

News in Review

15 December 2021



'Fresh restrictions are a big setback for businesses'

New restrictions have been imposed in England to help target the rise of the Omicron variant. The measures announced last Wednesday include increased requirements for mask-wearing, working from home where possible and proof of vaccination or COVID status at nightclubs and crowded indoor spaces. In addition, Boris Johnson addressed the nation on Sunday evening to urge people to get their booster. A target has been set to give boosters to everyone aged over 18 in England by the end of December.

New rules requiring people to present an NHS COVID passport or negative lateral flow test to enter nightclubs in England from 15 December have come at the worst possible time, The Night Time Industries Association (NTIA) has warned, with the pre-Christmas period *'absolutely crucial'* for the sector. Chief Executive of the NTIA Michael Kill commented, *"Vaccine passports will have a devastating impact on a sector already so bruised by the pandemic."* COVID passes, which have been implemented in Scotland and Wales, have caused a 30% and 26% drop-off in trade respectively.

Policy Director at the Confederation of British Industry (CBI) Matthew Fell, commented on the impact on businesses, *"Fresh restrictions are a big setback for businesses, particularly for those in hospitality and retail who are in a critical trading period, as well as others such as transport. While COVID certification can support public health, careful implementation and enforcement will be required to assist businesses affected. It will be vital that the impact of these restrictions is closely monitored, and that the government is ready with targeted support as required."*

He continued, *"Omicron will quite likely not be the last variant. We need to create consistency in our approach and build confidence by reducing the oscillation between normal life and restrictions. Prioritising daily testing, rather than self-isolation, is a good step. Firms need continued forward guidance and a commitment from government to prioritise ongoing free, mass rapid testing as we learn to live with the virus."*

Economic growth falters prior to Omicron

Although it's too early to quantify the economic impact of Omicron, the most recent data from the Office for National Statistics (ONS) has shown that the UK economy grew by just 0.1% in October, even before the new variant was identified. This follows growth of 0.6% in September. Despite strong performances in second-hand car sales and the health sector, a fall in people dining out and reductions in gas use and oil extraction meant growth was much lower than many analysts had expected. ONS has outlined that overall services output has now reached pre-pandemic levels (February 2020), consumer-facing services are 5.2% below their pre-pandemic levels, while all other services are 1.4% above.

With the next Monetary Policy Committee meeting due to conclude on 16 December, the slower economic growth has led to predictions that the Bank of England will not increase interest rates.

Unemployment rate falls despite furlough ending

Other data released by ONS on Tuesday showed that the unemployment rate in the UK fell to 4.2% in the three months to the end of October, representing

around 1.4 million people. The number of job vacancies rose to a new record of 1,219,000 – an increase of 434,500 from the pre-pandemic January to March 2020 level.

Scottish Budget

The Scottish Budget, setting out proposed spending plans for 2022-23, was announced on 9 December by Cabinet Secretary for Finance and Economy, Kate Forbes. Key announcements included:

- No changes to Income Tax rates in 2022-23 and whilst the starter and basic rate bands will increase with inflation, the higher and top rates will remain frozen at current levels
- Record funding of £18bn for health and social care
- £1.2bn funding for mental health
- An additional £200m for the Scottish Attainment Challenge to tackle the poverty-related attainment gap
- An investment of £831m to deliver 110,000 affordable, energy efficient homes over the next 10 years.

Kate Forbes said the Budget was *"progressive, but also transitional. It paves the way for a full Resource Spending Review in May 2022 which will set out the government's long-term funding plans and the roadmap for delivering key commitments."*

Here to help

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