

## News in Review

24 February 2021

*"We are setting out on what I hope and believe is a one-way road to freedom"*



**The Prime Minister has unveiled a four-step plan to gradually ease lockdown restrictions in England, with the aim of lifting all legal limits on social contact by 21 June. Speaking in the House of Commons on Monday, Mr Johnson told MPs his roadmap was "cautious but also irreversible" and that decisions at each stage would be led by "data not dates".**

Although the Prime Minister stressed there was "no credible route to a zero-COVID Britain", he did say the outlined steps had been made possible by the "extraordinary success" of the NHS vaccination programme. "We are setting out on what I hope and believe is a one-way road to freedom. And this journey is made possible by the pace of the vaccination programme." Figures released the previous day revealed that more than 17.5 million people have now received at least one dose of a COVID-19 vaccine and the Prime Minister confirmed early evidence shows both the Pfizer and AstraZeneca versions were proving "effective" against the dominant COVID strains.

Mr Johnson's speech also included a pledge to continue supporting people whose livelihoods were being hit by the pandemic, with a promise that the government will do "whatever it takes to protect jobs and livelihoods across the UK". Details of specific measures will be set out by the Chancellor when he delivers his Budget next Wednesday.

### Roadmap stages

The Prime Minister said his plan requires four tests relating to vaccines, infection rates and new coronavirus variants to be met at each step, with at least five weeks between the

stages. Key measures, along with their earliest possible dates, include:

**Step one:** From 8 March, schools open and two people can sit together outside; From 29 March, six people or two households can meet outdoors, and travel outside the local area is allowed.

**Step two:** From 12 April, non-essential retail, outdoor hospitality, indoor leisure and self-contained holiday accommodation will open.

**Step three:** From 17 May, six people or two households can mix indoors and indoor hospitality will open.

**Step four:** From 21 June, all legal limits on social contact will be removed and final closed sectors reopen.

### Devolved nations

Details outlined in the speech only relate to England, although the Prime Minister did say he was working "closely with the devolved administrations who are setting out similar plans". Both Wales and Northern Ireland had previously announced extensions to their lockdown periods, while First Minister Nicola Sturgeon set out her plans for Scotland on Tuesday, with a return to a tiered system of restrictions.

### Record January deficit

Amongst a raft of economic statistics released in the past seven days, public sector finance figures revealed another record monthly deficit. In January, usually a key revenue-generating month, the government borrowed £8.8bn, the first time in a decade that more money was borrowed than collected in the first month of a year. The Chancellor again defended the record spending levels saying,

*"This is the fiscally responsible thing to do and the best way to support sustainable public finances in the medium-term."*

### Sales slump; inflation rising

The latest official retail sales statistics highlighted the devastating impact the current lockdown has wreaked on the high street. In January, total sales volumes fell 8.2% compared to the previous month's level, with April 2020 the only month to have witnessed a bigger slump. Unsurprisingly, the share of online sales rose to a fresh high, with the internet accounting for over a third of all spending.

Last week also saw release of the latest inflation data, with an increase in the cost of food and household goods pushing January's Consumer Prices Index (CPI) to a three-month high of 0.7%. While this remains relatively low by historic standards, economists have warned of mounting inflationary pressures which could see the CPI rate rise above the Bank of England's 2% target later this year.

### Labour market stabilising?

Official data published on Tuesday, revealed the UK unemployment rate rose to 5.1% in the three months to December. However, the Office for National Statistics also said there were "tentative early signs" the labour market may be stabilising. This view was supported by survey data published last week by CIPD, which suggests more than half of all UK employers intend to recruit in the next three months.

### 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.***