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Government sets out new Plan for Growth

A radical plan to get the UK economy growing has been set out by the Government today.

The Plan for Growth is based around four overarching ambitions for the British economy:

- to create the most competitive tax system in the G20;
- to make the UK the best place in Europe to start, finance and grow a business;
- to encourage investment and exports as a route to a more balanced economy; and
- to create a more educated workforce that is the most flexible in Europe.

The Plan for Growth builds on the macroeconomic stability created by the Government's deficit reduction plan announced last year. It brings in around 100 new measures to ease the burden of regulation; create a pro-growth planning system; support private sector investment and provide people across the UK with the skills and opportunities to work.

Today's Budget announced the following tax measures to improve the UK's tax competitiveness:

- a further 1 per cent cut in corporation tax from April 2011 to 26 per cent, falling to 23 per cent by 2014, with an increase in the bank levy from January 2012 to offset the benefit to banks;
- changes to the Controlled Foreign Company rules in 2012 to improve the competitiveness of the UK, including an effective UK tax rate on overseas financing income of 5.75 per cent;
- increase the rate of SME R&D tax relief to 200 per cent in 2011 and 225 per cent in 2012;
- increase the rate of Enterprise Investment Scheme tax relief to 30 per cent from April 2011; and
- doubling the lifetime limit on capital gains qualifying for Entrepreneurs' Relief.

Measures announced in the Plan for Growth include:

- reforming the planning regime, including establishing a powerful new presumption in favour of sustainable development so that the default answer to development is 'yes';
- opening up more land for development by removing nationally imposed targets, while maintaining the greenbelt;
- piloting new land auctions, starting with public sector land;
- streamlining planning applications, including a 12 month guarantee for processing all applications and appeals and a fast track for major infrastructure projects;
- a consultation on proposals to make it easier to convert commercial premises to residential;
- scrap proposals for specific regulations which would have cost business over £350 million a year, including not extending the right to request time to train to businesses with fewer than 250 employees and not bringing forward dual discrimination rules;
- a moratorium exempting micro (fewer than ten employees) and start-up businesses from new domestic regulation for three years from 1 April 2011;
- an extension of capital allowances short life asset regime for plant and machinery from four to eight years, from April 2011, to bring forward investment in new equipment;
- 11 Enterprise Zones across England, with simplified planning rules, superfast broadband and tax breaks for businesses, with local areas to bid for a further 10;
- a new £250 million scheme that, in England, will offer over 10,000 first time buyers an equity investment of 20 per cent towards the deposit on new-build homes and reforms to the stamp duty land tax treatment of 'bulk' purchases of residential property;
- an increase in capital available to the Green Investment Bank to £3 billion;
- reduce the licensing burdens for live music venues, which will include small venues;
- launch services that make it easier for trusted business visa service users, entrepreneurs

and high net worth individuals to do business in the UK;

- abolish over two dozen regulatory offences under Money Laundering Regulations;
- up to 50,000 additional apprenticeships and an additional 80,000 work placements for young people, and expanding the University Technical Colleges programme to at least 24 new colleges by 2014 to provide technical qualifications for 11-19 year olds;
- launch the first Technology and Innovation Centre in high-value manufacturing; and
- set up a new health research regulatory agency to streamline regulation and improve the cost-effectiveness of clinical trials, including a 70 day benchmark to recruit first patients for trials.

Notes to Editors

1. The Growth Review is a joint Treasury and BIS-led process, launched in November 2010 that aims to ensure that all Government Departments are doing everything they can to help the country grow and recover from recession.
2. The Plan for Growth, containing the first outcomes of the Government's growth review is published alongside the Budget and can be downloaded from: http://www.hm-treasury.gov.uk/ukecon_growth_index.htm
3. The abolition of the Default Retirement Age will continue as planned from 6 April.