



UK Government Budget

March 2021

Today (3rd March), a day after the Welsh Government announced its final Budget for 2021-22, the UK Government set out its three-point plan to support jobs and business throughout the remaining period of the pandemic and inspire growth in the recovery period.

Key Headlines:

- The furlough scheme has been extended until September 2021
- An additional £740mn has been confirmed for the Welsh Government, through the Barnett formula
- The devolved administrations will also receive £1.4bn of funding outside of the Barnett formula
- Three City and Growth Deals in Wales will receive funding
- Six-month extension of the £20 per week Universal Credit uplift

Universal Credit

Universal Credit claimants in Wales will benefit from the government's commitment to extend the £20 per week increase to the standard allowance for a further six months. This change is in addition to the 0.5% annual benefits payment increase already announced.

Newly eligible Universal Credit claimants currently have the option to receive up to 100% of their estimated Universal Credit payment upfront within a few days at the



beginning of their claim. This effectively means that claimants will receive their annual award over 13 payments during their first year, instead of 12. From next month, all New Claim and Benefit Transfer Advance applications will be offered the option to access the equivalent of 25 payments over a 24-month period.

Also starting next month, the normal maximum deduction rate will change from 30% to 25% of a claimant's standard allowance benefitting more than 350,000 families.

Both these measures were originally announced in the Spring Budget 2020. The implementation date for these measures have been brought forward from October 2021 to next month.

The Coronavirus Job Retention Scheme

Also known as the furlough scheme, the Coronavirus Job Retention Scheme has been extended until September 2021 across the UK, which aims to mitigate the impact of coronavirus on the economy by encouraging employers to retain their employees. The scheme will provide the same level of support as the previous extension.

Vaccine roll-out

Domestic vaccine deployment funding – The government is allocating £1.65 billion for 2021-22 to continue the vaccine deployment programme in England, and the devolved administrations are receiving additional funding through the Barnett formula in the usual way.

Barnett Consequentials

The Budget confirms an additional £740 million of Barnett consequentials for the Welsh Government. This means the Welsh Government is receiving an additional £2.1 billion in 2021-22 through the Barnett formula, on top of the baseline of £15 billion, as well as over £300 million of non-Barnett funding. Additional funding will be allocated by Welsh Government through future Supplementary Budgets during the financial year, and this will now take place post-election.

City and Growth Deals

Funding for three Welsh City and Growth Deals will be accelerated:

- The Swansea Bay City Deal will get an extra £5.4 million per year. This will support digital and urban regeneration infrastructure projects, creating up to 9,000 new jobs and £1.1 billion for the economy.
- The North-Wales Growth Deal will get an extra £4.4 million per year, supporting the Deal to create up to 3,800 new jobs and to support an increase of £2.2 billion for the economy.



- The Mid-Wales Growth Deal will get an extra £1.8 million per year, leading to faster investment, such as those focussing on transport, agriculture and skills and employment.

In addition to UK-wide policies which apply in Wales, the Budget announces the following:

- Holyhead hydrogen hub – a green hydrogen demonstration project, which will create high-skilled green jobs in Anglesey.
- Global Centre of Rail Excellence – construction of a rolling stock and infrastructure testing complex in Wales. The Global Centre for Rail Excellence would support innovation in the UK's rail industry, including the testing of cutting-edge, green technology.

Conclusion

The Chancellor today made it clear that the UK is still in the midst of a pandemic, with announcements of additional support for jobs and businesses through the extension of the furlough scheme, provision of business loans and VAT cuts.

Policies were however laid out for the post-covid period with plans to drive jobs, growth and investment through the City and Growth Deals, demonstrating the Government's ambition to support all corners of the UK.

Although Welsh-specific measures are limited, Wales will receive funding through the Barnett formula of an additional £740mn.