HOWARD
WEALTH MANAGEMENT

Fareham Innovation Centre,
Merlin House, 4 Meteor Way,
Lee-On-The-Solent, Hampshire PO13 9FU

T 02393 877630
E info@howardwealth.com
W www.howardwealth.com

News in Review

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"Following the most successful vaccine programme in the world, we're beginning the biggest catch-up programme in the history of the NHS"

On Tuesday, Boris Johnson took to the Downing Street podium, following an earlier appearance in the House of Commons, to set out the government's intentions to *"help our NHS recover from the pandemic and build back better by fixing the problems in health and social care."*

The Prime Minister continued, *"For more than 70 years, we've lived by the principle that everyone pays for the NHS through our taxes, so it's there for all of us when we need it... Following the most successful vaccine programme in the world, we're beginning the biggest catch-up programme in the history of the NHS."*

A new health and social care tax will be introduced across the UK, aimed at supporting social care and tackling the health backlog caused by the pandemic, including increasing hospital capacity. From April 2022, the tax, expected to raise £12bn a year, will initially begin as a 1.25% increase in National Insurance, paid by both workers and employers. From April 2023, it will become a separate tax on earned income, calculated in the same way as National Insurance, and ring-fenced as a health and social care levy, which will appear as a separate line on payslips. Tax on share dividends is also scheduled to increase by 1.25%, in a move expected to raise £600m.

Over the next three years, £5.4bn of the sum raised will be used to support changes to the social care system. In England, from October 2023, a cap of £86,000 will be introduced on care costs over a person's lifetime. Those with assets under £20,000 will have fully-funded care, whilst people with assets of between £20,000 and £100,000 will be entitled to care cost subsidies.

The social care cap will apply only to patients in England, but the levy is applicable across the UK. Health services in Scotland, Northern Ireland and Wales will receive an extra £2.2bn a year.

The proposals face an MP vote in the House of Commons on Wednesday.

Triple lock changes for 2022–23

Also on Tuesday, Secretary of State for Work and Pensions, Thérèse Coffey, announced suspension of the 'wage' element of the pension triple lock, to avoid a disproportionate rise of the State Pension following the pandemic. For the 2022-23 tax year only, the new and basic State Pension will increase by the higher of either 2.5% or the rate of inflation.

Autumn Budget and Spending Review date confirmed

On a busy day for fiscal news, on Tuesday, Chancellor Rishi Sunak confirmed that the date of the next Budget, alongside a Spending Review setting out UK government departments' resource and capital budgets for three years, will be 27 October.

Summer property price upturn

In August, UK property prices recorded their second largest month-on-month rise in 15 years, according to the latest Nationwide House Price Index. Prices increased by 2.1% last month, with annual house price growth rising from 10.5% in July to 11.0% in August. With the average house price now heading towards £250,000, values are on average 13% higher than before the pandemic.

Expectations are that in the short-term, underlying demand is likely to remain solid. With borrowing costs low, consumer confidence has rebounded, this combined with the lack of supply in the market, suggests continued support for house prices.

Interestingly, housing energy efficiency has been found to have a modest price implication, with the report outlining that a 1.7% house price premium can be derived for an owner occupier property rated A or B, when compared to a D-rated home. Conversely, properties rated F or G have been found to attract a 3.5% discount, compared to a similar D-rated property.

Food production at risk of moving overseas

Staff shortages are causing such strain in UK food manufacturing, the British Retail Consortium (BRC) has warned, that some production may be moved to other countries entirely. Speaking last week at a special session of the UK Trade and Business Commission, Andrew Opie, Director of Food and Sustainability at the BRC, said shortages of HGV drivers and other supply chain staff, mean that the sector is currently *"just on the edge of coping."* With many factories unable to recruit sufficient levels of staff, he warned the Christmas period would be *"incredibly challenging,"* continuing, *"Despite every effort that's being made by food factories, we cannot recruit enough indigenous people here. They just do not want to do those roles for whatever reason."*

Here to help

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