

# Today's Mini Budget Update

July 8th, 2020



The government has announced some significant new measures to help the economy today in a "**Mini Budget**".

As always, the devil is in the detail, so what we have set out below is a summary of what has been announced along with some of the questions that still need answering. We will post updates as and when some of the details are clearer.

## **Stamp duty**

From today there will be a *stamp duty holiday* for all properties sold up to £500,000. The holiday will last until 31st March 2021. The holiday only applies to England, Wales and Northern Ireland, not in Scotland which is subject to the devolved Scottish Parliament.

The statement said it applied to properties; that may mean that land is not subject to the holiday and it might mean that commercial properties are not covered - we will have to wait and see.

## **Hospitality and Leisure**

Some parts of the hospitality industry (including pubs, restaurants, tourist attractions and accommodation) will benefit from a *reduction in VAT from 20% to 5%* from 8th July 2020 to 12th January 2021. It looks like it applies to food but not drink, so food-led pubs will be winners. We wait to see the detail.

In addition, he has announced a *voucher scheme for the month of August 2020* - 50% off the bill (presumably food only) up to a maximum of £10 per person (including children's meals).

As in all these announcements, terms and conditions apply - it is for participating outlets only and it can only be used Monday to

Wednesday. It sounds a bit gimmicky at first glance - but it is designed to boost the food sector and also more importantly spread the business out over the whole week in an industry that typically has very poor takings Monday to Wednesday but where outlets are packed on Thursday to Sunday - so it will also help social distancing!

They are building a new website where food outlets can register to participate and are promising fast payment of all vouchers.

Unfortunately the announcement is silent on fitness and other leisure sectors of the economy, so it looks like they will not benefit.

### **Apprenticeships and Jobs**

The government has announced a *£2,000 payment to employers taking on new apprentices under the age of 25 and £1,500 for those over the age of 25.*

Mr Sunak unveiled a new *£2bn Kickstart Scheme as a key plank of his "Plan for Jobs"*. The fund will create government-subsidised jobs for unemployed young people and employers will be able to offer a six-month placement for people aged between 16-24. The Treasury will cover 100pc of the National Minimum Wage for each young employee for up to 25 hours a week with firms able to top up the worker's pay.

Some £111m will be invested to triple the number of traineeships with *businesses offered a £1,000 per trainee payment.* The grant will be capped at 10 jobs per firm.

### **Furlough**

*Businesses will be paid £1,000 if they retain employees that were furloughed until January 2021.* This will act as an incentive to some employers not to make staff redundant in the early months of when furlough will cost them (August - October), but it is unlikely to encourage many businesses to retain staff if they are very concerned that they need to make cuts. But it will probably ensure that the level of unemployment is kept down a little.

### **Green investment**

The government has announced a range of green initiatives for public buildings and help for poorer families wanting to improve the energy efficiency of their homes. These measures are likely to help the construction sector.

Homeowners can benefit from *£2bn of grants to pay for "green" upgrades* to make their houses more energy efficient. Vouchers worth up to £5,000 will be issued while poorer households could get up to £10,000 to make the upgrades, such as loft and wall insulation.

**Up to £40m will be provided for a Green Jobs Challenge Fund to create 5,000 jobs at environmental charities and public authorities. Some £100m of new funding has been set aside for direct air capture, a technology that takes carbon dioxide out of the air, while an extra £10m will be given for new electric car development projects.**