

### Key takeaways of UK Budget - 2014

Economic stability, growth in business, sound public finances, support to communities and small businesses, among others are some of the objectives of the UK Budget, 2014. Continuing the focus to reduce the deficit and debt, and secure the recovery. The government plans to:

1. Cap the welfare budget to control spending.
2. Ensure that employers meet the full costs of public service pension schemes
3. Limit public sector pay increase.

Further, the key highlights of the UK Budget, 2014 includes:

1. Budget for BUSINESS
  - a. Doubling the annual investment allowance to £ 5,00,000 until the end of 2015.
  - b. Offering the best export finance in Europe.
  - c. Reducing energy costs, with focus on maintaining UK the competitive location for manufacturing.
2. Budget for SAVERS
  - a. New mechanisms to help people access their pensions.
  - b. Reforming the ISA (Individual Saving Account) into NISA (New Individual Saving Account)
  - c. Tax reduction by increasing the level of the tax-free persona allowance from £ 10,000 to £ 10,500
  - d. Extension of Help to buy: Equity loan scheme to March 2020.
  - e. Abolishing two bands of Air Passenger Duty, thus reducing the cost of long haul flights

The UK government has further announced the introduction of the, as claimed, highly secure new £1 coin. The proposed bi-metallic coin, to be introduced in 2017, adopts the new Royal Mint technology to ensure protection against counterfeiting.

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### DBIS proposes ADR for consumers

UK governments' Department for Business Innovation and Skills (DBIS) on 11th March, 2014 has placed a proposal for applying the requirements of the European Alternate Dispute Resolution (ADR) Directive ("Directive") and the Online Dispute

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Resolution (ODR) Regulation ("Regulation") into UK Consumer law. The policy objective behind the proposal aims at:

1. Availability of quality ADR across all sectors
2. Maintaining a high standard of consumer protection while ensuring the costs and burdens on business are kept at minimum
3. Keeping the consumer arena devoid of confusion for consumers
4. Enhancing the redress process to increase the confidence of consumers to participate in the markets and support competition.
5. Strengthening economic growth across EU.

Presently the UK market faces problems with ADR coverage, ranging from 'members only' facility to 'product defined' ADR coverage. The proposal of DBIS targets to make the ADR and ODR universally applicable. The strong rationale behind simplifying and reforming consumer laws is to make markets work more effectively and thus, drive economic growth by establishing competitive markets via active and direct consumers, which in turn shall encourage growth by creating incentives for firms to become more efficient and innovative.

Some of the core requirements, with limited or no flexibility in its application, of the ADR Directive and ODR Regulation:

1. Business provides certain ADR/ ODR information to consumers
2. Member States create a competent authority to monitor compliance with the ADR Directive
3. Member States create an ODR contact point to the ODR platform to assist consumers in resolving cross-border disputes.

The ADR Directive and ODR Regulation were adopted by the EU on 21st May, 2013. All the member states have an obligation to implement the Directive and Regulation by 9th July 2015 and 9th January 2016, respectively.

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## **DEFRA plans to stimulate economic growth in rural areas**

UK's Department for Environment, Food and Rural Affairs (DEFRA) plans to focus and prioritize economic growth in rural areas of the country by structuring an action plan involving various projects, schemes and programs, together worth £ 165 million. DEFRA admitted that the rural areas face unique and multiple challenges yet, the economic contribution from these areas are vital for the growth of UK's economy as a whole. In its deliberations, the DEFRA stated that there are 5,05,000 businesses in the rural areas which comprise 28% of the total businesses in England. Only 16% of

rural businesses are involved in agriculture, forestry or fishing. Admittedly, the main reasons for slow growth include – spread out and fragmented business communities, lack of business premises, and slow or absent internet connectivity. The action plan designed to encourage growth in the rural economy includes:

1. Rural Development Programme for England (RDPE) – recognizing the connections between agriculture, environment and community sustainability.
2. Rural Broadband and Mobile Infrastructure – involves huge investment worth £ 550 million including £ 150 million Mobile Infrastructure Project covering the entire UK.
3. Skill and Knowledge Transfer Programme – focusing on training and networking skills for business people in rural areas.
4. Farm and Forestry Improvement Scheme (FFIS) – a support scheme designed to help farm and forestry business become more efficient at using natural resources. Round 3 of the FFIS closes on 4th April, 2014.
5. Rural growth network pilots – setting up of 5 pilots in rural areas (completed), designed to help businesses overcome barriers to economic growth.
6. Rural Tourism – a £ 25 million initiative to encourage tourism. Includes work on environmental care and protection with the help of local communities.
7. Rural Community Energy Fund (RCEF) – RCEF was launched to provide assistance to rural business by providing monetary assistance to the initial work for renewable energy schemes. Such assistance includes loans, etc.

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## **Government consults businesses, aims to shape potential legislation**

The Department for Business Innovation and Skills (DBIS) and Better Regulation Delivery Office have initiated consultation programme inviting various businesses to pull their skills, experience and practical exposures to help make regulator's appeals and complaints processes, and make public recommendations for their improvement, a possible potential legislation. The Consultation, launched on 26th March, 2014, asks the businesses to provide their views on the government's proposals, which among others include appointment of Small Business Appeals Champions, who would work within each non-economic regulator to scrutinize their appeals and complaint processes.

In December 2013, the DBIS published "Small Business: Great Ambition", announcing its intention to create in law and appoint the Small Business Appeals Champions. The publication was and still continues to be the UK government's commitment to help make it easier for small businesses to grow. The present

consultation is a step towards that commitment. The consultation will close on 22nd April, 2014 and through this process looks to make regulators better at promoting, rather than obstructing, the interests of law-abiding enterprises. The following shall be the key issues on which the DBIS looks to have an opinion of the small businesses:

1. Whether there is always a clear and impartial route to appeal or complain?
2. Whether those who consider appeals or complaints have sufficient operational independence?
3. Whether options for appeals or complaint are always explained clearly to businesses?
4. Whether regulators publish t o adequate data on appeals and complaints?
5. Whether there is, or should be, an opportunity for businesses to ask regulators for a second opinion before considering whether to make a formal appeal or complaint.
6. Whether terminology distinguishing appeals and complaints is comprehensible.

The above concerns were first raised in 2012 and also briefed in the publication.

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