

## UK Budget 2021

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Today Rishi Sunak Chancellor of the Exchequer has laid out the UK Budget 2021<sup>1</sup>. The Budget sets out the steps the government is taking to support the recovery, ensuring the economy can build back better, with radical new incentives for business investment and help for businesses to attract the capital, ideas and talent to grow. This briefing aims to provide summary information on the Budget with special focus on our renewable energy industry.

### Key messages for our renewable energy industry.

- **Energy and innovation:**
  - The launch of a £20 million programme to support the development of floating offshore wind technology across the UK.
  - The launch of a new £68 million UK-wide competition to implement several first-of-a-kind energy storage prototypes or technology demonstrators.
  - A £4 million UK-wide competition for the first phase of a biomass feedstocks programme, to support the rural economy in making improvements to the production of green energy crops and forestry products.
  - Green energy innovation schemes from the government's £1 billion Net Zero Innovation Portfolio to support the development of new solutions to cut carbon emissions and accelerate near-to-market low-carbon energy innovation.
- **Offshore wind ports infrastructure** – New port infrastructure will be built to allow for the next generation of offshore wind projects in Teesside and Humberside.
- **Freeports in Scotland, Wales and Northern Ireland** – Freeports will benefit the whole of the UK. Discussions continue between the UK Government and the devolved administrations to ensure the delivery of Freeports in Scotland, Wales and Northern Ireland as soon as possible.
- **Aberdeen Energy Transition Zone, Global Underwater Hub and North Sea Transition Deal:**
  - The government will provide £27 million, subject to business case, for the Aberdeen Energy Transition Zone, helping to support North East Scotland to play a leading role in meeting the UK's net-zero ambitions.
  - The government will also provide a further £5 million for the Global Underwater Hub, subject to business case, on top of the £1.3 million committed last year, and up to £2 million to further develop industry proposals as part of the government's support for the North Sea Transition Deal (NSTD).
- **Holyhead hydrogen hub** – The government will provide £4.8 million, subject to business case, to support the development of a hydrogen hub in Holyhead which will pilot the creation of hydrogen from renewable energy and its use as a zero emission fuel in HGVs. This could support up to 500 jobs.
- **The Ayrshire Growth Deal** will get an extra £3.4 million per year from 2021-22 for the remaining 10 years of the Deal. This will enable Deal projects, such as those focussing on regeneration, infrastructure, and aerospace technology, to be delivered faster and will support the Deal to leverage private sector investment of more than £300 million, with the potential to create up to 7,000 new jobs.
- **The Argyll & Bute Growth Deal** will get an extra £0.8 million per year from 2022-23 for the remaining 10 years of the Deal, leading to faster investment once projects are agreed in priority areas including tourism, housing and digital connectivity.
- **The Falkirk Growth Deal** will get an extra £1.3 million per year from 2022-23 for the remaining 10 years of the Deal. This will lead to faster investment in areas such as infrastructure improvements to support sustainable travel, tourism and energy.

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<sup>1</sup> <https://www.gov.uk/government/publications/budget-2021-documents>

- **Future Fund: Breakthrough** – The government will commit £375 million to introduce Future Fund: Breakthrough, a new direct co-investment product to support the scale up of the most innovative, R&D-intensive businesses. The British Business Bank will take equity in funding rounds of over £20 million led by private investors to ensure these companies can access the capital they need to grow and bring prosperity to communities across the UK.
- **Energy and environment tax:**
  - **Aggregates Levy** – The government will freeze the Aggregates Levy rate for 2021-22 but intends to return to index-linking in future.
  - **Carbon Price Support** – The government will maintain the freeze on Carbon Price Support rates at £18 per tonne of carbon dioxide in 2022-23. The government is committed to carbon pricing as a tool to drive decarbonisation and intends to set out additional proposals for expanding the UK Emissions Trading Scheme over the course of 2021.
- **A new UK infrastructure bank** will provide financial support to private sector and local authority infrastructure projects across the UK, to support the green industrial revolution.
- **Carbon markets working group** – A new group with the aim of positioning the UK and the City of London as the leading global market for high quality voluntary carbon offsets, which can play an important role in addition to international efforts to reduce carbon emissions.
- **Jobs & Skills** – A new incentive payment of £3,000 will be provided for businesses hiring apprentices at any age and £126m will be provided to triple the number of traineeships.