



HM Treasury

Plan for Jobs



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Plan for Jobs

Presented to Parliament by
the Chancellor of the Exchequer
by Command of Her Majesty



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Contents

Introduction	1
1. Economic and fiscal context	3
2. Policy decisions	7
3. COVID-19 response	17
List of abbreviations	27

Introduction

The COVID-19 pandemic is the biggest threat the UK has faced in decades. The virus has caused tens of thousands of deaths, has affected the lives of everyone in the country and has had a devastating effect on businesses.

The government took unprecedented action to slow the spread of the virus, save lives and protect the NHS's ability to cope. Alongside this, the government provided immediate support on a scale unmatched in recent history to keep people in work, protect their incomes, and support businesses.

The government's furlough scheme has helped employers pay the wages of 9 million employees across the UK. 2.7 million people have been supported by the self-employment income support scheme. Millions of households have received increases in welfare and statutory sick pay, and homeowners have benefited from a mortgage holiday.

Businesses have been supported by tax cuts and deferrals, as well as cash grants, and over a million loans through four government-backed schemes. Public services have been strengthened, with an extra £49 billion allocated, including on funding for the NHS, schools, public transport, local authorities, and tackling rough sleeping.

The collective effort of everyone in the UK to control the spread of the virus means that the economy is safely beginning to reopen. Building on the action taken in the face of the immediate threat posed by the virus, the government is now proceeding with the second phase of its response with a targeted Plan for Jobs.

This will support the UK's economic recovery while continuing to prioritise people's health by:

- introducing a new **Job Retention Bonus** to encourage firms to keep on furloughed workers
- **supporting jobs** with direct help to find work and to gain the skills people need to get a job
- **protecting jobs** in the hard-hit hospitality and accommodation sectors and at attractions by supporting demand for these businesses, giving them confidence to reopen
- **creating jobs** with action to get the property market moving, to increase and bring forward infrastructure investment, and to make homes greener, warmer and cheaper to heat.

The UK government is providing support directly to people and businesses in Scotland, Wales and Northern Ireland through the UK-wide measures in the Plan for Jobs. In addition to this the devolved administrations will receive additional funding through the Barnett formula and devolved tax fiscal frameworks.

The recovery will take time and require all the dynamism and creativity that exists across all sectors and in all regions and nations of the UK. The government's initial response is helping families and businesses through the pandemic, protecting jobs and livelihoods. The Plan for Jobs is the next step towards economic recovery and securing the UK's long-term prosperity.

The third phase of the government's plan will be set out in the autumn with measures to support the longer-term recovery through a Budget and a Spending Review. These will detail further plans to invest in public services, to support innovation and growth-enhancing infrastructure with a National Infrastructure Strategy, to seize global opportunities and to level up opportunity across every region and nation of the UK.

1

Economic and fiscal context

1.1 In March, the government implemented a range of measures to stop the spread of COVID-19. These slowed the spread of the virus, ensuring the NHS was not overwhelmed and lives were saved.

1.2 To preserve the productive capacity of the economy the government took unprecedented action to support people and businesses. Despite this, the initial impact of the outbreak has been severe; activity was brought to a stop across large swathes of the UK economy.

1.3 Economies across the world are experiencing the economic effects of COVID-19. The International Monetary Fund (IMF) estimates that the global economy will contract by 4.9% in 2020, having previously expected growth of 3.3% in its January forecast.¹ World Bank analysis suggests this will be the deepest global recession since the Second World War and the broadest collapse in per capita incomes since at least 1870.² As an open economy, the UK is exposed to contractions in global demand, with global spillover effects estimated to account for around a third of the outbreak's impact on the UK economy.³

1.4 COVID-19 has led to a substantial reduction in consumption, the largest component of the UK economy. Retail sales were 23% lower in April than in February.⁴ Social consumption (e.g. spending on restaurants, travel and entertainment), typically worth around a fifth of total consumption,⁵ had fallen by around 80% at its lowest point.⁶

1.5 With lower spending, households have in aggregate saved more and paid down debt. In May ATM transactions were 52% lower than a year earlier.⁷ In the same month, UK household bank deposits rose by a record £25.6 billion, over five times the average monthly increase, in the six months to February.⁸ Households also repaid net £4.6 billion of consumer credit in May,⁹ with many households less willing to make spending on major purchases.¹⁰

1.6 As well as reducing consumer demand, COVID-19 has reduced the capacity of businesses to provide goods and services. During the peak of the lockdown, around a quarter of firms stopped trading, albeit with substantial variation across sectors.¹¹ For example, over 80% of firms in the hospitality and leisure industries temporarily ceased trading in April, compared to under 5% of professional services firms. Investment intentions have also deteriorated, with the worst affected firms cancelling or postponing investment. Reported cash flow difficulties have reached record highs.¹²

1.7 With many firms unable to operate, people's jobs have been furloughed and working hours have been reduced. Over 9 million jobs have been furloughed through the Coronavirus Job Retention Scheme – more than a quarter of the UK workforce.¹³ Working hours in April were

¹ IMF World Economic Outlook June 2020, IMF World Economic Outlook January 2020

² World Bank Global Economic Prospects June 2020

³ National Institute for Economic and Social Research Economic Review May 2020 No 252

⁴ ONS Retail Sales April 2020

⁵ ONS and Bank of England calculations, Monetary Policy Report May 2020

⁶ Bank of England data and calculations, from 'The Second Quarter' speech given by Andrew G Haldane 30 June 2020

⁷ LINK Transaction Volumes Data May 2020

⁸ Bank of England Money and Credit May 2020

⁹ *ibid.*

¹⁰ GfK Consumer Confidence May 2020

¹¹ ONS Business Impact of COVID-19 Survey Data

¹² British Chambers of Commerce Quarterly Economic Survey Q2 2020

¹³ HMRC Coronavirus Job Retention Scheme statistics June 2020 and ONS Labour Market Statistics March 2020

27% lower than a year earlier, and early data releases point to a fall in total pay.¹⁴ Firms have reduced demand for new workers, with vacancies in May 62% lower compared to a year earlier. Universal Credit claims have also been elevated, with 3.4 million individual declarations made from 1 March to 23 June,¹⁵ and real time data shows the number of paid employees falling by 612,000 over April and May.¹⁶

1.8 Taken together, these effects have resulted in a large-scale reduction in total output and on-going risk to employment. The Office for National Statistics (ONS) estimates that Gross Domestic Product (GDP) in April was around 25% below the level recorded in February. Illustrative scenarios produced by the Office for Budget Responsibility (OBR) and the Bank of England,¹⁷ published in April and May respectively, suggested that the UK economy could be facing its largest annual fall in output in over three hundred years and that the unemployment rate could peak at up to 10%.¹⁸

1.9 In the face of such economic disruption, the government has taken unprecedented action. Schemes such as the Coronavirus Job Retention Scheme, Bounce Back Loans and the Self-Employment Income Support Scheme have been vital to support people and businesses through the initial phase of the pandemic. HM Treasury distributional analysis shows that interventions that supported people's incomes, along with the existing tax and welfare system, have helped reduce income losses faced by working households by up to two-thirds, with the poorest working households protected the most (as a proportion of income).¹⁹ The OBR has said that the costs of inaction would have been much higher, and the Bank of England suggested the impact on jobs would have been significantly worse, had the government not taken the actions it did.²⁰

1.10 The government's policy response to COVID-19 has been supported by action from the Bank of England's independent Monetary Policy and Financial Policy committees, which have implemented a package of measures to meet the objectives of price and financial stability as set out in their respective remits. These include: reducing Bank Rate to 0.1%; extending the Asset Purchase Facility by £300 billion; expanding the recently introduced Term Funding Scheme with additional incentives for SMEs to support lending to the real economy; and reducing the countercyclical capital buffer to 0%, which will support up to £190 billion of bank lending to businesses.²¹

1.11 The government's action was necessary to protect public health, support household incomes in the exceptional circumstances caused by the COVID-19 pandemic, and to minimise permanent damage to the economy and therefore support growth, employment and the public finances in the future. The UK's economic response to COVID-19 has been one of the most generous and comprehensive globally. While the economic impacts of COVID-19 and the government's necessary response have come at a significant fiscal cost, the costs of failing to act to support public services, businesses, and workers would have been much higher.

1.12 The immediate focus for the government's economic and fiscal strategy is now on ensuring that it continues to support workers and businesses as the UK recovers from the COVID-19 pandemic. The targeted and temporary support set out in this update in particular aims to support employment through the recovery period, and by doing so will help to minimise structural damage to the economy and public finances.

¹⁴ HMRC PAYE Real Time Information May 2020

¹⁵ Department for Work and Pensions Universal Credit declarations (claims) and advances

¹⁶ HMRC PAYE Real Time Information May 2020

¹⁷ Bank of England Monetary Policy Report May 2020 and OBR Coronavirus Analysis April 2020; the OBR will develop their scenario analysis further in the *Fiscal sustainability report* on 14 July

¹⁸ Historical data provided by Bank of England Millennium Macro Data

¹⁹ HM Treasury 'Impact of COVID-19 on working household incomes: distributional analysis as of May 2020' July 2020

²⁰ Bank of England Monetary Policy Report May 2020 and OBR Coronavirus Analysis April 2020

²¹ Bank of England 'Our response to Coronavirus (Covid-19)'

1.13 The work of the last ten years in bringing borrowing and debt back under control meant that the UK was well-equipped to respond to the challenges posed by COVID-19. While the scale of the long-term fiscal impact will depend to a large extent on the nature of the economic recovery, it is clear that the pandemic will lead to a higher level of debt in the medium term. However, as borrowing costs continue to be very low, the costs of servicing this debt are affordable and sustainable.

1.14 The government is committed to fiscal sustainability and ensuring the long-term health of the public finances. The government will set out further details on its plans for a sustainable and balanced medium-term fiscal policy at the next Budget alongside an updated OBR forecast.

1.15 Chapter 2 sets out the Plan for Jobs that will protect and create jobs in all nations and regions of the UK and provide the strongest possible foundations for a full and swift economic recovery.

2

Policy decisions

2.1 Table 1 shows the level of fiscal support available for the Plan for Jobs policy decisions.

Table 1: Plan for Jobs policy decisions

	£ billion
	Total
Job Retention Bonus	
Job Retention Bonus ¹	Up to 9.4
Supporting jobs	
Kickstart Scheme ²	2.1
Boosting worksearch, skills and apprenticeships ³	1.6
Protecting jobs	
Reduced rate of VAT for hospitality, accommodation and attractions ⁴	4.1
Eat Out to Help Out ⁵	0.5
Creating jobs	
Infrastructure package ⁶	5.6
Public sector and social housing decarbonisation	1.1
Green Homes Grant ⁷	2.0
Stamp Duty Land Tax temporary cut ⁸	3.8
Total support announced⁹	Up to 30

¹ This presents the maximum possible cost if the bonus is paid to all 9.4 million furloughed jobs claimed for as at 5 July. The final cost will depend on the number of qualifying furloughed employees that are retained. Costs will likely be lower than the maximum presented in this table.

² Final costs and timing of spending subject to take up.

³ Includes the indicative cost of 100,000 incentive payments for new apprenticeship hires. Final costs will depend on the number of new apprentices hired and may be lower.

⁴ Based on eligible spending in the Spring Budget 2020 VAT forecast. The final cost will depend on consumption levels.

⁵ Based on 2018 ONS Annual Business Survey turnover for the relevant sectors, then grown with the Spring Budget consumption forecast. The final cost will depend on take up and could be lower or higher.

⁶ Infrastructure spending announced by the Prime Minister on 30 June.

⁷ Final costs will depend on take up.

⁸ Based on eligible payments from Spring Budget 2020 property forecast. The final cost will depend on property transactions and price levels.

⁹ This presents the maximum level of fiscal support available. As explained above, the final costs will be dependent on take up of the schemes, how the economy recovers and the number of rehires of furloughed workers qualifying for the Job Retention Bonus. In aggregate the final costs are likely to be lower than the maximum set out here. A small proportion of the costs may occur after 2020-21, especially where spending is dependent on take up.

Job Retention Bonus

2.2 The unprecedented Coronavirus Job Retention Scheme (CJRS) has so far supported over one million employers to protect over 9 million jobs. The scheme has been open since March, and will wind down flexibly and gradually, supporting businesses until October. It is important that people who have been furloughed are supported back to work. It is beneficial for everyone,

including the individual, to prevent skills from fading and to maintain strong employment relationships. Therefore, the government is introducing a new Job Retention Bonus to reward and incentivise employers who keep on their furloughed employees.

Policy decision

2.3 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.

Supporting Jobs

2.4 Unemployment can have long-term impacts on individuals and families, with young people particularly vulnerable due to their lack of experience in work. It is important that the government moves quickly to build on its initial response to the pandemic by strengthening existing employment and skills support to help those who unfortunately lose their jobs back into the labour market quickly.

2.5 To address these challenges the government has a large-scale, ambitious plan to:

- support people in finding jobs
- enable them to gain the skills they need to get jobs
- provide targeted help for young people to get into work

2.6 The Plan for Jobs provides new funding to ensure more people will get tailored support to help them to find work. People in the Intensive Work Search group on Universal Credit will benefit from a significant expansion of support offered through the Department for Work and Pensions (DWP) Jobcentres, including doubling the number of work coaches and additional intensive support to those who have been unemployed for at least three months. Alongside this, the government will utilise private sector capacity to deliver a new online, one-to-one job finding support service. Additional funding will also mean that over a quarter of a million more people will receive individualised advice on training and careers through the National Careers Service.

2.7 The government will also support people to build the skills they need to get into work, with a substantial expansion of existing provision, providing funding to triple the number of traineeships and sector-based work academy placements, alongside further support for apprenticeships, which enable people to work while training.

2.8 The government will introduce a new Kickstart Scheme to fund the direct creation of high quality jobs for young people at the highest risk of long-term unemployment. It will give young people the chance to build their confidence and skills in the workplace, and to gain experience that will improve their chances of going on to find long-term, sustainable work. This will sit alongside a guaranteed foundation of support through an expanded Youth Offer delivered through DWP, providing a range of targeted support to help young people find lasting work.

2.9 In addition to the policies outlined in the Plan for Jobs, the government intends to support those who are out of work for a longer period with a new, large-scale employment support offer. Further details will be announced shortly.

2.10 Where these spending decisions apply across areas of devolved policy, the UK government will provide the devolved administrations with additional funding through the Barnett formula in the usual way.

Policy decisions

2.11 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.

2.12 New funding for National Careers Service – The government will provide an additional £32 million funding over the next 2 years for the National Careers Service so that 269,000 more people in England can receive personalised advice on training and work.

2.13 High quality 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.

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

2.15 High value courses for school and college leavers – The government will provide £101 million for the 2020-21 academic year to give all 18-19 year olds in England the opportunity to study targeted high value Level 2 and 3 courses when there are not employment opportunities available to them.

2.16 Expanded Youth Offer – The government will expand and increase the intensive support offered by DWP in Great Britain to young jobseekers, to include all those aged 18-24 in the Intensive Work Search group in Universal Credit.

2.17 Enhanced work search support – The government will provide £895 million to enhance work search support by doubling the number of work coaches in Jobcentre Plus before the end of the financial year across Great Britain.

2.18 Expansion of the Work and Health Programme – The government will provide up to £95 million this year to expand the scope of the Work and Health Programme in Great Britain 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.

2.19 Job finding support service – The government will provide £40 million to fund private sector capacity to introduce a job finding support service in Great Britain in the autumn. This online, one-to-one service will help those who have been unemployed for less than three months increase their chances of finding employment.

2.20 Flexible Support Fund – The government will increase the funding for the Flexible Support Fund by £150 million in Great Britain, including to increase the capacity of the Rapid Response Service.¹ It will also provide local support to claimants by removing barriers to work such as travel expenses for attending interviews.

2.21 New funding for sector-based work academies – The government will provide an additional £17 million this year to triple the number of sector-based work academy placements in England in order to provide vocational training and guaranteed interviews for more people, helping them gain the skills needed for the jobs available in their local area.

Protecting Jobs

2.22 The hospitality sector plays a vital role in UK life. Pubs, restaurants, cafés, and bars are mainstays of the nation’s high streets, and bring community, entertainment and great food and drink to millions, while the accommodation sector ensures that visitors can enjoy the sights, experiences and attractions the country has to offer.

2.23 These sectors are amongst the highest employing sectors across the UK, with over 2.4 million workers in hospitality, accommodation and attractions, equivalent to 8% of the entire UK workforce.² They have also been among the hardest hit by the pandemic and necessary restrictions.

2.24 Although many hospitality, accommodation and attractions businesses have received significant government support through the job retention scheme, business rates holidays and lending guarantees, the nature of their businesses means that the lockdown has taken a heavy toll and many firms still face great challenges.

2.25 Workers in the hospitality sector are disproportionately young, with fewer qualifications, and therefore more likely to be unemployed for a long time if they lose their jobs. Workers in hospitality are also more likely to be female or from a Black, Asian and minority ethnic background relative to the overall workforce.³ Supporting these sectors is therefore crucial to the government’s objective of preventing labour market scarring and ensuring opportunities for all.

2.26 Hospitality and tourism also play a vital role in local economies across the UK, in particular for Scotland, Wales and several regions of England. From Cornwall and Devon to Snowdonia and the Causeway Coast, from Cumbria and the Norfolk Broads to the Highlands and Islands, local communities and economies depend on visitors and these industries to support hardworking business owners and staff.

2.27 The government and devolved administrations have worked closely with businesses to develop guidelines to keep staff and customers safe. These guidelines include advice to businesses to take steps such as frequent cleaning, making sure risk assessments explicitly take into account COVID-19, and keeping temporary records of customers and visitors to support contact tracing.

2.28 As restrictions begin to be eased to make it possible for more businesses up and down the country to re-open, business owners have worked hard to implement the guidelines, taking appropriate precautions to protect their staff and customers. If businesses and customers follow the guidelines, this will allow people to start to return to normality in a safe way.

¹ <https://www.gov.uk/redundancy-your-rights/get-help-finding-a-new-job>

² ONS Business Register and Employment Survey (BRES) 2018

³ ONS Annual Population Survey 2019, ONS Labour Force Survey 2020

2.29 As the next step towards recovery, the best way to secure jobs in these sectors is to support demand for these businesses, giving them confidence to reopen. The Plan for Jobs announces targeted measures to encourage people to return to their normal habits and make the most of reopening within these sectors in order to support businesses and protect jobs in England, Scotland, Wales and Northern Ireland, all of which will benefit from this support.

Policy Measures

2.30 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,⁴ 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.

2.31 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.

2.32 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.

Creating Jobs

Housing

2.33 The housing market has been severely affected by the pandemic, with activity and construction both slowing sharply. Estimates suggest that UK residential transactions in May 2020 were nearly 50% lower than in May 2019.⁵ According to Nationwide, UK house prices fell in the year to June 2020 for the first time in almost 8 years.⁶

2.34 The outlook for the housing market is closely linked to consumer confidence and therefore central to the economic recovery. Since the market reopened and construction restarted in May, activity has begun to increase. Rightmove recently reported that the number of people contacting agents in England hit a record on 8 June, up 40% on the level recorded in early March.⁷

2.35 It is crucial to ensure medium-term confidence in the property market and maintain the growing momentum since the easing of lockdown. To do this, the government will temporarily cut Stamp Duty Land Tax for home buyers across England and Northern Ireland until the end of the financial year.

⁴ ONS Non-financial business economy, UK and regional (Annual Business Survey): 2018 revised results (Food and Beverage Service Activities - Groups 561, 563 and Class 5629)

⁵ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/894006/MPT_Com_Jun_20_cir_.pdf

⁶ <https://www.nationwide.co.uk/about/house-price-index/headlines>

⁷ <https://www.rightmove.co.uk/news/house-price-index/>

2.36 The government's action to support the housing market will protect and create jobs. In England and Wales, an estimated 240,000 people are directly employed by housebuilders and their contractors, and between 500,000 and 700,000 employees are indirectly supported in the supply chain.⁸ Moving house also boosts the economy, with estimates suggesting that doing so drives additional spending worth about 5% of the house value.⁹

2.37 The government will take further action to improve the energy efficiency of existing homes in order to meet the UK's climate change ambitions. Heating buildings accounts for around a fifth of greenhouse gas emissions in the UK.¹⁰ Due to the age and design of many buildings, the UK's housing stock is among the least energy efficient in Europe.¹¹

2.38 To meet the UK's target of reaching net zero greenhouse gas emissions by 2050, emissions from heating buildings need to be significantly reduced. To support this objective, the Plan for Jobs announces that over £2 billion will be provided to support homeowners and landlords in making their homes more energy-efficient in 2020-21. This funding could support over 100,000 green jobs, so that local tradespeople can make homes warmer, cheaper to heat and more environmentally friendly.

Policy decisions

2.39 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.

2.40 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.

Construction and investment

2.41 The UK construction sector is vital for the recovery of the UK economy. The sector accounts for 7.6% of GDP¹² and employs over 2.3 million workers spread across every UK region,¹³ including over 900,000 self-employed workers.¹⁴

2.42 The action the government took at the start of the pandemic protected jobs and businesses across the supply chain from the worst effects of the lockdown, helping them to be ready to restart activity as the economy reopened.

⁸ https://www.hbf.co.uk/documents/7876/The_Economic_Footprint_of_UK_House_Building_July_2018LR.pdf

⁹ Estimated in 'Housing Market Responses to Transaction Taxes' (Best & Kleven, 2015)

¹⁰ Clean Growth: Transforming Heating - Overview of Current Evidence (Dec 2018) www.gov.uk/government/publications/heat-decarbonisation-overview-of-current-evidence-base

¹¹ <https://www.nao.org.uk/wp-content/uploads/2016/04/Green-Deal-and-Energy-Company-Obligation.pdf>

¹² <https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/abmi/qna>; <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/bulletins/constructionoutputingreatbritain/april2020>

¹³ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employmentbyindustryemp13>

¹⁴ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employeesandselfemployedbyindustryemp14>

2.43 At Budget 2020, the government set out plans for £88.5 billion of capital spending in 2020-21 and public investment over the next five years totalling £640 billion. In June, the Prime Minister announced that the government will accelerate over £5 billion of infrastructure projects to support the recovery of the economy and begin to transform UK infrastructure.¹⁵ This package will help the UK build back better, build back greener and build back faster, and to unite and level up the regions.

2.44 Taken together, the Prime Minister’s infrastructure package and this Plan for Jobs mean that the government is accelerating £8.6 billion of capital spending. This means many projects will start sooner than previously planned, bringing them into 2020-21 and 2021-22, and there will be new programmes of activity supporting jobs and delivering improvements to our infrastructure this year.

2.45 As part of the government’s plans to boost productivity through infrastructure, the government will now focus on how we can build better, greener and faster. A new taskforce to oversee this work has been created (‘Project Speed’).

Policy decisions

2.46 The paragraphs 2.48, 2.50 to 2.53 and 2.55 to 2.71 provide further detail on measures announced by the Prime Minister on 30 June 2020.¹⁶

Creating new job opportunities and retaining skills

2.47 Construction Talent Retention Scheme – The government is funding a Construction Talent Retention Scheme to support the redeployment of workers at risk of redundancy. This will help retain construction skills and match talented workers to opportunities across the UK.

2.48 Office for Talent – The government will create a new Office for Talent based in No.10, with delivery teams across government departments. The Office will focus on attracting, retaining and developing top research and science talent across the UK and internationally.

Delivering a green recovery

2.49 Public Sector Decarbonisation Scheme – The Clean Growth Strategy¹⁷ set out the government’s ambition to halve greenhouse gas emissions from the public sector by 2032. To help achieve this and support economic recovery, the government will invest £1 billion over the next year in a Public Sector Decarbonisation Scheme that will offer grants to public sector bodies, including schools and hospitals, to fund both energy efficiency and low carbon heat upgrades.

2.50 Green Jobs Challenge Fund – The government will invest up to £40 million in a Green Jobs Challenge Fund for environmental charities and public authorities to create and protect 5,000 jobs in England. The jobs will involve improving the natural environment, including planting trees, restoring habitats, clearing waterways, and creating green space for people and wildlife.

2.51 Direct Air Capture – The government will provide £100 million of new funding for researching and developing Direct Air Capture, a new clean technology which captures CO₂ from the air.

2.52 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

¹⁵ <https://www.gov.uk/government/speeches/pm-economy-speech-30-june-2020>

¹⁶ <https://www.gov.uk/government/speeches/pm-economy-speech-30-june-2020>

¹⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/700496/clean-growth-strategy-correction-april-2018.pdf

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.

2.53 Courts sustainability – The government will invest £40 million to improve the environmental sustainability of the courts and tribunals estate in England and Wales, investing in initiatives to reduce energy and water usage.

Housing

2.54 Social Housing Decarbonisation Fund – The government will establish 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. This will mean warmer homes and lower annual energy bills for some of the lowest income households.

2.55 Affordable Homes Programme – The government has confirmed that the £12.2 billion Affordable Homes Programme announced at Budget will support up to 180,000 new affordable homes for ownership and rent in England. The £12.2 billion will be spent over five years, with the majority of homes built by 2025-26 and the rest by 2028-29. The Affordable Homes Programme will also include a 1,500 unit pilot of First Homes.

2.56 Short-Term Home Building Fund extension – The government will support small- and medium-sized housebuilders that are unable to access private finance by boosting the Short-Term Home Building Fund, providing an additional £450 million in development finance to smaller firms. This is expected to support around 7,200 new homes in England, boosting housing supply and adding resilience to the market. A proportion of this fund will be reserved for firms using innovative approaches to housebuilding such as 'Modern Methods of Construction'.

2.57 Brownfield Housing Fund – The government will allocate a £400 million Brownfield Housing Fund to seven Mayoral Combined Authorities to bring forward land for development and unlock 24,000 homes in England. To allow authorities to begin delivering projects quickly, 90% of the fund will be allocated immediately on a per capita basis, with 10% to be allocated through a competitive process.

2.58 Planning reform – The government will introduce new legislation in summer 2020 to make it easier to build better homes in the places people want to live. New regulations will make it easier to convert buildings for different uses, including housing, without the need for planning permission. In July 2020, the government will launch a policy paper setting out its plan for comprehensive reforms of England's planning system to better support the economy and release more land for housing in areas that need it most.

Accelerating investment

2.59 NHS maintenance and A&E capacity – The government will provide £1.05 billion in 2020-21 to invest in NHS critical maintenance and A&E capacity across England.

2.60 Modernising the NHS mental health estate – The government will provide up to £250 million in 2020-21 to make progress on replacing outdated mental health dormitories with 1,300 single bedrooms across 25 mental health providers in England.

2.61 Health Infrastructure Plan – The government will provide a further £200 million for the Health Infrastructure Plan¹⁸ to accelerate a number of the 40 new hospital building projects across England.

¹⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/835657/health-infrastructure-plan.pdf

2.62 Further Education (FE) estate funding – Building on the £1.5 billion commitment for FE capital funding made at Budget 2020, the government will bring forward £200 million to 2020-21 to support colleges to carry out urgent and essential maintenance projects. This will be the first step in the government’s commitment to bring the facilities of colleges everywhere in England up to a good level.

2.63 School estate funding – The government will provide additional funding of £560 million for schools in England to improve the condition of their buildings and estates in 2020-21. This is on top of the £1.4 billion already invested in school maintenance this year.¹⁹

2.64 School rebuilding programme – The government has announced over £1 billion to fund the first 50 projects of a new, ten-year school rebuilding programme in England. These projects will be confirmed in the autumn, and further detail on future waves will be confirmed at the Comprehensive Spending Review. Construction on the first sites will begin in September 2021.

2.65 Court modernisation – The government will invest £102 million to modernise the court estate in England and Wales. This will include £55 million for essential court maintenance, £37 million for technology to fast-track the digitalisation of the courts, and £10 million for local regeneration projects outside London and the South East which will support employment and economic growth.

2.66 Prison and probation estate funding – The government will invest £143 million to improve the prison and probation estate in England and Wales. This will include £20 million to accelerate the digitalisation of prisons, £60 million for 1,000 temporary prison units to expand the capacity of the estate, and £63 million in additional maintenance.

2.67 Local infrastructure projects – The government will provide £900 million for shovel-ready projects in England in 2020-21 and 2021-22 to drive local growth and jobs. This could include the development and regeneration of key local sites, investment to improve transport and digital connectivity, and innovation and technology centres. Funding will be provided to Mayoral Combined Authorities and Local Enterprise Partnerships.

2.68 Towns Fund capital acceleration – The government will accelerate £96 million of investment in town centres and high streets through the Towns Fund this year. This will provide up to 101 towns across England with funding for projects such as improvements to parks, high streets, and transport.

2.69 Local road maintenance – The government will invest £100 million to deliver 29 local road maintenance upgrades across England in 2020-21, including eight bridge and viaduct repairs and improving local roads. This is in addition to the government’s plans to spend £1.5 billion in 2020-21 on filling potholes, resurfacing roads and improving local highway infrastructure.

2.70 Unblocking Manchester’s railways – The government will provide £10 million to develop plans for improving the reliability and capacity of the Manchester rail network.

2.71 World-class laboratories – The government will provide a £300 million investment in 2020-21 to boost equipment and infrastructure across universities and institutes across the UK.

¹⁹ <https://www.gov.uk/guidance/school-capital-funding>

3

COVID-19 response

3.1 Table 2 shows government support announced since 11 March 2020.

Table 2: Previously announced support and additional public service funding

	£ billion
	Total ¹
Direct fiscal support	
Employment support ²	69.0
Direct support for households ³	8.0
Business support ⁴	30.3
Further tax measures ⁵	0.3
Public service spending, funding for charities and support for vulnerable people ⁶	51.1
Total direct fiscal support	158.7
Loans, guarantees and tax deferrals	
VAT and income tax self-assessment tax deferrals ⁷	50.0
Loan support approved to date ⁸	72.8
Total tax deferrals and approved loans	122.8

¹ Unless otherwise specified these are Office for Budget Responsibility estimates contained in the policy monitoring database published 19 June 2020. Excludes indirect effects. 2020-21 cost estimates.

² Includes Coronavirus Job Retention Scheme and Self-Employment Income Support Scheme.

³ Includes increase in Universal Credit standard allowance and Working Tax Credit basic element by £1,000, removal of the Minimum Income Floor, those on Contributory Employment and Support Allowance claiming from day one instead of day eight, increase in Local Housing Allowance to 30% of market rents and further operational welfare changes.

⁴ Includes Coronavirus Statutory Sick Pay Rebate Scheme, Small Business Grant schemes, Business Rates reliefs, trade credit insurance, changes to off-payroll rules delay until April 2021 and bringing forward the implementation of the zero rate of VAT to all e-publications.

⁵ Includes VAT zero rating for personal protective equipment, Customs Duty and VAT relief on imported donated medical equipment, domestic reverse charge VAT for construction services delay in implementation.

⁶ This includes £15.7 billion of public services spending, £0.8 billion charities funding and £0.5 billion for the Hardship Fund accounted for in the OBR's policy monitoring database. In addition, this includes £1.3 billion to support culture announced on 6 July (total Cultural Recovery Fund is £1.57 billion including loan support), and a further £32.9 billion of public services funding announced on 8 July.

⁷ VAT and Income Tax Self-Assessment deferrals based on HMRC tax data and OBR estimates of future deferrals.

⁸ CCF, CBILS, CLBILS, BBL, Future Fund, Cultural Recovery Fund and bespoke loans and guarantees approved to date.

Economic support schemes

3.2 At Budget 2020, the government announced its three-point plan to help businesses, individuals, and public services in response to the unprecedented economic emergency created by COVID-19. The government has swiftly implemented one of the most comprehensive and generous packages of economic support globally. In doing so it has provided timely, targeted, and temporary support that has helped to protect livelihoods, promote economic stability, and preserve the productive capacity of the UK.

Support for Business

3.3 Access to finance – The government has launched five temporary schemes to help to support businesses across the UK who may need to respond to cashflow pressures as a result of the impact of COVID-19 by seeking additional finance.

- **COVID-19 Corporate Financing Facility (CCFF)** – The joint HM Treasury and Bank of England CCFF was launched to support businesses making a material contribution to the UK economy which are fundamentally strong but have been affected by short-term funding difficulties. Companies participating in the scheme have been approved for £80.1 billion of borrowing, of which £27.4 billion has been issued so far to 83 companies. A further 109 firms have been approved as eligible for assistance.¹ In total, the 192 firms approved for the CCFF employ 5% of the UK's workforce and cover a wide range of sectors and firms. By providing liquidity to fundamentally strong, highly credit-worthy firms, the facility aims to support credit markets overall and ease the supply of credit to all firms.
- **Coronavirus Business Interruption Loan Scheme (CBILS)** – CBILS has provided over 53,000 loan facilities worth £11.5 billion to eligible UK-based businesses with turnover under £45 million.² The scheme provides loans of up to £5 million with an 80% government guarantee to the lender, giving lenders the confidence to provide finance to SMEs. The government will not charge businesses for this guarantee and will also cover the first twelve months of interest payments and fees.
- **Coronavirus Large Business Interruption Loan Scheme (CLBILS)** – CLBILS has provided more than 390 facilities worth over £2.6 billion to eligible UK-based businesses with turnover above £45 million.³ The scheme provides loans of up to £200 million (to a maximum of 25% of turnover), with an 80% government guarantee to the lender, which is more generous than equivalent schemes in many other countries. For example, a business with a turnover of CHF 500 million (around £424 million) would be limited to a loan of CHF 20 million (around £17 million) under the Swiss COVID-19 Loan Plus scheme, with an equivalent UK business able to access over £100 million under CLBILS.^{4,5,6,7}
- **Bounce Back Loan Scheme (BBLs)** – BBLs has provided £30.9 billion of finance through more than one million loans to small businesses, many of whom had not previously borrowed.^{8,9} Loans are between £2,000 and £50,000, capped at 25% of turnover, with a 100% government guarantee to the lender to provide them with the confidence they need to support the smallest businesses. The borrower does not have to make any repayments for the first twelve months, with the government covering the first twelve months' interest payments. In contrast to the UK, in France, a micro-business could access up to 25% of its turnover through a guaranteed loan. However, this would be backed by only a 90% government guarantee, and the business would need to repay interest on the first year.¹⁰

¹ <https://www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide/results-and-usage-data>

² <https://www.gov.uk/government/collections/hm-treasury-coronavirus-covid-19-business-loan-scheme-statistics>

³ <https://www.gov.uk/government/collections/hm-treasury-coronavirus-covid-19-business-loan-scheme-statistics>

⁴ www.gov.uk/government/news/chancellor-expands-loan-scheme-for-large-businesses

⁵ www.gov.uk/government/news/chancellor-strengthens-support-on-offer-for-business-as-first-government-backed-loans-reach-firms-in-need

⁶ www.gov.uk/government/news/larger-businesses-to-benefit-from-loans-of-up-to-200-million

⁷ www.admin.ch/gov/en/start/documentation/media-releases.msg-id-78572.html

⁸ www.gov.uk/government/collections/hm-treasury-coronavirus-covid-19-business-loan-scheme-statistics

⁹ www.gov.uk/government/news/small-businesses-boosted-by-bounce-back-loans

¹⁰ www.pwcavocats.com/fr/ealertes/ealertes-international/2020/covid-19-key-features-of-the-french-state-guarantee-scheme-for-banking-loans.html

- **Future Fund** – The Future Fund has approved almost £380 million of convertible loans to 376 businesses as of 5 July. The loans provided range from £125,000 to £5 million and are subject to at least equal matching from private investors.¹¹ The scheme remains open for applications.

3.4 HMRC Time to Pay – Time to Pay supports businesses and individuals who have outstanding tax liabilities and are in financial difficulty as a result of COVID-19 by providing targeted tax deferral and payment plans to help with finance and cashflow challenges. The government has agreed more than 70,000 new tax deferral arrangements since COVID-19.¹²

3.5 VAT and import duties support – The government has made changes to VAT to provide businesses across the UK with greater cash flow, which include:

- deferring £38 billion of VAT payment from 20 March to end June 2020,¹³ benefitting over 400,000 businesses who have until the end of March 2021 to repay¹⁴
- providing importers access to HMRC’s Time to Pay service to help with their VAT liabilities
- bringing forward the removal of VAT on e-publications from December to May 2020¹⁵
- waiving import duties on over £130 million worth of critical imports such as medical supplies and equipment during March¹⁶ and April¹⁷
- temporarily waiving VAT on Personal Protective Equipment (PPE) from 1 May to 31 October 2020¹⁸ and
- providing more time for businesses to prepare for previously announced changes, including Making Tax Digital and the VAT domestic reverse charge for the construction sector.¹⁹

3.6 Business rates holidays for retail, hospitality and leisure sectors, and for nurseries –

The government has provided business rates holidays to approximately 350,000 ratepayers in England in the retail, hospitality and leisure sectors, and to nurseries. Ratepayers for eligible properties will pay no business rates for the whole of 2020-21, saving businesses in these sectors almost £10 billion and nurseries £90 million.^{20,21} Combined with the Small Business Rates Relief, a total of 1.1 million ratepayers (over half of all ratepayers) will pay no business rates in 2020-21.

3.7 Business grants – The government has provided a series of grant schemes to businesses in England affected by COVID-19.

- The Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund have provided over £10.5 billion in grants to over 861,000 business premises as of 28 June. Each individual grant has been worth either £10,000 or £25,000 for small businesses, and businesses in the retail, hospitality and leisure sectors.²²

¹¹ www.gov.uk/government/collections/hm-treasury-coronavirus-covid-19-business-loan-scheme-statistics#Future-Fund

¹² HMRC management information

¹³ <https://obr.uk/coronavirus-analysis/>

¹⁴ HMRC internal estimate

¹⁵ www.gov.uk/government/news/vat-scrapped-on-e-publications

¹⁶ www.gov.uk/government/statistics/uk-overseas-trade-in-goods-statistics-march-2020

¹⁷ www.gov.uk/government/statistics/uk-overseas-trade-in-goods-statistics-april-2020

¹⁸ www.gov.uk/government/news/treasury-cut-taxes-to-reduce-ppe-costs

¹⁹ www.gov.uk/government/publications/revenue-and-customs-brief-7-2020-domestic-reverse-charge-vat-for-construction-services-delay-in-implementation

²⁰ www.gov.uk/government/statistics/national-non-domestic-rates-collected-by-councils-in-england-forecast-for-2020-to-2021

²¹ Estimates derived from data collection carried out with MHCLG: <https://www.gov.uk/government/statistics/national-non-domestic-rates-collected-by-councils-in-england-forecast-for-2020-to-2021>

²² <https://www.gov.uk/government/publications/coronavirus-grant-funding-local-authority-payments-to-small-and-medium-businesses>

- The Discretionary Grant Fund will provide up to £617 million of support to small businesses that are ineligible for other grants.²³

3.8 Statutory Sick Pay (SSP) Rebate Scheme – The government has provided a rebate to small and medium-sized employers (SMEs) across the UK to cover up to two-weeks' worth of statutory sick pay costs for employees either diagnosed with COVID-19 or who are unable to work because they are self-isolating in line with government advice.

3.9 Safeguarding high streets – The government has implemented measures to safeguard UK high streets by protecting shops and other businesses from aggressive forms of debt recovery²⁴ and protecting commercial tenants in England, Wales and Northern Ireland from eviction until 30 September.²⁵ This is accompanied by the government's publication of a Code of Practice²⁶ which encourages fair and transparent discussions between landlords and tenants over rental payments during the coronavirus pandemic. The government has also worked closely with lenders to confirm support and flexibility is being shown to commercial borrowers.²⁷

3.10 Trade Credit Reinsurance Scheme – The government has announced £10 billion of reinsurance guarantees to promote trade by providing eligible UK businesses with cover against counterparty default. The scheme is delivered through authorised insurers.²⁸

3.11 Support for innovative companies – The government is supporting promising and innovative firms through a comprehensive package of support, including a range of grants and loans through Innovate UK.²⁹ These include the recently announced Sustainable Innovation Fund which will help firms to commercialise their cutting-edge ideas while supporting our sustainability objectives.

3.12 Charities – The government has committed £750 million of grant funding to support charities to provide essential services and support to vulnerable people in response to COVID-19.³⁰ Funding has gone to a wide range of organisations, including those who support vulnerable children and victims of domestic violence, hospices, and larger organisations like St Johns Ambulance and Citizens Advice. The government has also donated to charity all VAT due on donations of PPE made between 1 March and 30 April (when the rate was reduced to 0%, as in para 3.5 above) and all VAT collected on charity singles released in response to COVID-19.

3.13 Freight – The government has announced up to £25 million to protect 11 critical freight routes covering the Channel, the Short Strait, and the North Sea. In addition, up to £10.5 million has been made available to protect lifeline ferry services to the Isle of Wight and Scilly Isles.

3.14 Support for Northern Ireland-Great Britain connectivity – The government has announced up to £11 million to maintain 5 critical sea freight routes between Northern Ireland and Great Britain and to support flights between Great Britain and Belfast City and City of Derry Airports.

²³ The cost of the Discretionary Grant Fund has been capped at 5% of the £12.3 billion in funding allocated to the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund.

²⁴ www.gov.uk/government/news/new-measures-to-protect-uk-high-street-from-aggressive-rent-collection-and-closure

²⁵ www.gov.uk/government/news/extra-protection-for-businesses-with-ban-on-evictions-for-commercial-tenants-who-miss-rent-payments

²⁶ www.gov.uk/government/publications/code-of-practice-for-the-commercial-property-sector

²⁷ www.gov.uk/government/news/government-to-publish-code-of-practice-with-commercial-sector-in-boost-to-high-street

²⁸ www.gov.uk/government/news/trade-credit-insurance-backed-by-10-billion-guarantee

²⁹ www.gov.uk/government/news/billion-pound-support-package-for-innovative-firms-hit-by-coronavirus

³⁰ www.gov.uk/government/news/chancellor-sets-out-extra-750-million-coronavirus-funding-for-frontline-charities

3.15 Fisheries – The government has provided £10 million of assistance for England’s catching, aquaculture and seafood businesses.^{31,32} Over 1,200 catching and aquaculture businesses have received grants worth up to £10,000,³³ and 20 projects to develop the local seafood supply chain across England have been approved for funding.³⁴

3.16 Dairy Response Fund – To support dairy farmers who have seen decreased demand for their products due to the closure of the hospitality sector, the government announced on 6 May that eligible dairy farmers can access up to £10,000 each to continue to operate and sustain productive capacity without impacts on animal welfare. Payments to qualifying applicants began on 6 July.³⁵

3.17 Producers of hand sanitiser – The government has relaxed restrictions on the production of hand sanitiser to attract new producers in order to meet increased demand.³⁶

3.18 Brewers, cider producers, wine makers and publicans – The government has relaxed processes to help businesses to claim back duty on spoilt beer, wine, and cider.³⁷

3.19 Cultural Recovery Fund – The government has committed £1.57 billion to support thousands of arts and cultural organisations through the COVID-19 pandemic. Organisations including museums, galleries, theatres, independent cinemas, heritage sites and music venues will be able to apply for emergency grants and loans. This funding, which represents the biggest ever one-off investment in UK culture, will provide a lifeline to vital organisations hit hard by the pandemic.

3.20 Zoos and aquariums – The government has established a £100 million Zoo Support Fund (ZSF)³⁸ to help licensed zoos and aquariums in England who are in financial difficulty as a result of COVID-19 and need help with the costs of keeping animals.

3.21 Rugby League – The government has set up a £16 million emergency loan scheme to support Rugby League clubs in England.³⁹

3.22 Last resort business interventions – As part of its normal operations the government has always considered providing support to strategically important companies that can reasonably be expected to have a long-term viable future, and whose failure or distress could cause disproportionate harm to the UK economy or society. Companies must have exhausted all other options before being considered, and any support given is on terms that protect the taxpayer, with existing lenders and shareholders expected to contribute to, and share in, the financial burden. Companies receiving support also need to agree to appropriate conditions, including those relating to tax, supplier payment terms, climate change and corporate governance. Since the start of the pandemic, the government has announced support of £30 million for one firm, Celsa Steel (UK) Ltd, to enable the company to continue trading. The agreement will safeguard a key supplier to the UK construction industry and secures more than 1,000 jobs, including more than 800 positions at the company’s main sites in South Wales. The government will continue to notify Parliament in the normal way for any individual support that is agreed.

³¹ www.gov.uk/government/news/government-announces-financial-support-for-englands-fishing-businesses

³² www.gov.uk/government/news/from-the-sea-to-the-door-new-grant-scheme-to-support-seafood-businesses-in-england-to-sell-catches

³³ www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2020-06-01/52467/

³⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/892089/DSSS_Approved_Projects_12.06.2020.csv/preview

³⁵ www.gov.uk/government/publications/dairy-response-fund-2020

³⁶ www.gov.uk/guidance/producing-hand-sanitiser-and-gel-for-coronavirus-covid-19

³⁷ www.gov.uk/guidance/destroying-spoilt-beer-during-coronavirus-covid-19

³⁸ www.gov.uk/government/news/100-million-rescue-package-for-englands-zoos-and-aquariums

³⁹ www.gov.uk/government/news/government-pledges-16-million-to-rescue-rugby-league

Support for Individuals

3.23 Coronavirus Job Retention Scheme (CJRS) – The government has paid the wages for over 9.4 million jobs, enabling 1.1 million employers to keep employees on a period of temporary leave ('furlough') between March and October in order to keep people attached to the labour market, reduce firm costs, and protect livelihoods.⁴⁰ Employers claimed £27.4 billion to cover 80% of usual monthly wage costs up to a cap of £2,500 a month – more than the median monthly earnings.⁴¹ From 1 August, employers will be asked to contribute to the cost of furloughing employees, having been provided with flexibility to bring back workers on a part-time basis from 1 July.^{42,43}

3.24 Self-Employment Income Support Scheme (SEISS) – The government has supported 2.7 million self-employed individuals, including members of partnerships, whose businesses have been adversely affected by COVID-19.⁴⁴ Eligible individuals have claimed £7.7 billion so far through the SEISS via a first taxable grant worth 80% of their average monthly trading profits, paid in a single instalment covering three months' worth of profits, and capped at £7,500. The applications for the first SEISS grant are open until 13 July. From 17 August until 19 October, eligible applicants whose businesses have been adversely affected by COVID-19 on or after 14 July will be able to claim a second and final taxable grant worth 70% of their average monthly trading profits, paid in another single instalment covering three months' worth of profits, capped at £6,570.^{45,46}

3.25 Statutory Sick Pay (SSP) – COVID-19 related SSP has been made payable from the first day of sickness absence, rather than the fourth, and extended to people self-isolating and shielding.⁴⁷

3.26 Mortgage and credit payment holidays – The government has worked with mortgage lenders, credit providers and the Financial Conduct Authority to ensure the financial sector provides support for people across the UK to manage their finances by providing payment holidays on mortgages (including Buy to Let mortgages to help renters), consumer credit products and support on overdrafts. As of 19 June, 1.9 million mortgage holidays and over 1.8 million payment holidays on consumer credit products have been granted.⁴⁸

3.27 Support for housing and renters – Alongside payment holidays on residential and Buy to Let mortgages, the government has extended the stay on repossession proceedings in the private and social rented sector until 23 August 2020. Lenders should also pause repossession proceedings until 31 October 2020 to help people to stay in their homes.⁴⁹ The government also introduced emergency measures in the Coronavirus Act 2020, which are in place until 30 September, to require landlords to give tenants at least three months' notice before seeking repossession.⁵⁰

3.28 Income Tax Self-Assessment – The government has supported individuals and the self-employed by deferring Income Tax Self-Assessment payments due in July 2020 to January 2021, helping up to 2.7 million taxpayers across the UK with their finances and cashflow.⁵¹

⁴⁰ www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics#coronavirus-job-retention-scheme

⁴¹ www.gov.uk/government/speeches/the-chancellor-rishi-sunak-provides-an-updated-statement-on-coronavirus

⁴² www.gov.uk/government/news/chancellor-extends-furlough-scheme-until-october

⁴³ www.gov.uk/government/news/chancellor-extends-self-employment-support-scheme-and-confirms-furlough-next-steps

⁴⁴ www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics#self-employment-income-support-scheme

⁴⁵ www.gov.uk/government/speeches/chancellors-statement-on-coronavirus-covid-19-29-may-2020

⁴⁶ www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2020-06-03/HCWS267/

⁴⁷ www.gov.uk/government/publications/budget-2020-documents

⁴⁸ www.ukfinance.org.uk/press/press-releases/uk-finance-responds-fca-announcement-further-support-consumer-credit-customers

⁴⁹ www.ukfinance.org.uk/press/press-releases/lenders-grant-over-million-payment-deferrals-to-mortgage-holders-in-three-months

⁵⁰ <https://www.gov.uk/guidance/government-support-available-for-landlords-and-renters-reflecting-the-current-coronavirus-covid-19-outbreak>

⁵¹ HMRC estimate based on payments received against January 2020 Payment on Account

3.29 Delaying the reform to the Off-Payroll Working Rules – The government has delayed reform to the off-payroll working rules (commonly known as IR35) in the private and third sectors from April 2020 to April 2021. This means that businesses and individuals do not need to implement and adjust to the reform while dealing with the economic impact of COVID-19.

3.30 Universal Credit and legacy benefits – To support families on low incomes through COVID-19, the government has temporarily increased the generosity of the welfare system and made it easier to access support:

- **Universal Credit Standard Allowance and Working Tax Credit Basic Element** – The government has temporarily increased both the Universal Credit Standard Allowance and the Working Tax Credit Basic Element for 12 months by £1,040 a year, on top of the planned uprating.⁵² These measures will apply to all new and existing Universal Credit claimants and Working Tax Credit recipients.
- **Increasing housing support** – The government has increased housing support for private renters through Local Housing Allowance rates to benefit new claimants and over 1 million existing claimants.^{53,54} All Local Housing Allowance rates have been increased to the 30th percentile of market rents.
- **Minimum Income Floor** – The requirements of the Universal Credit Minimum Income Floor have been temporarily relaxed for all those affected by the economic impacts of COVID-19, ensuring self-employed claimants can access Universal Credit in full.
- **Access to Universal Credit** – People who are directly affected by COVID-19 or self-isolating in line with government guidance have been able to claim Universal Credit and access advance payments upfront without the requirement to attend a jobcentre.
- **Contributory Employment and Support Allowance** – The government has made the contributory ‘new style’ 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-19.⁵⁵

3.31 Hardship Fund – The government has established a new £500 million Hardship Fund to help vulnerable people in England to meet their council tax payments over the coming year. The government expects that local authorities provide all recipients of working age local council tax support during the financial year 2020-21 with a further reduction in their annual council tax bill of £150.⁵⁶ This funding will allow local authorities to support more than 3 million households in this way.⁵⁷

3.32 Food support – The government has announced £63 million funding for local authorities in England⁵⁸ to assist people struggling to afford food and other essentials, and has launched a 12-week programme to support food charities that provide meals, benefiting at least 5,000 frontline charities and community groups across England.⁵⁹

⁵² www.gov.uk/government/speeches/the-chancellor-rishi-sunak-provides-an-updated-statement-on-coronavirus

⁵³ www.gov.uk/government/speeches/the-chancellor-rishi-sunak-provides-an-updated-statement-on-coronavirus

⁵⁴ www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-2020

⁵⁵ www.gov.uk/government/publications/budget-2020-documents

⁵⁶ www.gov.uk/government/publications/council-tax-covid-19-hardship-fund-2020-to-2021-guidance

⁵⁷ Estimated coverage calculation: 500m/150 = 3.3 million households.

⁵⁸ www.gov.uk/government/news/63-million-for-local-authorities-to-assist-those-struggling-to-afford-food-and-other-essentials

⁵⁹ www.gov.uk/government/news/16-million-for-food-charities-to-provide-meals-for-those-in-need

Public Services

3.33 At the Budget on 11 March, the Chancellor pledged to provide the NHS and other public services with the support they need to respond to COVID-19.

3.34 Delivering on this pledge, HM Treasury has so far approved £48.5 billion of additional expenditure on public services for the immediate response to COVID-19. This includes:

- **Support for health services** – HM Treasury has approved £31.9 billion of support for health services, including:
 - Over £15 billion for PPE procurement to protect frontline staff
 - £10 billion for the government’s Test, Trace, Contain and Enable programme to support the unlocking of the economy
 - over £1 billion to procure additional ventilators to support the NHS
 - and a further £5.5 billion of spending on health services, including the use of Independent Sector Health facilities; enhancing the NHS discharge process so patients who were medically fit to do so can leave hospital quickly and safely; delivering medicines to those who are vulnerable and shielding; keeping our pharmacies and GP practices open during bank holidays so healthcare facilities can stay available to those that need them; and funding for domestic vaccines R&D and manufacturing.
- **Support for local government** – HM Treasury has approved £4.7 billion funding to local government. This includes £3.7 billion to support pressure on social care in local government, deliver additional support to vulnerable people and continue to respond to the coronavirus pandemic; £600 million additional funding to support infection control in care homes; and £221 million to support rough sleepers through the pandemic.
- **Support for schools** – The government has announced £1.2 billion of additional funding for schools. This includes support for pupils to catch up on lost learning, and a national voucher scheme to provide free school meals for children whilst at home.
- **Support for public transport** – HM Treasury has approved £5.3 billion of targeted support for essential public transport services, in addition to the economy-wide schemes, including £3.5 billion for rail services, over £1 billion for services in London, and support for bus and light rail services across the rest of England.
- **Support for other public services** – HM Treasury has approved £1.2 billion for other public services including provision of food packages for the most vulnerable shielders; bolstering the public services provided by departments including DWP, HMRC and Ministry of Justice; repatriation support from the Foreign and Commonwealth Office for UK travellers stranded overseas; and the government’s public information campaign.
- **Support to the devolved administrations** – In addition to funding certain health services on a UK-wide basis, HM Treasury is providing the devolved administrations with a further £4.1 billion through the application of the Barnett formula to the above public services spending. This comprises £2.1 billion for the Scottish Government, £1.3 billion for the Welsh Government, and £0.7 billion for the Northern Ireland Executive.

3.35 HM Treasury will continue to work with departments to ensure public services receive the funding they need to respond to COVID-19 pressures.

Devolved administrations

3.36 Support for the devolved administrations through the Barnett formula – In addition to the many UK government interventions that are providing direct support to people and businesses in Scotland, Wales and Northern Ireland, the devolved administrations are receiving funding through the Barnett formula to provide further support in devolved areas. Including the above funding in relation to public services, the UK government is providing £8.9 billion to the devolved administrations, comprising £4.6 billion for the Scottish Government, £2.8 billion for the Welsh Government and £1.6 billion for the Northern Ireland Executive.

International

3.37 Support for the International Monetary Fund (IMF) – The government has announced up to £150 million of UK aid funding for the IMF Catastrophe Containment and Relief Trust (CCRT)⁶⁰ and provided a new £2.2 billion loan to the IMF Poverty Reduction and Growth Trust (PRGT) to help low income countries respond to COVID-19.⁶¹ 27 countries have benefitted from debt relief available from the CCRT and over 40 countries have received emergency loans from the PRGT.⁶²

3.38 Health research and development – The government has committed £313 million to support international efforts to develop vaccines, therapeutics, and diagnostics, including £250 million towards the Coalition for Epidemic Preparedness Innovations (making the UK the largest contributor in the G20), £40 million on therapeutics, and £23 million on diagnostics.⁶³

3.39 G20 COVID-19 Action Plan – The UK has led the way in ensuring a swift and effective global response to COVID-19. In April, through the UK's role as co-chair of the G20 Framework Working Group, the Chancellor led agreement on a comprehensive G20 COVID-19 Action Plan detailing a coordinated fiscal, monetary and regulatory response to the pandemic. This included steps to support vulnerable countries, such as the suspension of debt payments from the world's poorest countries, through the Debt Service Suspension Initiative. In July G20 Finance Ministers will review progress made against those commitments.⁶⁴

⁶⁰ www.imf.org/en/News/Articles/2020/03/11/pr2084-united-kingdom-boosts-imfs-catastrophe-relief-fund-with-gbp150-million

⁶¹ www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Lords/2020-05-12/HLWS225/

⁶² www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker

⁶³ www.gov.uk/government/news/uk-pledges-544-million-to-find-coronavirus-vaccine

⁶⁴ [https://g20.org/en/media/Documents/G20_FMCBG_Communique_EN%20\(2\).pdf](https://g20.org/en/media/Documents/G20_FMCBG_Communique_EN%20(2).pdf)

List of abbreviations

BBLS	Bounce Back Loan Scheme
BRES	Business Register and Employment Survey
CBILS	Coronavirus Business Interruption Loan Scheme
CCFF	COVID-19 Corporate Financing Facility
CCRT	Catastrophe Containment and Relief Trust
CJRS	Coronavirus Job Retention Scheme
CLBILS	Coronavirus Large Business Interruption Loan Scheme
DWP	Department for Work and Pensions
FCO	Foreign and Commonwealth Office
FE	Further Education
GDP	Gross Domestic Product
HMG	Her Majesty's Government
HMRC	Her Majesty's Revenue & Customs
IMF	International Monetary Fund
IR35	Off-payroll working rules
MoJ	Ministry of Justice
NHS	National Health Service
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
PPE	Personal Protective Equipment
PRGT	Poverty Reduction and Growth Trust
R&D	Research & Development
SDLT	Stamp Duty Land Tax
SEISS	Self-Employment Income Support Scheme
SMEs	Small and medium-sized enterprises
SSP	Statutory Sick Pay
UKEF	UK Export Finance
ZSF	Zoo Support Fund

