

## News in Review

3 March 2021

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**On Wednesday afternoon, all eyes will be on the Chancellor as he presents his much awaited second Budget in the House of Commons. COVID support is likely to feature front and centre on Rishi Sunak's agenda, with immediate areas to address including decisions over furlough and business support.**

### Balancing the books

Back in October, Mr Sunak stated that balancing the books after the government's year-long borrowing spree was a "sacred duty", and this still remains the primary target of the Budget. In a recent interview, the Chancellor warned that he wanted to "level with people" about the challenges that lay ahead, adding, "This isn't a problem we're going to be able to fix overnight." The official line from the government is that *The Budget will set out the next phase of the plan to tackle the virus and protect jobs and will be published alongside the latest forecasts from the Office for Budget Responsibility (OBR).*

### Furlough to be extended

Late on Tuesday, it was announced that the furlough scheme will be extended until the end of September. The scheme has so far paid the wages of over 11 million British workers at a cost of over £50bn to the public purse and was due to end on 30 April.

Speaking ahead of the Budget, the Chancellor said, "Our COVID support schemes have been a lifeline to millions, protecting jobs and incomes across the UK."

Mr Sunak will outline a three-point plan to support people through the coming months, rebuild the economy and "fix" the public finances in the wake of the pandemic when he delivers his statement to the Commons.

### Potential Budget announcements

Over recent weeks, pressure has mounted on the Exchequer to extend the government's Stamp Duty holiday scheme, which is currently due to end on 31 March. It is feared that thousands of buyers will be caught out mid-transaction, facing an unexpected tax bill and potentially dropping out of their purchase altogether. The Chancellor is expected to extend the scheme until the end of June.

It has also been speculated that the Chancellor may announce increases to both Capital Gains Tax (CGT) and Corporation Tax, in order to claw back some of the £300bn borrowed to deal with the pandemic. Other speculation surrounds a potential freeze of the Income Tax personal allowance and the higher rate tax threshold.

### Vaccine total surpasses 20 million

The UK's vaccine total has now surpassed 20 million people. The number of people who have received a second jab is also steadily increasing, and currently totals over 844,000. The government's next target is to offer a first jab to all over-50s by 15 April, as well as all people aged between 16 and 64 with underlying health conditions and adults with caring responsibilities, before progressing to the

over 40s. New data has highlighted that in the over 80s, a single dose of either vaccine is more than 80% effective at preventing hospitalisation, around 3 to 4 weeks after the jab. On Monday, Matt Hancock told a Downing Street press conference that the Public Health England results were "seriously encouraging."

### Labour statistics and car production

The UK unemployment rate is the highest it's been in nearly five years, with young people under the age of 25 bearing the brunt. According to Office for National Statistics (ONS) official figures, the unemployment rate rose to 5.1% in Q4 2020, with under-25s accounting for three fifths of those who have lost their job since the onset of the pandemic. More positively, the number of people on UK payrolls increased by 83,000 in January compared with the previous month.

The number of cars produced in the UK fell by over a quarter (27%) in January, the Chief Executive of The Society of Motor Manufacturers and Traders, Mike Hawes, commented that the current situation is a cause for "grave concern." Marking the 17th successive month of decreased production, the Society says that the ongoing impact of the pandemic, global supply chain issues and the fallout of Brexit are all contributing to the industry's decline.

### Here to help

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