



INDEPENDENT FINANCIAL ADVISERS

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The Week in Review

Monday 20 July 2020

"We cannot let our progress today lead to complacency tomorrow"



As millions of people around the globe went back into lockdown last week, in England confirmation was received that face coverings will be mandatory for shoppers in supermarkets and shops from Friday 24 July. The move aligns England with Scotland and other major European nations including Italy, Germany and Spain.

After much speculation, Matt Hancock announced the measure in the House of Commons last Tuesday, before adding, *"We cannot let our progress today lead to complacency tomorrow and so we must remain vigilant to keep this virus under control."*

A fine of £100 will apply for those who fail to comply with the new rules. People with certain disabilities and children under 11 years old will be exempt.

Further measures announced

On Friday, the Prime Minister took to the Downing Street podium to announce the next steps for easing lockdown in England, with a strong emphasis on work and transport. With immediate effect, he urged people to use public transport and from July 18 new lockdown powers for councils were introduced to allow them to shut public spaces and premises without consulting the government, in an effort to quickly contain future outbreaks. In August, new guidance will be issued to encourage more workers to return to their offices. Boris Johnson said employers would have more discretion to bring staff back to workplaces if it

was safe to do so. In addition, remaining leisure facilities including bowling alleys, casinos and skating rinks will be able to reopen from August 1.

Depending on the success of pilot programmes, stadiums could reopen to audiences for sport and music events in October, with all outstanding restrictions to be reviewed and eased in November, at the earliest.

Latest economic picture

Data from the Office for National Statistics (ONS) has revealed that in the three months to May, the UK economy contracted 19.1%. As the country took tentative steps out of lockdown, gross domestic product grew 1.8% in May. ONS said house building, manufacturing and some areas of the retail sector showed signs of recovery, but the economy was *'in the doldrums.'* Due to large contractions in March and April, the UK economy is now 24.5% smaller than it was in February.

The Office for Budget Responsibility (OBR) has cautioned the economy is set to shrink 12.4% this year and that the UK faces spending cuts and taxes rises to manage the debt pile.

Last Friday, European Union leaders met for summit talks on a multi-billion-euro plan to reinvigorate their economies. European Commission President, Ursula von der Leyen, spoke before the event, *"The stakes couldn't be higher...The whole world is watching us, (to see) whether Europe*

is able to stand up united and to overcome this corona-related crisis strongly."

Getting people on the move again in Scotland and Wales

Last week, the Scottish government announced that the level at which Land and Buildings Transaction Tax (LBTT) is paid, will be raised from £145,000 to £250,000, meaning 80% of house buyers north of the border will be exempt from LBTT. The temporary raising of the nil rate band has already come into effect and will remain in place until 31 March 2021. For transactions where the purchase price is above £250,000, the usual rates and thresholds remain unchanged.

The Welsh government also announced a Land Transaction Tax holiday last Tuesday. The temporary increase in the threshold from £180,000 to £250,000, will run until April next year. Both moves follow England's decision to introduce a Stamp Duty holiday for all homes worth under £500,000.

In Scotland, hairdressers, bars, restaurants, tourist attractions, cinemas, childcare settings and places of worship, reopened last week, in what Nicola Sturgeon hailed, *"The biggest step so far"* in exiting lockdown. She was keen to emphasise that she would not hesitate to close facilities again if the virus starts to spread.

Here to help

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

The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.