

## **Sunak's Summer Statement 2020**

The Chancellor, Rishi Sunak, announced further measures to support jobs and business sectors severely affected by the COVID outbreak.

Grants and reliefs offered included support for: employment, the beleaguered hospitality and tourism industry and included green initiatives as well as a novel scheme to get us to eat out in August.

The expected reduction in VAT was confirmed but was restricted to the hospitality and tourism sector. An across the board decrease was rejected.

A brief summary of the changes announced 8 July 2020 are listed below.

### **Job Retention Bonus**

This is a one-off payment of £1,000 to employers that have used the Coronavirus Job Retention Scheme (CJRS) for each furloughed employee who remains continuously employed until 31 January 2021. The bonus will provide additional support to retain employees.

To be eligible, employees will need to:

- earn at least £520 per month (above the Lower Earnings Limit) on average for November, December and January
- have been furloughed at any point and legitimately claimed for under the Coronavirus Job Retention Scheme
- have been continuously employed up until at least 31 January 2021.

Employers will be able to claim the bonus from February 2021 once accurate RTI data to 31 January has been received. More information about this scheme will be available by 31 July and full guidance will be published in the Autumn.

### **Kickstart scheme**

The new scheme will benefit employers that are prepared to create new jobs for young people (16 to 24-year-olds) who are at risk of long-term unemployment. The scheme will cover the wages (plus associated overheads) for six months. To qualify, these must be new jobs that offer at least 25 hours a week for youngsters paid the National Minimum Wage or above. Employers will need to provide training and support to find a permanent job. Employers can apply to benefit from this scheme from next month – August 2020. Government has made an initial £2bn available, but there is no cap on the number of jobs that can be created.

## **Apprenticeships**

Employers that create new apprenticeships for the next six-months will be eligible to claim a new grant. The amount claimed will depend on the age of the apprentice.

- apprentices up to age 25 – employers will receive £2,000 for each apprentice.
- apprentices aged 25 and over – employers will receive £1,500 for each apprentice.

## **Green jobs initiatives**

From September 2020, home owners and landlords will be able to apply for a grant to make their home more energy efficient. The grant will cover at least two-thirds of the cost up to £5,000 per household. For low income households these grants will cover all costs up to £10,000.

## **VAT reduction for hospitality and tourism**

In a much speculated change, for the next six months VAT charged on food, accommodation, attractions, and other services in restaurants cafes and pubs, cinemas, theme parks, zoos and more will see VAT reduced from 20% to 5%. This will apply from 15<sup>th</sup> July 2020 and will end 12<sup>th</sup> January 2021. From the later date rates will resume at 20%.

## **Eat Out to Help Out discount**

Next month, it would appear that the Chancellor wants to encourage us to eat out. In a novel approach to boost the hospitality and tourism sector, meals eaten at any participating business Monday, Tuesday or Wednesday, during August, will attract a discount of 50% up to a maximum discount of £10 per head including children. To participate in this scheme eligible businesses will need to register and can do so through a website to be opened next Monday.

The above update summarises the main points announced 8 July 2020.