



In-depth Briefings

UK Government Summer Budget

July 2020

Overview

On 8th July, the Chancellor Rishi Sunak delivered an emergency Budget in response to the current and future effects of the COVID-19 pandemic on the UK economy. Since the easing of restrictions in recent weeks, concerns have emerged about the scale of potential job losses, particularly when support packages such as the Job Retention Scheme gradually ends in October 2020.

In what's been defined as a COVID mini Budget, [A Plan for Jobs 2020](#) seeks to get the UK economy back on track with a series of measures to help hospitality, tourism and young people. As part of the Budget, it is stated that the Welsh Government will receive an extra £500m. However, it has since become apparent that the Welsh Government will be receiving far less from the Summer Budget (around £12.5m additionally), as the £500m figure includes measures previously announced and paid for by the Welsh Government since the COVID-19 crisis.

Key headlines from the budget include:

- Kickstart employment scheme: An initial £2bn has been made available for under-25s making their first steps on the career ladder during the pandemic (UK wide scheme).



- A job retention bonus, which will offer a one-off £1,000 payment to businesses per staff member they take back from the furlough scheme (UK wide scheme).
- VAT cut for hospitality and tourism sectors from 20% to 5% for six months (UK wide scheme).
- £2bn Green Homes Grant, where homeowners will receive vouchers of up to £5,000 — and £10,000 for poorer households — to pay for “green” property upgrades (England only).
A new Social Housing Decarbonisation Fund to help social landlords improve the least energy-efficient social rented homes, starting with a £50 million demonstrator project in 2020-21 to decarbonise social housing (England only).
- An emergency stamp duty holiday, raising the threshold for paying stamp duty from £125,000 to £500,000 (England only).

As seen from the key headlines not all of these measures will apply to Wales and whilst the Welsh Government has welcomed some announcements that will apply to Wales such as the reduction in VAT, it has criticised the lack of funding for public services as they continue to respond to the pandemic. In a statement made by Rebecca Evans MS, Minister for Finance & Trefnydd:

‘Urgent clarity is needed around the funding and budgetary flexibilities to enable the Welsh Government to respond to the crisis in a way which supports the public services and economy in Wales. This includes the UK Government’s plans for the Comprehensive Spending Review and how it intends to ensure a smooth transition as we exit the EU.’



Detailed funding announcements

Kickstart scheme (UK wide)

The £2bn funding will aim to provide 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.

Job retention bonus (UK wide)

The Chancellor confirmed that there will be no extension to the Job Retention Scheme which has helped to save 9.4m jobs by 1.1m businesses since March and costing £27.4bn so far. Instead, he will be offering £1,000 bonuses to employers who bring back staff from furlough and employ them until at least the end of January 2021.

Supporting and protecting jobs (UK wide)

Other measures aimed at tackling unemployment and maintaining existing jobs include:

- Expanding and increasing the intensive support offered by DWP to include all those aged 18-24 in the Intensive Work Search group on Universal Credit.
- £895 million to enhance work search support by doubling the number of work coaches in Jobcentre Plus before the end of this financial year.
- Up to £95 million this year to expand the scope of the Work and Health Programme 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.

- Increase in funding for the Flexible Support Fund by £150 million. It will also provide local support to claimants by removing barriers to work such as travel expenses for attending interviews.
- £40 million to introduce a job finding support service for those who have been unemployed for less than three months.

Green investment (England only)

The UK 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. Despite the UK Government's ambition to meet its climate change objectives, the focus of this policy announcement is on upgrading over 600,000 homes across England, saving households hundreds of pounds per year on their energy bills.

The Green Homes Grant is a measure that is already being delivered in Wales, with existing projects such as the Warm Homes Programme which targets households in the greatest need and facing fuel poverty and has benefitted more than 55,000 households with Welsh Government investing more than £327m. Rebecca Evans MS stated that additional capital funding would allow the Welsh Government to accelerate the delivery of these projects.

Temporary Stamp Duty Land Tax (SDLT) cut (England only)

The UK 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.



Land Transaction Tax (LTT) - Wales' equivalent of stamp duty, currently requires paying 0% on the first £180,000 of a property, then 3.5% up to £250,000 and 5% up to £400,000.

The UK Government's announcement has prompted Members of the Senedd to call on the Welsh Government to adopt the same measure in Wales. Rebecca Evans MS is not ruling out matching the stamp duty holiday, saying she would consider the implications of the announcements over the coming days.

Support for individuals (UK wide)

Although 'A Plan for Jobs' has included no new announcements on direct support for households, it provides a summary of previously announced support since the Spring Budget was announced on 11th March 2020. Temporary measures include:

- An increase in Universal Credit standard allowance and Working Tax Credit basic element for 12 months by £1,040.
- Removal of the Minimum Income Floor for all those affected by the economic impacts of COVID-19, ensuring self-employed claimants can access Universal Credit in full.
- Employment and Support Allowance available from day 1 of sickness rather than day 8, for those shielding, self-isolating, or incapable of working due to COVID-19.