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OVERVIEW

The 2021 Spring Budget has included much needed support for rural communities, as well as the country as a whole. Though not an ordinary Budget, it is one that will help thousands of businesses and the economy to recover. The Countryside Alliance welcomes the support that will be on offer to rural businesses, from the extension of the Job Retention Scheme to the freeze on fuel duty for another year. These are measures that will help livelihoods in rural communities.

Rural tourism and hospitality businesses will be particularly helped by the extension of the reduced rate of VAT and the extension of the business rates holiday. When the times comes to open again, when safe to do so, businesses will be ready with the help of a ‘Restart Grant’.

There is hope that business will be ready for the future. The government is investing in digital skills training. Moving online has created challenges for rural businesses without the skills to make the transition smoothly. There still remains the problem that many rural businesses cannot move online due to the lack of digital infrastructure. For the government to achieve its ambition it must ensure those hard-to-reach places are not left behind, as they are at risk of being currently.

BUDGET MEASURES

Furlough

- The continuation of the Coronavirus Job Retention Scheme in its current form until the end of June 2021.

Countryside Alliance: Extending the Coronavirus Job Retention Scheme is a welcome move by the Chancellor and will help support many rural jobs, enable the rural economy to bounce back when this crisis is over.

VAT

- The Government will extend the temporary reduced rate of 5% VAT for goods and services supplied by the tourism and hospitality sector until 30 September 2021. To help businesses manage the transition back to the standard 20% rate, a 12.5% rate will apply for the subsequent six months until 31 March 2022.
- Businesses that took advantage of the original VAT deferral on VAT returns from 20 March through to the end of June 2020 can now opt to use the VAT Deferral New Payment Scheme to pay that deferred VAT in up to eleven equal payments from March 2021, rather than one larger payment due by 31 March 2021, as originally announced.

Countryside Alliance: We welcome the move to extend the 5% reduced rate of VAT for six months as this will support our hard-pressed hospitality sector, however this extension does not cover alcohol. Those pubs which do not serve food will therefore be disproportionately impacted. We urge the Government to take a look at how they can support wet pubs in the coming months to ensure these businesses at the heart of our communities also remain viable.

Business support

- From 6 April 2021 the Recovery Loan Scheme will provide lenders with a guarantee of 80% on eligible loans between £25,000 and £10 million. This is open to all businesses, including those who have already received support under the existing COVID-19 guaranteed loan schemes.
- 'Restart Grants' in England of 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. The Government is also providing all local authorities in England with an additional £425 million of discretionary business grant funding, on top of the £1.6 billion already allocated.

Countryside Alliance: The Recovery Loan Scheme and Restart Grants will provide an essential lifeline to many hospitality businesses and are to be welcomed.

Business rates

- The Government will continue to provide eligible retail, hospitality and leisure properties in England with 100% business rates relief from 1 April 2021 to 30 June 2021. This will be followed by 66% business rates relief for the period from 1 July 2021 to 31 March 2022.

Countryside Alliance: We welcome the extension of the business rate holiday as this will help thousands of small rural businesses across England and Wales who are continuing to struggle.

However, the COVID-19 pandemic continues to highlight the unfairness of this tax and we continue to call for a full-scale review of business rates to ensure we have a system which enables rural businesses to compete fairly with those online. Businesses need long term certainty if they are to be able to invest and plan for the future.

Alcohol Duty

- The duty rates on beer, cider, wine and spirits will be frozen for another year.

Countryside Alliance: We welcome the recognition of the role that pubs play in communities, and the decision to freeze duty on beer, cider and spirits. This will help to ensure that these important businesses and social hubs can survive.

Digital

- The Government will launch a new UK-wide scheme in the autumn to help 100,000 SMEs adopt productivity-enhancing software. This will combine a voucher covering up to half of the costs of approved software up to a maximum of £5,000, and free impartial advice, delivered through an online platform. £138 million for the government's commitment to fund in-demand technical courses for adults, and to expand the employer-led boot camp training model, in high value areas such as digital and technical skills.
- Help to Grow: Digital will combine a voucher covering up to half of the costs of preapproved solutions up to a maximum of £5,000, and free impartial advice delivered through an online platform.¹
- The Government is investing £500 million, matched by industry, to deliver high-quality 4G mobile coverage from at least one operator across 95% of the UK by 2025, through the Shared Rural Network.²

Countryside Alliance: Continued poor connectivity and lack of digital skills in rural areas represent a huge, missed opportunity for economic development and threaten the expansion of the rural economy, currently worth £400bn annually. We believe these gaps and weaknesses need to be addressed as a priority and it is welcome that the Chancellor agrees.

Digital connectivity will play a key role in the levelling up agenda and greening the economy post COVID-19 recovery. We very much welcome the commitment from government and industry to deliver the Shared Rural Network and for investing in digital skills. Both are essential if we are to grow our economy and expand our market. However, this also needs to be backed up with a world class broadband network connecting those hard-to-reach places in rural areas.

Apprenticeships

- The Government will extend and increase the payments made to employers in England who hire new apprentices. Employers who hire a new apprentice between 1 April 2021 and 30 September 2021 will receive £3,000 per new hire.

¹ Announced in Build Back Better: our land for growth (link)

² Ibid

- The Government will introduce a £7 million fund from July 2021 to help employers in England set up and expand portable apprenticeships.

Countryside Alliance: We have always been supportive of the Apprenticeship Scheme and working with the shooting industry we have helped to develop a gamekeeper standard, so we very much welcome the doubling of the apprentice payment. However, we would like to see more done to encourage more land-based apprenticeships.

Fuel Duty

- The Government will freeze fuel duty in 2021-22. This is the eleventh consecutive year of the freeze, cumulatively saving the average car driver £1,600 compared to the pre-2010 escalator. Future fuel duty rates will be considered in the context of the UK's commitment to reach net-zero emissions by 2050.

Countryside Alliance: The freeze on fuel duty for another year is welcome. Those in rural areas are often reliant on a car for transport, especially in remoter areas. Continuing to freeze the duty is important for rural households where the cost of transport is high.

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