

CHANCELLOR'S ECONOMIC STATEMENT 8TH JULY 2020

This afternoon, the chancellor Rishi Sunak set out his plans for the UK's road to recovery from the Covid-19 crisis. Here is a summary of the highlights.

JOB RETENTION

Job Retention Bonus

The government will introduce a one-off payment of £1,000 to UK employers for every furloughed employee who remains continuously employed through to the end of January 2021. Employees must earn above the Lower Earnings Limit (£520 per month) on average between the end of the Coronavirus Job Retention Scheme and the end of January 2021. Payments will be made from February 2021. Further detail about the scheme will be announced by the end of July.

SUPPORTING JOBS

Kickstart Scheme

The government will introduce a new Kickstart Scheme in Great Britain, a £2 billion fund to create hundreds of thousands of high quality 6-month work placements aimed at those aged 16-24 who are on Universal Credit and are deemed to be at risk of long-term unemployment. Funding available for each job will cover 100% of the relevant National Minimum Wage for 25 hours a week, plus the associated employer National Insurance contributions and employer minimum automatic enrolment contributions.

New funding for National Careers Service

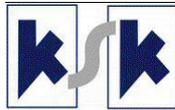
The government will provide an additional £32 million funding over the next 2 years for the National Careers Service so that 269,000 more people in England can receive personalised advice on training and work.

High quality traineeships for young people

The government will provide an additional £111 million this year for traineeships in England, to fund high quality work placements and training for 16-24 year olds. This funding is enough to triple participation in traineeships. For the first time ever, the government will fund employers who provide trainees with work experience, at a rate of £1,000 per trainee. The government will improve provision and expand eligibility for traineeships to those with Level 3 qualifications and below, to ensure that more young people have access to high quality training.

Payments for employers who hire new apprentices

The government will introduce a new payment of £2,000 to employers in England for each new apprentice they hire aged under 25, and a £1,500 payment for each new apprentice they hire aged 25 and over, from 1st August 2020 to 31st January 2021. These payments will be in addition to the existing £1,000 payment the government already provides for new 16-18 year-old apprentices, and those aged under 25 with an Education, Health and Care Plan – where that applies.



High value courses for school and college leavers

The government will provide £101 million for the 2020-21 academic year to give all 18-19 year olds in England the opportunity to study targeted high value Level 2 and 3 courses when there are not employment opportunities available to them.

Expanded Youth Offer

The government will expand and increase the intensive support offered by DWP in Great Britain to young jobseekers, to include all those aged 18-24 in the Intensive Work Search group in Universal Credit.

Enhanced work search support

The government will provide £895 million to enhance work search support by doubling the number of work coaches in Jobcentre Plus before the end of the financial year across Great Britain.

Expansion of the Work and Health Programme

The government will provide up to £95 million this year to expand the scope of the Work and Health Programme in Great Britain to introduce additional voluntary support in the autumn for those on benefits that have been unemployed for more than 3 months. This expansion will have no impact on the existing provision for those with illnesses or disabilities in England and Wales.

Job finding support service

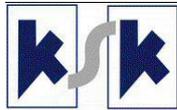
The government will provide £40 million to fund private sector capacity to introduce a job finding support service in Great Britain in the autumn. This online, one-to-one service will help those who have been unemployed for less than three months increase their chances of finding employment.

Flexible Support Fund

The government will increase the funding for the Flexible Support Fund by £150 million in Great Britain, including to increase the capacity of the Rapid Response Service. It will also provide local support to claimants by removing barriers to work such as travel expenses for attending interviews.

New funding for sector-based work academies

The government will provide an additional £17 million this year to triple the number of sector-based work academy placements in England in order to provide vocational training and guaranteed interviews for more people, helping them gain the skills needed for the jobs available in their local area.



PROTECTING JOBS

Eat Out to Help Out

In order to support around 130,000 businesses and to help protect the jobs of their 1.8 million employees, the government will introduce the Eat Out to Help Out scheme to encourage people to return to eating out. This will entitle every diner to a 50% discount of up to £10 per head on their meal, at any participating restaurant, café, pub or other eligible food service establishment. The discount can be used unlimited times and will be valid Monday to Wednesday on any eat-in meal (including on non-alcoholic drinks) for the entire month of August 2020 across the UK. Participating establishments will be fully reimbursed for the 50% discount.

Temporary VAT cut for food and non-alcoholic drinks

From 15 July 2020 to 12 January 2021, to support businesses and jobs in the hospitality sector, the reduced (5%) rate of VAT will apply to supplies of food and non-alcoholic drinks from restaurants, pubs, bars, cafés and similar premises across the UK. Further guidance on the scope of this relief will be published by HMRC in the coming days.

Temporary VAT cut for accommodation and attractions

From 15 July 2020 to 12 January 2021, to support businesses and jobs, the reduced (5%) rate of VAT will apply to supplies of accommodation and admission to attractions across the UK. Further guidance on the scope of this relief will be published by HMRC in the coming days.

CREATING JOBS

Temporary Stamp Duty Land Tax (SDLT) cut

The government will temporarily increase the Nil Rate Band of Residential SDLT, in England and Northern Ireland, from £125,000 to £500,000. This will apply from 8 July 2020 until 31 March 2021 and cut the tax due for everyone who would have paid SDLT. Nearly nine out of ten people getting on or moving up the property ladder will pay no SDLT at all.

Green Homes Grant

The government will introduce a £2 billion Green Homes Grant, providing at least £2 for every £1 homeowners and landlords spend to make their homes more energy efficient, up to £5,000 per household. For those on the lowest incomes, the scheme will fully fund energy efficiency measures of up to £10,000 per household. In total this could support over 100,000 green jobs and help strengthen a supply chain that will be vital for meeting our target of net zero greenhouse gas emissions by 2050. The scheme aims to upgrade over 600,000 homes across England, saving households hundreds of pounds per year on their energy bills

Further details and analysis will follow.

Contact Paul Southward, or your usual KSK contact:

e-mail: tax@ksk.co.uk

Phone: 01582 651000