of local charities and community organisations.</li> </ul>  | <p>Announcements apply across UK, with exception of funds applicable to leisure centres, pools, community organisations and voluntary sector which are England only</p> |

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|                          | <ul style="list-style-type: none"> <li>• £10m over the next two years to help voluntary sector in helping families battle suicide prevention and loss.</li> <li>• Increasing tax relief for film, tv and video game industries – expenditure credit with a rate of 34 percent for film, high-end television and video games, and 39 percent for animation and children's TV sectors.</li> <li>• Will maintain qualifying threshold for high-end television at £1m.</li> <li>• Extend for another 2 years 45 and 50 percent tax reliefs for theatres.</li> <li>• Accepting all 9 of the digital and technology review by Sir Patrick Vallance to better regulate the digital technologies of the future.</li> <li>• Creating AI Sandbox to trial new faster approaches to help innovates get products to markets.</li> <li>• Working with IPO to provide clarity on IP rules.</li> <li>• Will ask Dame Angela McLean to report before the summer on options around the growth duty for regulators.</li> <li>• £900m of funding to implement recommendations from the future of compute review.</li> <li>• Will today publish Quantum Strategy, to set out a vision to be a world-leading quantum-enabled economy by 2033.</li> <li>• Will award a prize of £1m every year for the next 10 years to the person or team that does the most ground-breaking British AI research – The Manchester Prize.</li> </ul> |                  |
| <b>Access to Finance</b> | <ul style="list-style-type: none"> <li>• No new announcements</li> </ul>   |                  |
| <b>Business rates</b>    | <ul style="list-style-type: none"> <li>• No new announcements</li> </ul>   |                  |