

News in Focus

Monday 13 July 2020

"We face profound economic challenges"



Last Wednesday, the Chancellor delivered an Economic Update on the government's plan to rebuild the economy. Rishi Sunak outlined his Plan for Jobs, the second phase of the government's economic response to the coronavirus pandemic.

Before detailing his plan, Rishi Sunak stated that, as a nation *"we face profound economic challenges"* on the road to recovery. To support people in retaining or finding jobs, he announced a 'Job Retention Bonus' of £1,000 per employee, for employers bringing back furloughed staff, retained until 31 January 2021 and a £2bn 'Kickstart Scheme' to help younger people find jobs, traineeships and apprenticeships.

Focusing on job creation, specifically *"green jobs"*, he announced a £3bn package to improve the energy efficiency of homes and public buildings, supporting around 140,000 green jobs. Big news for many potential home movers, was the announcement of a 'Stamp Duty holiday' until 31 March 2021, temporarily increasing the threshold from £125,000 to £500,000, applicable in England and Northern Ireland.

He concluded with his plan to protect jobs in the hard-hit tourism and hospitality sectors, with a *"unique"* 'Eat Out to Help Out' discount scheme, to attract customers back into restaurants, cafes and pubs during August and a reduction of VAT on food, accommodation and attractions from 20% to 5%, effective from 15 July 2020 to 12 January 2021.

Further job cuts

Another raft of retail job cuts were announced last week, with John Lewis and Boots the most recent casualties. The two high street giants announced 5,300 jobs will be lost and numerous stores across the country will be closed. John Lewis said it had to *'secure the business's long-term future and respond to customers' shopping needs.'* The sad news comes amid warnings that the economic support announced by the Chancellor of the Exchequer, will not be sufficient to prevent millions of job losses. Last week, Rishi Sunak acknowledged that he cannot protect every job as the UK enters a *"severe recession."*

At the tail end of last week, European shares rose on positive industrial output data from France and Italy. On Friday, the main UK indices recovered from three consecutive days of losses. US stocks rose on Friday, as positive analysis of antiviral drug remdesivir helped alleviate investor concerns over a record rise in virus cases stateside.

Back on the agenda

Culture Secretary, Oliver Dowden announced that from Saturday (11 July) outdoor swimming pools and outdoor live theatres could reopen, with social distancing adhered to. Two weeks later (25 July) indoor gyms, sports facilities and pools will be able to reopen. During the Downing Street announcement, Dowden said, *"Normal life is slowly returning"* and added, *"I'm urging the British people to make the most of this summer safely. We need them to support the places that*

we all love." In addition, beauticians, tanning salons and tattooists can reopen on Monday, but the Culture Secretary cautioned that restrictions will be reintroduced if the virus starts to spike.

UK nations

Last week the Scottish government approved most air bridge travel destinations set out by UK ministers, meaning that from 10 July Scottish residents could travel to 57 countries without having to self-isolate on returning. However, unlike in England, Spain has been omitted from the list due to concerns about the prevalence of the virus. In Wales, it has been confirmed that all state schools will be fully reopened by September. At the end of last week, during a People's Prime Minister Questions session, Boris Johnson suggested that face masks could be made mandatory for shops and enclosed spaces, *"I do think we need to be stricter in insisting people wear face coverings in confined spaces where they are meeting people they don't normally meet."*

On your bike

Last week, Halfords revealed that bike sales rose 57.1% during the 13-week period to 3 July.

Throughout lockdown, cycle sales have surged as many people chose to get on their bikes to avoid public transport, a trend set to continue.

Here to help

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.