



UK Policy and Legislative update (25 May – 8 Jul)

Workplace Guidance

On 3 July, the Government updated its guidance to help employers, employees and the self-employed understand how to work safely during the coronavirus pandemic.

There are now 12 guides to cover different types of work environments. The Government advises businesses that they may need to use more than one of these guides when thinking through what they need to do to keep people safe. Further guidance will be published as more businesses are able to reopen. The guides can be found via the following link:

<https://www.gov.uk/guidance/working-safely-during-coronavirus-covid-19>.

Summer Economic Update by the Chancellor of the Exchequer

On 8 July, the UK chancellor delivered his summer statement. Summarised below are key measures introduced to help the UK economy recover:

Changes to the Coronavirus Job Retention Scheme

The Coronavirus Job Retention Scheme will close on 31 October 2020.

Employers can now bring furloughed employees back to work for any amount of time and any shift pattern, while still being able to claim CJRS grant for the hours not worked.

From 1 August 2020, the level of grant will be reduced each month. A jobs retention bonus will help to wind down the scheme: businesses will be paid £1,000 to retain furloughed staff. The timetable for changes to the scheme can be found [here](#).

Kickstart scheme

The chancellor announced the “kickstart” job creation scheme for young people. The government will pay the wages of new young employees for six months. There will be an initial £2bn to fund hundreds of thousands of jobs and there will be no cap on the number of places available.



Training and jobs

Apprenticeships will be supported by bonuses for companies. Firms will get a payment of £2,000 for each apprentice they take on. Companies taking on apprentices aged over 25 will be given £1,500.

Stamp duty 'holiday' to help rebuild economy

The chancellor has announced he will cut stamp duty to help Britain's housing sector recover. The threshold at which people start paying stamp duty will increase from £125,000 to as much as £500,000. The cut will be temporary, running until 31 March 2021, and will take effect immediately.

Green investment

As part of the government's Covid-19 economic recovery plan, there will be focus on a "green recovery with concern for our environment at its heart". The government will provide £3bn for decarbonising housing and public buildings. Vouchers worth £5,000 and up to £10,000 for poorer families will be made available out of a £2bn pot to retrofit homes with insulation, helping to cut carbon emissions. £1bn will be allocated to make public buildings greener.

VAT cut for hospitality

For the hospitality sector, one of the hardest hit by Covid-19, further support has been provided. VAT will be cut from the current rate of 20% to 5% for the next six months on food, accommodation and attractions. The cut lasts from Wednesday 8 July until 12 January 2021. The chancellor stated the move is a £4bn catalyst, benefiting more than 150,000 businesses and consumers.

'Eat out to help out'

The chancellor announced an "eat out to help out discount" to encourage consumers to spend at restaurants and cafes. Meals eaten at any participating businesses, from Mondays to Wednesdays in August, will be 50% off up to a maximum discount of £10 per head for everyone, including children. Businesses will be able to register through a website launching on Monday. Firms can claim money back to have money in their bank accounts within five working days.



£1.57bn for arts venues

The Government announced a £1.75bn support package to help ensure the futures of UK theatres, galleries, museums and other cultural venues. Culture Secretary Oliver Dowden said that these new grants and loans aim to preserve "crown jewels" in the UK's art sector as well as local venues.

This announcement follows weeks of pressure from industry leaders, who had warned that many venues could face permanent closure without government support. This package comes as a welcome surprise to many in the arts as the Treasury had appeared to signal reluctance to intervene too heavily.

On Friday, 3 June, Prime Minister Boris Johnson said that this week he will set out a "timetable" for how businesses that remain shut may be allowed to reopen, however any roadmap set out for the arts will not include dates for potential reopening.

Travel Guidance

Coronavirus (COVID-19): travel corridors

The Government ministers have finalised plans for a series of 'travel corridors' which means UK holidaymakers can travel this summer.

Participating countries include France, Italy, Spain, Greece, Belgium, Germany, Norway, the Netherlands, Turkey and Finland - but not Portugal due to a rise in new cases in and around Lisbon.

The full list of countries where from 10 July travellers will not need to self-isolate can be found [here](#). The exemptions will not cover the United States or Brazil, two countries experiencing spikes in the numbers of COVID-19 infections.

Accountancy News

Big Four audit separation

The UK regulator, Financial Reporting Council (FRC) has ordered the largest shake-up of the industry in decades. The UK's Big Four accounting firms have until 2024 to separate their audit practices following a severe edict from the accounting regulator that marks the largest shake-up of the industry in decades.

The Financial Reporting Council has issued principles for the operational separation of the audit units of PwC, Deloitte, KPMG and EY. The firms must outline their plans to



implement all 22 of its principles by the end of October and have completed the measures by June 2024.

It is the first structural overhaul of the way the firms operate since a string of reviews prompted by the failure of British outsourcer Carillion. Audit reform has been thrown into sharp focus in recent years by high-profile corporate collapses such as at BHS, Thomas Cook, and most recently, Wirecard.

The FRC's new principles require that the firms pay auditors in line with the profits of their audits, ringfence the finances of the audit division with a separate profit and loss account, and introduce an independent audit board to oversee the practice.

The Big Four generate around a fifth of revenues from their audit practices, which have been dwarfed by the rapid expansion of their advisory divisions in recent years.

The requirements are designed to improve audit quality and "audit market resilience" by ensuring that "no material, structural cross subsidy persists between the audit practice and the rest of the firm", according to the FRC.

The FRC ruled that profit payments distributed to audit partners "should not persistently exceed the contribution to profits of the audit practice" and said that auditors "should work for the benefit of shareholders of audited entities and wider society; they are not accountable to audited entities' executive management."

The collapse of Carillion in 2018 sparked calls for an overhaul of the audit profession and an inquiry into KPMG, which had audited it for 19 years. Since then, the competition watchdog has recommended that the government introduce legislation to break up the Big Four. The FRC is also set to transition into a new, more powerful statutory regulator called the Audit, Reporting and Governance Authority (ARGA).

COVID-19 Update

Government to scrap daily testing figures

On 6 July, the Prime Minister's Spokesperson confirmed the Government has abandoned its plans to provide daily figures for the number of people tested for coronavirus. They said it would "no longer publish the number of people tested daily anymore and will instead publish the number of daily tests processed. This is because the daily people tested statistic only counts new people being tested".

This announcement comes a few weeks after **the** UK's coronavirus threat level was downgraded from four to three after a steady fall in cases. In a joint statement, the chief



medical officers of England, Scotland, Wales and Northern Ireland stressed that while the pandemic is not over “there has been a steady decrease in cases we have seen in all four nations”. The virus is deemed to be in “general circulation”.

Calls to review second peak readiness

There have been calls for the Government to undertake a review into how prepared the UK is to handle a potential second wave of coronavirus. The calls have come from the Presidents of the Royal Colleges of Surgeons, Nursing, Physicians, and GPs, in an open letter published in the British Medical Journal.

First localised lockdown introduced in Leicester

The UK's first local lockdown has been announced in Leicester, with stricter measures imposed in the city, as Health Secretary Matt Hancock said the city had "10% of all positive cases in the country over the past week".

Non-essential shops and schools have closed once again because of a rise in coronavirus cases. The loosening of restrictions for pubs and restaurants across England that took place on Saturday did not happen there.

Local lockdowns, such as in Leicester currently, will now “become a feature of our lives for some time to come”. The Prime Minister set out an approach consisting of 5 steps for dealing with any of these local flare ups. The steps are:

- **Monitoring.** Public Health England and the Biosecurity Centre will examine data on the spread of the disease and people’s behaviour across the city.
- **Engagement.** If monitoring identifies local problems, test and trace and Public Health England will work with the local authority to understand the problem and develop solutions. Local communities will be kept informed.
- **Testing.** We now have substantial testing capacity, with ability to target to local areas. This can be combined with contact tracing to understand if more stringent measures are required.
- **Targeted restrictions.** If the virus continues to spread, activities will be restricted, and premises closed.
- **Lockdown (as a last resort).** If the previous measures are not enough, a local lockdown will extend across a whole community. This can involve shutting down business venues, shutting down schools or urging people to stay at home. Local lockdowns will be calibrated based on the circumstances. Smarter means of containing the virus are being explored.

Public Health England, the Biosecurity Centre and NHS Track and Trace will all work to transparently monitor coronavirus data across the country, responding to local flare



ups and imposing a local lockdown as a last resort, with such lockdown measures being applicable to all schools and businesses within that community.

COVID-19 Treatment

The Health Secretary, Matt Hancock, announced that a new treatment has been successfully trialled in the UK for Covid-19 by Oxford University. The already widely available steroid drug 'dexamethasone', which is used as an anti-inflammatory in the treatment of other conditions, has been shown to cut the risk of death by 35% for patients on ventilators and by 20% for patients on oxygen. England's Chief Medical Officer, Chris Whitty, described the development as "the most important trial result for Covid-19 so far". It is the only treatment in the world that has been shown to reduce mortality, in this case "significantly", in the words of the co-lead investigator Peter Horby. It has been estimated that up to 5,000 lives in the UK could have been saved if the drug were used at the start of the pandemic.

The prime minister described this as a breakthrough and as a "remarkable British scientific achievement that will bring benefits around the world". The drug 'dexamethasone' is now available across the NHS. There are enough supplies, even in the event of a second peak.

In other news

Brexit

While UK-EU future relationship talks had been due to take place until Friday, 3 July, negotiations ended early Thursday as key differences remained. UK chief negotiator David Frost said negotiations had been "comprehensive and useful" but that they "underlined the significant differences that still remain between us on a number of important issues". EU Chief Negotiator Michel Barnier said, "serious divergences remain".

UK debt exceeds GDP

The UK has become the most recent country to join a list of countries that pre-COVID included Italy, Japan, and Greece. UK Government debt is now confirmed to be higher than GDP, standing at £1.95tn or 100.63% of GDP. France is also expected to join this list, with the only countries in the G7 set to avoid this possibility being Canada and Germany. The news comes as no surprise given the scale of the Government support packages.