

15 March 2023

Briefing Note

CECA Briefing:

Spring Budget 2023

The Chancellor of the Exchequer, Jeremy Hunt MP (Con, South West Surrey), has this afternoon announced his first set of fiscal measures in 2023, under Prime Minister Rishi Sunak MP's Government.

With the continued difficulties of inflation, supply chain pressures, high energy prices, and a cost-of-living crisis, the Chancellor and the Government has been under high scrutiny and were expected to announce new measures to ease financial strain on both people and businesses. As such, the focus of this Budget for the Government is 'Enterprise, Employment, Education and Everywhere'.

The Chancellor has announced the measures below that are of interest to CECA members. Of particular note is the Government's acceptance of the Migration Advisory Committee's (MAC) interim recommendations to initially add five construction occupations to the Shortage Occupation List (SOL), ahead of its wider SOL review concluding in the autumn. The Government will also review the SOL more regularly. CECA is seeking further clarification on this and will update members accordingly.

CECA will continue to engage with the Government on matters affecting members and the infrastructure and construction industry. If you have any comments to feed into our lobbying activities, please contact CECA Public Affairs Executive [Liberty Hibberd](#).

[Everywhere](#)

Investment Zones

The Government is launching a refocused Investment Zone programme to incentivise 12 growth clusters across the UK, including 4 across Scotland, Wales and Northern Ireland. Each English Investment Zone will have access to interventions worth £80 million over 5 years. Local government and research institutions will be able to tailor their Investment Zone plan to their local circumstances.

Shortlisted proposed Investment Zones include:

- the proposed East Midlands Mayoral Combined County Authority
- Greater Manchester Mayoral Combined Authority
- Liverpool City Region Mayoral Combined Authority
- the proposed North East Mayoral Combined Authority
- South Yorkshire Mayoral Combined Authority
- Tees Valley Mayoral Combined Authority
- West Midlands Mayoral Combined Authority
- West Yorkshire Mayoral Combined Authority.

Up to £15m in local capacity funding to support local authorities to maximise economic opportunities from East-West Rail.

City Region Sustainable Transport Settlements

£8.8 billion in funding has been announced for a second round of the City Region Sustainable Transport Settlement programme covering 2027-28 to 2031-32, with funding for Greater Manchester and the West Midlands to be included in their Single Settlements.

£400m through Levelling Up Partnerships with local authorities

The Government has announced the rollout of new Levelling Up Partnerships, allocating upwards of £400 million in funding for 20 of England's areas most in need of levelling up over 2023 and 2024-25.

The Government has committed to a fair geographic spread across the regions of England, including: City of Kingston upon Hull, Sandwell, Mansfield, Middlesbrough, Blackburn with Darwen, Hastings, Torbay, Tendring, Stoke-on-Trent, Boston, Redcar and Cleveland, Wakefield, Oldham, Rother, Torridge, Walsall, Doncaster, South Tyneside, Rochdale, and Bassetlaw. Allocation will be reviewed on a case by case basis.

£200 million for regeneration

The Chancellor announced over £200 million for 16 regeneration projects in England and will commence delivery later this year. Investment has been targeted towards the deprived locations in the Levelling Up White Paper or projects that are under £10 million to ensure rapid delivery.

Projects include:

- £6.6 million in Wigan
- £8 million in Blackpool
- £6.7 million in Tendring
- £5.6 million in Kirklees
- £9.8 million in Telford and Wrekin
- £5.4 million in Salford
- £8.4 million in Waltham Forest
- £4.3 million in East Suffolk
- £20 million in Sandwell
- £20 million in Redcar and Cleveland
- £19.9 million in Tameside
- £20 million in Blackburn with Darwen
- £20 million in Wolverhampton
- £16.4 million in Northumberland

East West Rail

The Government will provide up to £15 million local capacity funding to support local authorities along the East West Rail route to maximise economic opportunities. The Department for Transport will make a route update announcement in May.

Trailblazer devolution deals and single settlements

The Government has agreed, subject to ratification, trailblazer devolution deals with the West Midlands Combined Authority and the Greater Manchester Combined Authority. These deals equip the authorities with new levers over local transport, employment, housing, innovation and Net Zero priorities, a long term commitment to local authorities retaining 100% of their business rates, and include a commitment to provide these MCAS with single multi-year funding settlements at the next Spending Review.

New devolution deals

Building on the six successful devolution deals agreed last year, the Government will seek to negotiate a new wave of devolution deals in England over the coming year.

Levelling Up Regeneration Projects

The Spring Budget announces £211 million for 16 regeneration projects in England. These projects have been assessed as high quality and will commence delivery later this year. Investment has been targeted towards the left-behind places

in the Levelling Up White Paper or projects that are under £10 million to ensure quick delivery and a good spread of funding across England. All funding is subject to final subsidy checks.

Levelling Up Capital Projects

£58 million will be invested in three levelling up capital projects in the North West of England. This will see a new community hub in Stockport, the transformation of Bootle town centre, and the redevelopment of markets as well as transport connectivity improvements in Rossendale.

City and Metropolitan Regeneration Projects

The Government has provided a further £161 million for high-value capital regeneration projects in city regions across England, including business premises and food science facilities in Tees Valley, and unlocking investment in a research campus in the Liverpool City Region.

Levelling Up Fund Round 3 update

A third round of the Levelling Up Fund will proceed as planned later in 2023 with a further £1 billion to level up places across the UK.

Holyhead Breakwater

The Government is providing £20 million of funding for the Welsh Government to restore the Holyhead Breakwater.

Cloddach Bridge

The Government is providing £1.5 million to Moray Council, subject to business case, to help fund repairs to Cloddach Bridge in Moray, Scotland.

Nutrient neutrality credit schemes

DLUHC will open a call for evidence from local authorities in England for locally led nutrient neutrality credit schemes. Where high quality proposals are identified, the Government will provide funding to support clearer routes for housing developers to deliver 'nutrient neutral' sites, in line with their environmental obligations.

New Housing Revenue Account Rate for the Public Works Loan Board (PWLB)

The Government will bring forward a new discounted PWLB policy margin to support local authorities borrowing for Housing Revenue Accounts and the delivery of social housing.

Enterprise

Carbon, Capture, Usage and Shortage

The Government has allocated £20 billion in funding for early deployment of Carbon Capture, Usage and Storage (CCUS).

A shortlist of projects for the first phase of CCUS deployment will be announced later this month. Further projects will be able to enter a selection process for Track 1 expansion launching later in 2023, and 2 additional clusters will be selected through a Track 2 process, with details announced shortly.

Nuclear classed as environmentally sustainable

Nuclear energy will be included in the green taxonomy, subject to consultation. This package will encourage private investment and support for the transition to net zero.

Great British Nuclear and Small Modular Reactors (SMRs)

The Government has announced the formation of Great British Nuclear (GBN). GBN will launch the first staged competition for Small Modular Reactors. Subsequent large Gigawatt-scale projects will also be considered subject to value for money, relevant approvals and technology accessibility.

Corporation Tax

The Chancellor announced that corporation tax for business will increase from 19% to 25%. Companies with a profit of more than £250,000pa will pay 25% tax on their profits from April 2023.

Road Investment

The Government has announced infrastructure investment for local communities and businesses of £200 million in 2023-24 to maintain and improve local roads. The increase is expected to fix the equivalent of up to 4 million additional potholes across the country.

Fuel Duty

The Government has announced that fuel duty will continue to be frozen. The Government will continue the 5p fuel duty cut currently in place for an additional 12 months. Fuel duty will remain 52.95p per litre for petrol and duty.

Transport Spend Increase

The Government has announced an increase transport sector spend of £8.7 billion in year 2022-2023, up from £3.2 billion in 2021-2022. However, due to inflationary and supply chain pressures this may not translate into increased investment in transport.

Capital Allowances

It has been announced that from 1 April 2023 until 31 March 2026 investments made by companies in qualifying plant and machinery will qualify for a 100% first-year allowance for main rate assets. Companies will be able to write off the full cost in the year of investment. This is known as full expensing. Additionally, companies investing in special rate (including long life) assets will also benefit from a 50% first-year allowance in the year of investment.

However, expenditure on plant or machinery for leasing is excluded from the first -year capital allowances due to governmental concerns about abuse and margin for error. We are currently seeking further clarity on leasing.

Local Enterprise Partnerships (LEPs)

The Government has announced that the functions of Local Enterprise Partnerships (LEPs) will be delivered by local government bodies in the future. Therefore, central government support for LEPs will be withdrawn from April 2024. The Department for Levelling Up, Housing, and Communities and the Department for Business and Trade will now consult on proposals, before confirming a decision. The Government will publish an updated policy position to confirm next steps by the Summer 2023.

Launch of call for evidence on VAT relief for energy saving materials.

The Government has announced a call for evidence on options to reform the VAT relief for the installation of energy saving materials in the UK. The call for evidence will consider the inclusion of additional technologies.

Aggregates Levy

The Government will freeze the Aggregates Levy rate for the year 2023-24. The Government will return to index-linking the Aggregates Levy rate, which will increase in line with RPI, from 1 April 2024.

Landfill Tax

The Government has announced that Landfill Tax will be updated in line with RPI from April 2023. The Government will continue engagement with stakeholders as a response to the call for evidence on aspects of Landfill Tax.

Energy Bills Discount Scheme

The Energy Bills Discount Scheme will provide all eligible businesses and other non-domestic energy users across the UK with a discount on high energy bills until 31 March 2024, following the end of the current Energy Bill Relief Scheme. It will also provide businesses in sectors with particularly high levels of energy use and trade intensity with a higher level of support.

Update on ongoing R&D tax relief review

The Government's consultation on merging the R&D Expenditure Credit (RDEC) and SME schemes closed on 13 March. The Government is currently considering the responses and no decision has been made. The Government intends to keep open the option of implementing a merged scheme from April 2024.

The Government will publish draft legislation on a merged scheme for technical consultation alongside the publication of the draft Finance Bill in the summer, with a summary of responses to the consultation. Any further changes as a part of the ongoing R&D tax reliefs review will be announced at a future fiscal event, including a final decision on whether to merge the RDEC and SME schemes.

Electricity Generator Levy: Final Legislation

As announced at Autumn Statement 2022, and following the publication of draft legislation on 20 December 2022, the Government will legislate for the Electricity Generator Levy. As previously announced, the final legislation will include indexation of the benchmark price; the recognition of a limited set of exceptional costs relating to the acquisition of generation fuel, which can be set against exceptional receipts; and rules for joint ventures.

Amendments to Corporate Interest Restriction

The Government has announced it will be making a number of modifications in connection with the Corporate Interest Restriction rules in order to protect Exchequer revenue, remove unfair outcomes and reduce administrative burdens for businesses. In most cases, these will take effect for periods of account commencing on or after 1 April 2023.

Business rates technical consultation: summary of responses and Non Domestic Rating Information and Impact Note (NDRIN) publication

The Government is publishing a summary of responses to the Business Rates Review technical consultation, which closed in February 2022. This reconfirms the Government's commitment to the Non-Domestic Rating reform package and sets out further detail on how this will be delivered in response to stakeholder feedback.

Valuation Office Agency's Business Rates: Transparency and Disclosure consultation publication

The Government is publishing a consultation on providing ratepayers with more information on business rates valuations. The consultation seeks to gather further views and understand any concerns on how this might work in practice for ratepayers, while balancing the need to protect data and confidentiality.

Digitalising Business Rates: Connecting business rates and tax data

The Government is publishing the summary of responses to its consultation and impact assessment on the design of the Digitalising Business Rates (DBR) programme. This document outlines the Government's response to the feedback received which includes a reduction in scope, new legislation to deliver DBR, and an integrated system for ratepayers to interact with central government.

2023-24 Plastic Packaging Tax rate

The Government will uprate the Plastic Packaging Tax rate in line with CPI, from 1 April 2023.

Vehicle Excise Duty (VED) uprating & Heavy Goods Vehicles (HGV) VED freeze

The Government will uprate VED rates for cars, vans and motorcycles in line with RPI from 1 April 2023. To support the haulage sector, VED for HGVs will remain frozen for 2023-24.

Reform of HGV Levy

Following consultation in 2022, the Government will introduce a new reformed HGV levy from August 2023 following the planned end of the current levy suspension period. The reforms to the HGV levy are a further step towards reflecting the environmental performance of the vehicle. The Government remains committed to ensuring that the levy applies to all HGVs using the UK road network.

Transforming HMRC Guidance and Forms for Small Businesses

The Government will collaborate with businesses and representative bodies to undertake a systematic review of tax guidance and forms for small business over the next 24 months to make it easier for small businesses to interact with the tax system as they set up and grow. The Government will ensure guidance is clear, simple and easy to find, introduce step-by-step interactive guidance and modernise HMRC forms to improve the customer experience.

Enterprise Management Incentives (EMI): changes to the process to grant options

The Government is simplifying the process to grant options under an EMI scheme. From April 2023, the requirement for a company to set out details of share restrictions within the option agreement and the requirement for a company to declare an employee has signed a working time declaration will be removed. From April 2024, the Government will extend the deadline for a company to notify HMRC of the grant of an EMI option from 92 days following grant, to the 6 July following the end of the tax year.

Two-Year extension of the Climate Change Agreement scheme

The Government will extend the Climate Change Agreement scheme by two years. Participants that meet agreed energy efficiency targets will be entitled to reduced rates of Climate Change Levy in 2025-26 and 2026-27. The extension will be open to new participants in currently eligible sectors. DESNZ will consult on the details of the extension and proposals for any potential future Climate Change Agreement scheme.

Control for Low Carbon Levies (CLCL)

The Government will set out plans to refresh the existing CLCL. The CLCL was published in 2017, before the Government's commitments on Net Zero, and will be replaced by a new framework to reflect our energy security priorities. We will set out details later in the year.

Landfill Tax Grant Scheme

The Government will develop a grant scheme to fund costs of Landfill Tax to public bodies in England, where such costs are acting as a determinative barrier to the remediation and redevelopment of contaminated land.

Business rates retention

The Government intends to expand the local retention of business rates to more areas in the next Parliament and will work closely with interested councils to achieve this. The Government also remains committed to bringing forward wider proposals to improve the local government finance landscape in the next Parliament. DLUHC will set out further details in due course.

Education and Employment

Strengthening employment rights

The Government is supporting Private Members Bills that would provide particular groups protections or leave entitlements, including improved redundancy protection for pregnancy, family leave, carer's leave, and newborn care leave, as well as a day-one right to request flexible working. The Government is also supporting legislation that would guarantee that all tips go to the staff and provide employees the chance to ask for a contract with more stable hours.

Call for Evidence on informal Flexible working

The Government will bring forward a call for evidence to launch in Summer 2023 on informal and ad hoc flexible working to better understand informal agreements on flexible working between employees and employers.

Migration

The Government will accept the Migration Advisory Committee's (MAC) interim recommendations to initially add five construction occupations to the Shortage Occupation List (SOL), ahead of its wider SOL review concluding in the autumn. The Government will also review the SOL more regularly. The Government will expand the range of short-term business activities that can be carried out, review permitted paid engagements, and consider enhanced provisions linked to trade negotiations. These changes will be implemented from autumn 2023. CECA is seeking further clarification on this.

Childcare

The Government has announced that people working at least 16 hours a week will now be eligible for 30 hours a week free childcare, if the child is aged 1 and 2. This will enable more parents and working mothers to get back to work faster.

Welfare reforms

The Government will also increase the funding available in Great Britain for Work Coaches to help those who are long-term sick and disabled into work. Increased Work Coach support.

The Government will introduce a new programme to support people with disabilities and long-term sickness into work. A new Universal Support programme will match individuals in England and Wales who want to work with existing job vacancies, and ensure they are supported to enter and stay in work by funding the necessary training and workplace support.

The Government is strengthening the way the sanctions regime is applied, by automating parts of the process to improve efficiency and reduce error and ensuring that Work Coaches have the tools and training to implement sanctions as effectively as possible, including for failing to take up a job.

Pension

The Government is bringing forward policies that incentivise highly skilled individuals to remain in the labour market. Currently, there are limits placed on the total tax-relieved pension savings an individual can make each year and over their lifetime. To stop these limits from acting as a barrier to remaining in work, the Government will remove the Lifetime Allowance charge, before completely abolishing it in a future Finance Bill, and raise the Annual Allowance to £60,000 from April 2023.

Occupational Health

To support those claiming benefits who are long-term sick and disabled, the Government is publishing a Health and Disability White Paper. This sets out ambitious and extensive reforms to make sure those with disabilities have the right support, opportunities, and incentives to move into and remain in work.

The Government will also pilot a new programme, WorkWell, to better integrate employment and health support for those with health conditions, supporting individuals into employment and to remain in work.

Working for Ukraine Refugees

In an extension of the Government's support for Ukrainians fleeing the war who have arrived in the UK under the Ukraine Visa Schemes, the Government is providing £11.5 million to offer intensive English language courses and employment support to up to 10,000 individuals. This new funding is expected to boost the number of Ukrainians entering the labour market for the first time, as well as helping those already employed into higher-skilled roles.

Returnships

The Government is committing to upskilling and retraining workers of all ages. Returnships are a new offer targeted at the over 50s, which bring together the Government's existing skills programmes, focusing on flexibility and previous experience to reduce training length. Returnships will promote accelerated apprenticeships, Sector-Based Work Academy Programme placements and Skills Bootcamps to the over 50s. This will support better access to re-training and allow workers of all ages to engage with the opportunities of a second career. This will be supported by £63 million for an additional 8,000 Skills Bootcamps places in 2024-25 in England, and 40,000 new Sector-Based Work Academy Programme placements across 2023-24 and 2024-25 in England and Scotland.