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Budget 2020: BSA Summary

Key Points

As part of today's Budget the Government has made the following announcements.

The full document can be found [here](#).

Responding to the Budget, Mark Fox, Chief Executive of the BSA, said: "Investment in infrastructure, research and development is all welcome. Additional Support through the period of the coronavirus is necessary and welcome. Government needs to move swiftly to include procurement reform, 'the playbook', into legislation."

Coronavirus

- £30 billion fiscal stimulus to complement Bank of England base rate cut
- Further changes to Statutory Sick Pay for those advised to self-isolate, and refund of cost for businesses of fewer than 250 employees for 2 weeks
- Business interruption loan scheme for SMEs
- Business rates abolished for next financial year for eligible retail, leisure or hospitality businesses with a rateable value below £51,000
- £3,000 cash grant per business for any firm eligible for small business rates relief
- £5 billion emergency response fund for NHS and other public services
- £500 million hardship fund to help vulnerable people

The BSA has written to the Cabinet Office to raise the industry response to the virus; what more it can do to help; and, in particular, the issue of the virus in relation to existing public sector contracts.

Economy

- Economy predicted to grow 1.1% this year, not taking into account coronavirus
- Annual output forecast to be 1.8% in 2021-22, 1.5% in 2022-23 and 1.3% in 2023-24
- Inflation forecast of 1.4% this year, increasing to 1.8% in 2021-2022
- Public sector net borrowing set to rise this year to 2.1% of GDP, rising to 2.4% and 2.8%

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- Target for National Living Wage to reach two-thirds of median earnings and be extended to workers aged 21 and over by 2024. NLW expected to be over £10.50 in 2024
- R&D investment to reach £22 billion

Business

- Increase in R&D credit and employment allowance but restriction in entrepreneurs relief
- Review of business rates

Public Procurement & PFI

- £3 million for face-to-face training and assessment of staff across government who manage the most important contracts
- £2 million in 2020-21 to carry out targeted contract reviews of existing PFI contracts

Tax & Pensions

- National Insurance threshold raised to £9,500
- Alcohol and fuel duties frozen and VAT on women's sanitary products abolished
- New plastic packaging tax (further details on which can be found [here](#))
- Corporation Tax stays at 19%
- Pensions tax taper threshold raised

Infrastructure, Housing & Environment

- More than £600 billion set to be spent on roads, rail, broadband and housing by middle of 2025
- Review of the Green Book
- National Infrastructure Strategy later in the spring
- £27 billion between 2020 and 2025 for English strategic roads
- Additional funding for flood repairs and defences
- £800 million for new carbon capture and storage clusters
- £5 billion Broadband investment
- £500 million to support new rapid charging hubs for EVs
- £12.2 billion for affordable housing
- Additional £1 billion to remove unsafe cladding
- Cutting interest rates on lending for social housing by 1%
- £640m "nature for climate fund" to protect natural habitats
- £800 million for new blue skies research agency



Devolution

- £242 million to fund a further four City and Growth Deals across Scotland, Wales and Northern Ireland
- New devolution deal in West Yorkshire
- £4.2 billion for five-year, integrated transport settlements for eight city regions
- New Government Campus in the North

Public Services

- Over £6 billion of new funding over Parliament for NHS
- £1.5 billion capital spending to refurbish further education colleges