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Hunt offers incentives to get more people into work

BRITISH finance minister Jeremy Hunt yesterday announced incentives and sanctions aimed at tackling the country's soaring levels of inactivity among working-age people, an increasingly acute economic problem.

The "Back to Work" plan, billed as a way to help people "stay healthy, get off benefits and move into work", will form part of the Autumn Statement that Hunt will present next Wednesday.

The plans were welcomed by business groups but the Institute for Employment Studies (IES), a non-partisan think tank, said Hunt's tough talk about people who "coast on the hard work of taxpayers" was misplaced.

The opposition Labour Party said the plan failed to tackle the root causes behind economic inactivity.

■ *The 'Back to Work' plan will form part of the Autumn Statement that Hunt will present*

A record 2.6 million Britons were not working because of long-term sickness as of mid-2023, which economists say reflects the effects of the Covid-19 pandemic but also high waiting times in an increasingly stretched health service.

The plan, which includes £2.5 billion ($3.1bn) of investment over the next five years, aims to boost the support available to those with physical or mental conditions so they can stay in work, helping up to 1.1m people.

But it also includes tougher benefit sanctions "for people who are able to work but refuse to engage" with their local employment office.

Hunt, hoping to assuage the many Conservative lawmakers who are alarmed at Labour's big lead in opinion polls, looks set to trim taxes in his budget update on Wednesday.

"These changes mean there's help and support for everyone – but for those who refuse it, there are consequences too. Anyone choosing to coast on the hard work of taxpayers will lose their benefits," Hunt said of the "Back to Work" plan.

Tony Wilson, director of the IES, said extra investment in employment support was welcome but he criticised Hunt's characterisation of people who coast.

"This sort of language just pushes people away – alienating those who could benefit from support, alienating employers and alienating partners like GPs and voluntary services," Wilson said.

Labour said Hunt's plan was "more of the same".

"This poor excuse of a proposal does nothing to fundamentally change the state of our health service or our Job centres after a decade of failure from the Tories," said Labour's work and pensions spokeswoman Liz Kendall.

The Recruitment and Employment Confederation, a trade body, said it welcomed the plans.

■ *Burberry may miss its revenue targets*

Burberry feels pressure from slowdown in luxury spending

BURBERRY will struggle to meet its annual revenue forecast of low double-digit growth after it was hit by a global slowdown in luxury spending, the British brand said yesterday.

The company, which launched the first collection by designer Daniel Lee in September, reported a sharp drop in comparable store sales growth from 18 per cent in its first quarter to just 1pc in the second, as demand in China evaporated.

Rising inflation and economic uncertainty have curbed shoppers' appetite for luxury after years of blockbuster demand, prompting investors to trim forecasts.

Burberry said the slowdown was pronounced in September, coinciding with the arrival in stores of Lee's first runway designs and a new brand identity, the latest step in its strategy to move the label into a higher echelon of luxury.

Chief executive Jonathan Akeroyd said the revenue downgrade was "very much geared around the macro", rather than the response to new products such as the £2,890 ($3,582) medium-sized "Knight" bag.

He said he was excited about the reception to the designs six weeks in, with a "nice shift" to accessories, both shoes and bags.

Portfolio manager Angelo Meda at Banor SIM, who cut his exposure to luxury earlier this year following downbeat Chinese data, said Burberry was "certainly not an isolated case".

"We haven't seen anything like this in the luxury space for a long time," he said.

LVMH, the world's biggest luxury group with brands including Louis Vuitton, Dior, and Tiffany, reported a slowdown in quarterly sales in October, as did Kering with its Yves Saint Laurent, Balenciaga and Bottega Veneta brands.

Cartier-owner Richemont has also predicted slower growth.

Burberry's adjusted operating profit fell 6pc to £223 million in its first half, it said, and for the full-year it would be towards the lower end of analysts' forecasts from £552m to £668m.