

Summer financial statement 2020

Comments from Helen Elliott, SV Partner

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.

More details are to follow but initial information suggests the payment is for all staff furloughed at any time not just those still furloughed when the scheme closes in October. If so the value of this to the charity sector will be significant. The £1,000 per job retained is not enough to keep someone on that you do not need but is certainly a welcome contribution for any charity in these difficult times.

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.

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.

This age group are already finding that lockdown job prospects are not good so the Kickstart Scheme and Traineeships for young people are welcome and hopefully some charities will be well placed either to take advantage of these or encourage and assist other organisations to find candidates and take up them up to help its success.

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 hired aged 25 and over, from 1 August 2020 to 31 January 2021. The payments will be in addition to the existing £1,000 payment already provided for new 16–18 year-old apprentices, and those aged under 25 with an Education, Health and Care Plan – where that applies.

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.

This will be useful to charities who run cafés in their charity shops or other premises.

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.

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 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.