

Summary of the Chancellor's statement 08/07/2020

Today, the Chancellor set out the Government's response to support the economy as it reopens after COVID-19. He acknowledged that the country faces "profound economic challenges", but said that the government's job "had only just begun." He announced a full Budget and Spending Review in the Autumn.

Key points

- The Chancellor ruled out an extension of the furlough scheme, suggesting that calling for "endless extensions" to the scheme gives people "false hope" that they can return to their old jobs.
- He announced a new **Job Retention Bonus** of £1,000 to be paid to employers who take staff off of furlough and keep them employed until January.
- He unveiled a three-point plan for jobs. Firstly, to **support people to find jobs**:
 - A new **kickstart scheme**: a new programme to give 100,000s of young people in every region and nation the best chance of getting a job.
 - The scheme will subsidise six-month work placements for people on Universal Credit aged between 16 and 24, who are at risk of long-term unemployment.
 - For each "kickstarter" job, the government will cover the cost of 25 hours' work a week at the National Minimum Wage - £4.55 for under 18s, £6.45 for 18 to 20-year-olds, and £8.20 for 21 to 24-year-olds.
 - He announced £2bn in initial funding, but said there was no cap on the number of places available.
 - He also announced that the Government will pay employers £1,000 to provide new traineeships, and for the next six months, £2,000 for new apprenticeships.
- Secondly, to **create new jobs**:
 - As trailed earlier this week, he announced a **grant scheme for homeowners** to receive vouchers of up to £5,000 for energy saving home improvements. The government will cover at least two-thirds of the cost of these improvements, and for low-income households, the government will cover all of the cost of the improvements, up to a maximum of £10,000.
 - He also announced an **increase in the threshold at which property buyers pay Stamp Duty to £500,000**. This is a temporary measure that comes into force immediately and will run until 31 March 2021.
- Finally, to **protect jobs**:
 - For the next six months, **VAT on food, accommodation, and attractions will be cut from 20% to 5%**. This will take effect from next Wednesday and run until 12 January.
 - He called this a "£4bn catalyst" to get the sectors moving again. He highlighted that the hospitality and tourism sectors were particularly badly affected - with 1.4m workers in these sectors having been furloughed - the highest of any sector.
 - He also announced a **"eat out to help out" scheme**. Throughout the month of August, meals eaten at any participating business (Monday-Wednesday)

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will be half price, up to a maximum discount of £10 per person. Businesses will be able to reclaim the money from the Government and get it into their bank accounts within five days.