

FIRST DELEGATED LEGISLATION COMMITTEE

MOTION FOR AUTHORISING THE SECRETARY OF STATE TO PAY BY WAY OF FINANCIAL ASSISTANCE UNDER SECTION 8 OF THE INDUSTRIAL DEVELOPMENT ACT 1982

Introduction

- This note has been prepared by the Department for Business, Energy and Industrial Strategy (BEIS) and contains information for the First Delegated Legislation Committee.

Purpose of the motion

- The Committee considers the motion, That this Committee has considered the Motion to authorise the Secretary of State to undertake to pay, and to pay by way of financial assistance under Section 8 of the Industrial Development Act 1982, compensation to digital technology product vendors in respect of a proportion of the costs of providing digital technology product to SMEs as part of the Help to Grow Digital programme up to a limit of £296 million over three years.

Legislative Context

Section 8 (subsection 8) of the Industrial Development Act 1982

The Industrial Development Act 1982 section 8 contains powers enabling the Secretary of State to provide financial assistance to companies where, in his or her opinion, the financial assistance is likely to benefit the economy of the United Kingdom, or of any part or area of the United Kingdom.

- (8) Subject to subsection (9) below, the sums which are paid, or undertaken to be paid,] by way of financial assistance under this section in respect of any one project, excluding sums paid or to be paid in respect of foreign currency guarantees, shall not exceed £10 million in the case of payments made, or undertakings given by, the Scottish Ministers, or £30 million in any other case], except so far as any excess over the said sum of £10 million [or £30 million] has been authorised by a resolution of the Commons House of Parliament.
- (9) Subsection (8) above shall not apply where the Secretary of State is satisfied that the payment or undertaking is urgently needed at a time when it is impracticable to obtain the approval of the Commons House of Parliament; and in that case the Secretary of State shall lay a statement concerning the financial assistance before each House of Parliament.

Policy background

What is being done and why?

- In March 2021 Budget, the Chancellor of the Exchequer announced the new ‘Help to Grow’ programme, to help SMEs across the UK learn new skills, reach new customers, and boost profits.
- **Help to Grow** comprises two government-subsidised business support schemes for SMEs announced by the Chancellor at the budget. These are **Help to Grow: Management** and **Help to Grow: Digital**.
- **Help to Grow: Digital** will help up to 100,000 UK SMEs over three years to adopt digital technologies that are proven to increase firm-level productivity and maximise their growth potential.
- The support will be focused on two key aspects of the programme.
 - Firstly, an online platform to provide SMEs with information, advice and guidance to help them understand their digital technology needs, select relevant software solutions and effectively implement them in their business.
 - Secondly, funding of up to £5,000 per SME to cover up to 50% of the cost of approved software for the first year, to support the adoption of new to firm productivity enhancing technology solutions.

Extent and Territorial Application

- The territorial extent of this motion is the United Kingdom, and the territorial application of this motion is the United Kingdom.

Costings

£296m was allocated to the scheme by the Chancellor as part of the March 2021 budget, which includes the costs of the vouchers and the scheme administrator. The scheme will run for three years from its launch in Autumn 2021.

Contact

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