

Plan for Jobs summary

8 July



Today Chancellor Rishi Sunak announced the second phase of the Government's response to the Covid-19 crisis – its 'Plan for Jobs'.

In it he unveiled £30bn economic recovery package focussed on job retention and support for the hospitality sector. There was no specific support package for the automotive industry.

The third phase of the response will come later in the Autumn when the Chancellor will deliver a Budget, Spending Review and National Infrastructure Strategy, aimed at ensuring a sustained, long-term economic recovery and levelling-up opportunity for all areas of the UK.

Below we set out some of the key takeaways from today's announcement for BVRLA members.

1. Reduced rate of VAT for hospitality, accommodation and attractions.

- From 15 July 2020 to 12 January 2021, to support businesses and jobs, a 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.
- 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.

View: The Government has taken a targeted approach to its VAT support that does not include vehicle rental and other tourism-reliant sectors hit by the lockdown and travel restrictions. A recent poll of BVRLA rental members found that transaction levels were still at around 50% of pre-Covid expectations with 55% of operators not expecting to see a full recovery for at least a year. The BVRLA continues to engage with policymakers in urging for targeted support for the car rental sector.

2. 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.

View: 71% of BVRLA members expect to have some staff on furlough at the end of July and 21% expect to still be using the job retention scheme at the end of October. The Government is giving a clear signal that the furlough scheme will end this year and it the job retention bonus provides businesses with an incentive to hang-on to staff beyond this date. Time will tell if this incentive works – 43% of BVRLA members said that 10% or more of their workforce would be at risk of redundancy by the end of November.

3. Support for jobs – new Kickstart scheme, apprenticeships and traineeships

- **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** - 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.
- **Apprenticeships** - 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.

View: The Government is targeting youth unemployment and is prioritising ways of promoting job opportunities for 16-24-year-olds. If you are interested in finding out more about these opportunities and how they could work for your business, please get in touch with the BVRLA.

4. Automotive Transformation Fund

Building on the announcement last year of up to £1 billion of additional funding to develop and embed the next generation of cutting-edge automotive technologies, the government is making £10 million of funding available immediately for the first wave of innovative R&D projects to scale up manufacturing of the latest technology in batteries, motors, electronics and fuel cells. The government is also calling upon industry to put forward investment proposals for the UK's first 'gigafactory' and supporting supply chains to mass manufacture cutting-edge batteries for the next generation of electric vehicles, as well as for other strategic electric vehicle technologies.

View: Electric vehicle supply is one of the biggest threats to the UK's road transport decarbonisation strategy. The Government clearly agrees and the BVRLA welcomes any efforts to attract more EV supply chain and manufacturing investment into the UK.

5. Phase three of the Covid-19 response

The Chancellor said that phase three of the response would come in the Autumn with the Government's Spending Review, Budget and National Infrastructure Strategy. These will detail further plans to invest in public services, to support innovation and growth-enhancing infrastructure, to seize global opportunities and to level up opportunity across every region and nation of the UK.

View: The BVRLA's [Covid-19 Recovery Plan](#) provides the Government with a number of clear policy priorities that can deliver a stronger economy and more sustainable transport. The association will continue to engage with policymakers and other transport stakeholders to push this manifesto.