



Following the relaxation of some lockdown measures in the UK, Rishi Sunak, The Chancellor of the Exchequer, delivered his 'Mini Budget' Summer 2020 statement to parliament on Wednesday 8 July, announcing the Government's plans for the second phase of their economic response to the COVID-19 crisis.

The statement unveiled further economic recovery measures, including job retention and creation incentives, policies to boost apprenticeships and VAT cuts in the hospitality and tourism sectors. More of the key announcements and takeaways for SME's are detailed below.

Closing of the furlough scheme

As expected, the Coronavirus Job Retention Scheme (CJRS) will close in October 2020. From 1 August, employers will be asked to contribute to the cost of furloughing employees.

Job Retention Bonus

To aid the winding down of the furlough scheme, the government has introduced 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. For an employee to qualify they must earn above the lower earnings limit of £520 a month on average between the end of the CJRS and the end of January 2021. Payments will be made from February 2021, with further details to be announced in July.

Whilst this incentive will be a welcome cash injection to those small and medium business who have had to use the furlough scheme in order to protect jobs, HMRC and other commentators have expressed doubts regarding the value for money the scheme will provide, given the uncertainty over just how many jobs this will protect.

Eat out to Help Scheme

With the hospitality sector suffering particularly badly from the strict lockdown measures imposed over the past few months, the Eat out to Help Scheme will be well received by employees, employers and consumers alike.

If your establishment sells food for immediate consumption on the premises, provides its own dining area or shares another dining area with another establishment, or was registered as a food business with the relevant local authority on or before 7 July, then you can register from 13 July.

The scheme will enable businesses to offer a 50% discount to customers visiting Monday to Wednesday during August, up to a maximum of £10 per person. The discounted amount can be claimed back from the government.

Reduced rate of Value Added Tax for Hospitality sector

In further efforts to kickstart the economy the Chancellor announced a temporary VAT reduction to 5% for consumption of goods in eat-in or takeaway establishments, cafes and pubs, as well as for cinemas, theme parks and zoos. The introduction of this measure, to encourage visits by the general public, will be welcomed by these hospitality and leisure businesses that have been severely impacted by the lockdown.

The measure will have effect from 15 July 2020 to 12 January 2021.

Boost for apprenticeships and traineeships

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 they hire aged 25 and over from 1st August 2020 to 31st January 2021. These payments will be in addition to the existing support available for apprentices aged 16-18.

In addition, £111 million has been pledged to develop high quality work placements and training for 16-24 year olds. For the first time ever, the government will fund employers who provide young people with work experience at a rate of £1,000 per trainee.

'Kickstart Scheme'

The £2 billion Kickstart scheme will fully subsidise six-month work placements for people aged between 16 and 24 on universal credit, a group deemed to be at high risk of a long period of unemployment. The funding available will cover 100% of the relevant national minimum wage for 25 hours a week, plus associated employer NIC and auto enrolment contributions.

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