

A PLAN FOR JOBS

Statement by the Chancellor of the Exchequer

House of Commons

8th July 2020

~Check against delivery~

Mr Speaker,

I stood here in March saying I knew people were worried.

I know they're worried still.

We have taken decisive action to protect our economy.

But people are anxious about losing their jobs, about unemployment rising.

We're not just going to accept this.

People need to know we will do all we can to give everyone the opportunity of good and secure work.

People need to know that although hardship lies ahead, no one will be left without hope.

So, today, we act, with a Plan for Jobs.

Our plan has a clear goal: to protect, support and create jobs.

It will give businesses the confidence to retain and hire.

To create jobs in every part of our country.

To give young people a better start.

To give people everywhere the opportunity of a fresh start.

Where problems emerge, we will confront them.

Where support is justified, we will provide it.

Where challenges arise, we will overcome them.

We entered this crisis unencumbered by dogma and we continue in this spirit, driven always by the simple desire to do what is right.

OUR RESPONSE SO FAR

Mr Speaker,

Before I turn to our Plan for Jobs, let me first outline the nature of the challenge.

Our economic response to coronavirus is moving through three phases.

In the first phase, beginning in March, the government announced social distancing measures and ordered businesses to close, halting the spread of the disease.

We put in place one of the largest and most comprehensive economic responses in the world.

Our £160bn plan protects people's jobs, incomes and businesses:

- We supported more than 11 million people and jobs through the job retention and self-employment schemes, alongside billions of pounds for the most vulnerable;
- We supported over a million businesses to protect jobs, through tax cuts, tax deferrals, direct cash grants, and over a million government-backed loans;
- And we supported public services, with new funding for the NHS, schools, public transport, and local authorities.

In total, we have now provided £49bn to support public services since the crisis began.

Analysis I'm publishing today shows our interventions significantly protected people's incomes, with the least well off in society supported the most.

And this crisis has highlighted the special bond which holds our country together.

Millions of people in Scotland, Wales and Northern Ireland have been protected by the UK government's economic interventions – and they will be supported by today's Plan for Jobs.

No nationalist can ignore the undeniable truth: this help has only been possible because we are a United Kingdom.

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Mr Speaker,

Four months on, as we carefully reopen our economy, we are entering the second phase of our economic response.

Despite the extraordinary support we've already provided, we face profound economic challenges:

- World economic activity has slowed, with the IMF expecting the deepest global recession since records began.
- Household consumption – the biggest component of our economy – has fallen steeply.
- Businesses have stopped trading and stopped hiring.
- Taken together, in just two months our economy contracted by 25% - the same amount it grew in the previous eighteen years.

And the independent OBR and Bank of England are both projecting significant job losses – the most urgent challenge we now face.

I want every person in this House and in the country to know that I will never accept unemployment as an unavoidable outcome.

We haven't done everything we have so far just to step back now and say, 'job done'.

In truth, the job has only just begun.

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Mr Speaker,

If the first phase of our economic response was about protection, and the second phase – the phase we are addressing today - is about jobs, there will come a third phase, where we will rebuild.

The PM has set out our vision to level up, unite the country, spread opportunity, and repair and heal the wounds exposed through this crisis.

I can tell the House we will produce a Budget and Spending Review in the autumn.

And we will deal, too, with the challenges facing our public finances.

Over the medium-term, we must, and we will, put our public finances back on a sustainable footing.

In other words, our Plan for Jobs will not be the last action – it is merely the next - in our fight to recover and rebuild after coronavirus.

PLAN FOR JOBS

Mr Speaker,

Let me turn now to the detail of our plan for jobs.

Central to our economic response has been the jobs retention scheme.

Furlough has been a lifeline for millions, supporting people and businesses to protect jobs.

But it cannot and should not go on forever.

I know that when furlough ends it will be a difficult moment.

I'm also sure that if I say the scheme must end in October, critics will say it should end in November.

If I say it should end in November, critics will say December.

But the truth is: calling for endless extensions to the furlough is just as irresponsible as it would have been, back in June, to end the scheme overnight.

We have to be honest.

Leaving the furlough scheme open forever gives people false hope that it will always be possible to return to the jobs they had before.

And the longer people are on furlough, the more likely it is their skills could fade, and they will find it harder to get new opportunities.

It is in no-one's long term interests for the scheme to continue forever, least of all those trapped in a job that can only exist because of government subsidy.

So the furlough will wind down, flexibly and gradually, supporting businesses and people through to October.

But while we can't protect every job, one of the most important things we can do to prevent unemployment is to get as many people as possible from furlough back to their jobs.

So, today, we're introducing a new policy to reward and incentivise employers who successfully bring furloughed staff back – a new Jobs Retention Bonus.

If you're an employer and you bring back someone who was furloughed - and continuously employ them through to January - we'll pay you a £1,000 bonus per employee.

Its vital people aren't just returning for the sake of it – they need to be doing decent work.

So for businesses to get the bonus, the employee must be paid at least £520 on average, in each month from November to the end of January, the equivalent of the lower earnings limit in National Insurance.

The House should understand the significance of this policy.

We'll pay the bonus for all furloughed employees.

So if employers bring back all nine million people who have been on furlough, this would be a £9 billion policy to retain people in work.

Our message to business is clear: if you stand by your workers, we will stand by you.

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Mr Speaker,

The furlough was the right policy to support people through the first phase of this crisis.

But now, in this new phase, we need to evolve our approach.

Today, I want to set out for the House a new three-point plan for jobs. We need to:

- First – support people to find jobs.
- Second – create jobs.
- Third – protect jobs.

SUPPORTING JOBS

Mr Speaker,

Let me start with supporting jobs, and in particular the help we want to provide for those who will be hardest hit by this crisis: younger people.

Over 700,000 people are leaving education this year.

Many more are just starting out in their careers.

Coronavirus has hit them hard - under 25s are two and a half times as likely to work in a sector that has been closed.

We cannot lose this generation, so, today, I'm announcing the Kickstart Scheme:

A new programme to give hundreds of thousands of young people, in every region and every nation of Britain, the best possible chance of getting on and getting a job.

The Kickstart Scheme will directly pay employers to create new jobs for any 16 to 24-year-old at risk of long-term unemployment.

These will be new jobs - with the funding conditional on the firm proving these jobs are additional.

These will be decent jobs – with a minimum of 25 hours per week paid at least the National Minimum Wage.

And they will be good quality jobs – with employers providing Kickstarters with training and support to find a permanent job.

If employers meet those conditions, we will pay young people's wages for six months, plus an amount to cover overheads.

That means, for a 24-year-old, the grant will be around £6,500.

Employers can apply to be part of the scheme from next month, with the first Kickstarters in their new jobs this autumn.

And I urge every employer, big or small, national or local, to hire as many Kickstarters as possible.

Today, I'm making available an initial £2 billion; enough to fund hundreds of thousands of jobs.

And I commit today: there will be no cap on the number of places available.

We can do more for young people:

- Traineeships are a proven scheme to get young people ready for work. We know they work, so for the first time ever we'll pay employers £1,000 to take on trainees, with triple the number of places.
- To support 18-19-year olds leaving school or college to find work in high-demand sectors like engineering, construction and social care, we'll provide £100m to create more places on Level 2 and Level 3 courses.
- And the evidence says careers advice works, so we'll fund it, with enough new careers advisers to support over a quarter of a million more people.

We'll also expand our universal skills offer:

Sector-Based Work Academies provide training, work placements, and a guaranteed job interview in high-demand sectors.

The evidence shows they work, so we'll expand them – tripling the number of places.

And we know apprenticeships work, too – 91% of apprentices stay in work or do further training afterwards.

So for the next six months, we're going to pay employers to create new apprenticeships.

We'll pay businesses to hire young apprentices, with a new payment of £2,000;

And we'll introduce a brand-new bonus for businesses to hire apprentices aged 25 and over, with a payment of £1,500.

And let me thank my RHF the Education Secretary for his support and commitment in developing these measures.

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Mr Speaker,

We know the longer someone is out of work, the harder it is to return.

Millions of people are moving onto Universal Credit – they need urgent support to get back to work.

So, we are:

- Doubling the number of Work Coaches in JobCentres.
- Increasing the Flexible Support Fund.
- Extending the Rapid Response Service.
- Expanding the Work and Health Programme.
- And developing a new scheme to support the long-term unemployed.

The academic and economic evidence tells us these are among the most effective things we can do.

So I'm investing an extra £1.2bn in DWP, to support millions of people back to work.

And I'm grateful for everything my RHF the Work and Pensions secretary, and her team, have done.

£1bn of support for the unemployed; more money for skills, traineeships, apprenticeships; and a new, good quality job for hundreds of thousands of young Kickstarters – the first part of our plan for jobs.

CREATING JOBS

Mr Speaker,

The second part of our plan is to support job creation.

That begins with historic investment in infrastructure – creating jobs in every region and nation of the UK.

At Budget, I announced £88bn of capital funding this year; and last week the Prime Minister announced our plans to accelerate £5bn of investment projects.

We are doubling down on our ambition to level up with better roads, better schools, better hospitals, better high streets, creating jobs in all four corners of the country.

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Mr Speaker,

As well as investing in infrastructure, we want to create green jobs.

This is going to be a green recovery with concern for our environment at its heart.

As part of that, I'm announcing today a new, £2bn Green Homes Grant.

From September, homeowners and landlords will be able to apply for vouchers to make their homes more energy efficient and create local jobs.

The grants will cover at least two thirds of the cost, up to £5,000 per household.

And for low income households, we'll go even further with vouchers covering the full cost - up to £10,000.

On top of the £2bn voucher scheme, I am releasing £1bn of funding to improve the energy efficiency of public sector buildings alongside a £50m fund to pilot the right approach to decarbonise social housing.

Taken together, we expect these measures to:

- Make over 650,000 homes more energy efficient;

- Save households up to £300 a year on their bills;
- Cut carbon by more than half a mega tonne per year, equivalent to taking 270,000 cars off the road;
- And, most importantly right now, support around 140,000 green jobs.

A £3bn green jobs plan to save money; cut carbon; and create jobs.

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Mr Speaker,

One of the most important sectors for job creation is housing.

The construction sector adds £39bn a year to the UK economy;

House building alone supports nearly three quarter of a million jobs;

With millions more relying on the availability of housing to find work.

But property transactions fell by 50% in May.

House prices have fallen for the first time in eight years.

And uncertainty abounds in the market – a market we need to be thriving. We need people feeling confident - confident to buy, sell, renovate, move and improve.

That will drive growth. That will create jobs.

So to catalyse the housing market and boost confidence, I have decided today to cut stamp duty.

Right now, there is no stamp duty on transactions below £125,000.

Today, I am increasing the threshold to half a million pounds.

This will be a temporary cut running until 31st March 2021.

And, as is always the case, these changes to stamp duty will take effect immediately.

The average stamp duty bill will fall by £4,500.

And nearly nine out of ten people buying a main home this year, will pay no stamp duty at all.

Stamp duty cuts; A £5,000 Green Homes Grant; And tens of billions of pounds of new capital projects.

We are creating jobs, the second part of our Plan for Jobs.

PROTECTING JOBS

Mr Speaker,

The final part of our plan will protect jobs that already exist by helping some of our highest-employing but hardest-hit sectors: hospitality and tourism.

Our economy relies on consumption, especially social consumption:

The pubs, cafes, restaurants, hotels and B&Bs that bring life to our villages, towns and cities.

Together these sectors employ over 2 million people disproportionately younger, women and people from black, Asian and minority ethnic communities.

And many rural and coastal communities rely on these industries.

80% of hospitality firms temporarily stopped trading in April and 1.4 million workers have been furloughed, the highest proportions of any sector.

So, the best jobs programme we can do is to restart these sectors and get our pubs, restaurants, cafes and B&Bs bustling again.

I know people are cautious about going out.

But we wouldn't have lifted the restrictions if we didn't think we could do so, safely.

And I've seen in the last few weeks how hard businesses are working to make their premises safe.

And if we follow the guidance, and respect what they ask us to do, we can all enjoy summer safely.

In turn, we need to give these businesses the confidence to know that if they open up, invest in making their premises safe, and protect jobs, demand will be there, and be there quickly.

So today, I'm announcing two new measures to get these sectors moving and protect jobs.

First, at the moment, VAT on hospitality and tourism is charged at 20%.

So I've decided, for the next six months, to cut VAT on food, accommodation and attractions.

Eat-in or hot takeaway food from restaurants, cafes and pubs;

Accommodation in hotels, B&Bs, campsites and caravan sites;

Attractions like cinemas, theme parks and zoos;

All these and more will see VAT reduced, from next Wednesday until January 12th, from 20% to 5%.

This is a £4bn catalyst for the hospitality and tourism sectors, benefiting over 150,000 businesses, and consumers everywhere - all helping to protect 2.4 million jobs.

But, Mr Speaker, we will go further.

The final measure I'm announcing today has never been tried before in the UK.

This moment is unique. We need to be creative.

So, to get customers back into restaurants, cafes and pubs, and protect the 1.8 million people who work in them, I can announce today that, for the month of August, we will give everyone in the country an Eat Out to Help Out discount.

Meals eaten at any participating business, Monday to Wednesday, will be 50% off, up to a maximum discount of £10 per head for everyone, including children.

Businesses will need to register, and can do so through a simple website, open next Monday.

Each week in August, businesses can then claim the money back, with the funds in their bank account within 5 working days.

1.8 million people work in this industry. They need our support. With this measure we can all eat out to help out.

A VAT cut to 5%;

And a first-of-its-kind government-backed discount for all;

That's the third part of our Plan for Jobs.

So, Mr Speaker,

A £1,000 Jobs Retention Bonus.

New, high quality jobs for hundreds of thousands of young Kickstarters.

£1bn to double the number of work coaches and support the unemployed.

More apprenticeships; more traineeships; more skills funding.

Billions of pounds of new, job creation projects around the country.

A £3bn plan to support 140,000 green jobs.

And in this vital period, as we get going again:

VAT cut.

Stamp duty cut.

Meals out cut.

Mr Speaker, all part of our Plan for Jobs worth up to £30 billion.

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Mr Speaker,

Governments, much less people, rarely get to choose the moments which define them. What choice there is comes in how we respond.

For me, this has never just been a question of economics, but of values:

I believe in the nobility of work.

I believe in the inspiring power of opportunity.

I believe in the British people's fortitude and endurance.

And it is that value, endurance, more than any other, we need to embody now.

A patience to live with the uncertainty of the moment to find that new balance between safety and normality.

We will not be defined by this crisis, but by our response to it.

It is an unambiguous choice to make this moment meaningful for our country in a way that transcends the frustration and loss of recent months.

It is a plan to turn our national recovery into millions of stories of personal renewal.

Mr Speaker, it is our Plan for Jobs and I commend it to the House.