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ALL MEMBERS MEMORANDUM No. 196 - 20

SUMMER ECONOMIC UPDATE

The Chancellor, Rishi Sunak, delivered a Summer Economic Update yesterday. In his speech he stated that the Government has a three-phase plan to secure the UK's economic recovery from the pandemic. The first phase was a £160 billion support package which included the Job Retention Scheme and business grants and loans. The second phase is designed to support jobs and is outlined below. The third phase will focus on rebuilding, and the details will be given in the Budget and Spending review in the autumn.

The focus of yesterday's Summer Economic Update was on Phase two. This phase is split into three topics 'Supporting jobs', 'Creating jobs' and 'Protecting jobs'.

Supporting Jobs

The key measures include:

- Confirmation that the Job Retention (furlough) Scheme will close, as scheduled, at the end October.
- A new Job Retention Bonus for employers of £1k for every employee brought back from furlough and still employed in January 2021.
- A new £2 billion 'kickstart' scheme to encourage employers to create new jobs for 18-24 year olds. Those aged 16-24, claiming Universal Credit and at risk of long-term unemployment, will be eligible. Funding will be available for each six-month job placement and will cover 100% of the National Minimum Wage a week.
- A total of £1.6 billion will be invested in scaling up employment support scheme, training, and apprenticeships to help people looking for a job. This includes:
 - Businesses will be given £2,000 for each new apprentice they hire under the age of 25.
 - A £111 million investment to triple the scale of traineeships in 2020-21
 - £17 million of funding to triple the number of sector-based work academy placements in 2020-21

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- Nearly £900 million to double the number of work coaches to 27,000
- An extra £32 million investment in the National Careers Service

Creating jobs

The key measures include an £8.8 billion of new infrastructure, decarbonisation, and maintenance projects. This includes:

- A £3 billion green investment package to support about 140,000 green jobs and upgrade buildings and reduce emissions
- Homeowners and landlords in England can apply for vouchers from £2 billion Green Homes Grant scheme this year to pay for improvements such as loft, wall, and floor insulation
- A £1 billion programme to make public buildings including schools and hospitals greener
- £5.8 billion to be spent on 'shovel-ready' construction projects to 'get Britain building'. This will include:
 - £1.5 billion for hospital maintenance and upgrades
 - £100 million for local roads networks
 - Over £1 billion to start to rebuild schools in the worse condition in England and £760 million in 2020 for key maintenance work for schools and further education colleges
 - £142 million for court maintenance to repair about 100 courts in England.

Protecting Jobs

This will include:

- 'Eat out to Help Out' vouchers for all – 50% discount (up to £10 each) on meals purchased Monday to Wednesday in August 2020 at participating restaurants, pubs and cafes. Providers can apply to participate from next week: cash will be returned to them within eight days.
- A reduction in VAT for the hospitality and tourism sectors from 20% to 5%, from Wednesday 15 July until 12 January 2021.
- An increase in the Stamp Duty Land Tax (SDLT) threshold for property purchases to £500k, until 31 March 2021. This takes effect immediately.

Dr D. B. Moore
Chief Executive Officer
BCSA