

News in Review

12 May 2021

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On Monday, the Prime Minister confirmed that the next stage of easing measures will go ahead as intended on 17 May. People in England will be able to resume numerous activities, including hugging loved ones, meeting six people or two households indoors, dining inside restaurants and visiting indoor entertainment venues such as cinemas and museums. The Prime Minister commented, "This unlocking amounts to a very considerable step on the road back to normality and I am confident we will be able to go further."

Transport Secretary Grant Shapps made a much-anticipated announcement over the resumption of international travel last week. He confirmed that the 'Stay in the UK' regulation will lift on 17 May, meaning leisure travel from England will no longer be illegal. Strict border control measures will be in place and different levels of restrictions will be applied to individuals returning to England from countries based on a traffic light system. In total, 12 countries and territories have been added to the green list, including Portugal and Gibraltar. The lists will be reviewed every three weeks.

Most of mainland Scotland will move to level two restrictions from 17 May and international travel will be in line with the rules in England.

Election news

Last week, election news dominated. In England, local elections took place, with the Conservatives making significant gains, adding 13 councils. The Conservatives won the Hartlepool by-election, with a resounding majority, proving a real blow to the Labour Party, which has held the seat since 1964. Labour Party leader Sir Kier Starmer expressed his bitter disappointment in losing eight councils and has since

embarked on a restructure of the party. In the Welsh Parliamentary election, Labour remains in power for another five years and in Scotland, the SNP will form the next Scottish government, but have fallen short of a majority by one seat.

The Queen's speech

On Tuesday, the Queen outlined the government's priorities for the year ahead, as she officially reopened Parliament. In a ten minute speech in the House of Lords, she highlighted 30 laws that ministers intend to pass in the coming year, saying the government would "deliver a national recovery from the pandemic that makes the United Kingdom stronger, healthier and more prosperous than before."

BoE forecasts stronger growth

Last Thursday, the Bank of England (BoE) announced that its Monetary Policy Committee had unanimously voted to maintain base rates at an all-time low of 0.1%. In addition, the Bank increased its UK economic growth forecast to 7.25% for 2021, a significant upgrade from February's estimate of 5.0%. This higher figure, which would represent the fastest annual rate of growth in over 70 years, appears to all but eliminate any possibility of negative rates this year, with economists predicting base rates could now begin rising during 2022.

The growth upgrade largely reflects the rapid vaccine rollout, which the Bank said will boost consumer confidence and will pave the way for a mini-spending boom as lockdown restrictions continue to ease. However, BoE Governor Andrew Bailey did strike a note of caution, likening any recovery to "more of a bounce back" than a boom. Mr Bailey added, "Let's not get carried away. It takes us back, by the end of this year, to the level of output that we had essentially at the end of 2019. That's

two years passed with no growth in the economy."

More positive economic news

Data released in the past seven days has provided further evidence of an impending strong UK recovery. The closely-watched IHS Markit/CIPS Purchasing Managers' Index (PMI) for the service sector, for instance, rose to 61.0 in April, up from 56.3 in March, representing the fastest rate of expansion in more than seven years, which IHS Markit Economics Director Tim Moore put down to "a surge of pent-up demand... following the loosening of pandemic restrictions."

The IHS Markit/CIPS Construction PMI also added to signs of a strengthening economy. While April's headline figure of 61.6 was marginally down from March's six-and-a-half year high of 61.7, the survey's gauge of new orders reached its highest level since September 2014. Meanwhile, a survey of recruitment consultants conducted by KPMG/REC found that demand for workers in the UK is currently rising at the fastest rate in 23 years.

Full-time office return unlikely

Last week provided further evidence that most employers are not intending to bring staff back to the office on a full-time basis. A BBC survey covering 50 of the UK's largest employers found that 43 have now decided to embrace a mix of home and office working. An Institute of Directors poll suggests almost two-thirds of firms intend to introduce a hybrid model, with staff working remotely for one to four days per week, while one in ten will allow employees to work from home entirely.

Here to help

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