Thomson Reuters Regulatory Intelligence

COVID-19 COVERAGE – United Kingdom

September 21, 2020

The COVID-19 pandemic has created unprecedented challenges for compliance professionals around the world, including those in the UK. The following is a selection of UK and constituent countries actions as well as news and analysis articles compiled by the Thomson Reuters Regulatory Intelligence editorial staff. The selection includes Regulatory Intelligence and Reuters news coverage. More COVID-19 news and information can be found via the TRRI platform's search facility.

Additional COVID-19 resources are also available on the Thomson Reuters COVID-19 Resource Center.

Users can create your own custom **My Updates** through the **Create a Custom My Updates** link on the Regulatory Intelligence homepage. Select your geography and/or content types you would like resources from and include the following keyword search: **COVID! or coronavirus**.

IN THIS OVERVIEW

[1] This COVID-19 Coverage was compiled by Thomson Reuters Regulatory Intelligence editorial staff.

COVID-19 COVERAGE – UNITED KINGDOM

LEGISLATIVE AND REGULATORY ACTIONS OF THE HOME NATIONS

ENGLAND

The Health Protection (Coronavirus, Collection of Contact Details etc and Related Requirements) Regulations 2020 by imposing a number of obligations on relevant persons, in order to protect against the risks arising from coronavirus.

The Health Protection (Coronavirus, International Travel) (England) (Amendment) (No. 13) Regulations 2020 amend The Health Protection (Coronavirus, International Travel) (England) Regulations 2020 by removing French Polynesia, Hungary, Portugal (not including the islands that make up The Azores and Madeira) and Réunion from the list of exempt countries regarding self-isolation requirements as well as add Sweden to the list.

Coronavirus Act 2020, UK ST 2020 c. 7 (Royal Assent 25 March 2020)

No new actions.

Financial Services and Markets Act 2000 (Regulated Activities) Order

No new actions.

The Financial Services and Markets Act 2000 (Exemption) (Amendment) Order 2020[2]

No new actions.

Individual Savings Account Regulations 1998

No new actions.

The Income Tax (Exemption for Coronavirus Related Home Office Expenses) Regulations 2020

No new actions.

Value Added Tax Act 1994

No new actions.

The Taking Control of Goods and Certification of Enforcement Agents (Amendment) (Coronavirus) Regulations 2020

No new actions.

The Value Added Tax (Extension of Zero-Rating to Electronically Supplied Books etc.) (Coronavirus) Order 2020

No new actions.

Accounts and Audit (Coronavirus) (Amendment) Regulations 2020

No new actions.

The Employment Rights Act 1996 (Coronavirus, Calculation of a Week's Pay) Regulations 2020

No new actions.

[2] Links to the TRRI Regulatory Guidance Summary for this provision and not the original text of the legislation.

[The Health Protection (Coronavirus, Restrictions) (England) Regulations 2020]

No relevant new actions.

The Statutory Sick Pay (General) Regulations 1982

No relevant new actions.

The Health Protection (Coronavirus, Wearing of Face Coverings in a Relevant Place) (England) Regulations 2020

No relevant new actions.

The Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) Regulations 2020

No new actions.

COUNTRIES ACTIONS

Scotland

The Health Protection (Coronavirus) (International Travel) (Scotland) Amendment (No. 14) Regulations 2020 amend The Health Protection (Coronavirus) (International Travel) (Scotland) Regulations 2020 by removing Hungary and Réunion from the list of exempt countries regarding self-isolation requirements and adding Sweden, among other matters.

Coronavirus (Scotland) Act 2020 asp 7 certain provisions will expire on September 29, 2020.

Coronavirus (Scotland) (No.2) Act 2020 asp 10 certain provisions will expire on September 29, 2020.

The Health Protection (Coronavirus) (Restrictions) (Scotland) Regulations 2020

No relevant new actions.

Wales

The Health Protection (Coronavirus, International Travel) (Wales) (Amendment) (No. 10) Regulations 2020 amend The Health Protection (Coronavirus, International Travel) (Wales) Regulations 2020 by removing Hungary and Reunion from the list of exempt countries regarding self-isolation requirements and adding Sweden to that list, among other matters.

The Health Protection (Coronavirus Restrictions) (No. 2) (Wales) Regulations 2020

No relevant new actions.

Northern Ireland

The Health Protection (Coronavirus, International Travel) (Amendment No. 10) Regulations (Northern Ireland) 2020 amend The Health Protection (Coronavirus, International Travel) Regulations (Northern Ireland) 2020 by removing French Polynesia, Hungary, Portugal and Réunion from the list of exempt countries regarding self-isolation requirements and adding The Azores, Madeira and Sweden, among other matters.

Health Protection (Coronavirus, Wearing of Face Coverings) (Amendment) Regulations (Northern Ireland) 2020

No new actions.

[The Health Protection (Coronavirus, Restrictions) Regulations (Northern Ireland) 2020]

No relevant new actions.

[The Business Tenancies (Coronavirus) (Restriction on Forfeiture: Relevant Period) (Northern Ireland) Regulations 2020]

No new actions.

[The Rates (Coronavirus) (Emergency Relief) Regulations (Northern Ireland) 2020]

No new actions.

[The Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) (Northern Ireland) Regulations 2020]

No new actions.

[The Working Time (Coronavirus) (Amendment) Regulations (Northern Ireland) 2020]

No new actions.

[The Discretionary Support (Amendment No. 2) (COVID-19) Regulations (Northern Ireland) 2020]

No new actions.

Isle of Man

[Emergency Powers (Coronavirus) (Entry Restrictions) (No.2) Regulations 2020]

No new actions.

[Proclamation by the Governor in Council]

No new actions.

[Emergency Powers (Coronavirus) (Information Sharing) Regulations 2020]

No new actions.

REGULATORS – COVID-19 UPDATES

Financial Conduct Authority (FCA)

[COVID-19: Information for Firms] (September 16, 2020)

The FCA has updated its COVID-19: Information for firms page. Specifically, it has announced proposals on the next steps for consumers with overdrafts/ consumer credit products, by providing updates to the motor finance and high-cost credit agreements, and credit cards, personal loans and overdrafts sections. The deadline for comments on the draft guidance is 10am on September 21, 2020. The FCA has also advised of further temporary measures for firms submitting regulatory returns. These measures apply to submissions that are due up to and including September 30, 2020. All other returns must be submitted in the usual timeframe. For small or medium-sized businesses, the FCA has advised that it will not charge the administrative fee for late returns until September 30, 2020.

For more information see the [link here].

[FCA Proposes the Next Stage of Support for Consumer Credit and Overdraft Customers] (September 16, 2020)

The FCA has announced proposals to ensure that firms provide tailored support for users of consumer credit and overdraft products who continue to face payment difficulties due to COVID-19. The proposals will cover users of credit cards and other revolving credit (store card and catalogue credit), personal loans, overdrafts, motor finance, buy-now pay-later (BNPL), rent-to-own (RTO), pawnbroking and high-cost short-term credit (HCSTC) products.

For more information see the link here.

Result of FCA's Business Interruption Test Case (September 16, 2020)

The High Court has handed down its judgment in the FCA's business interruption (BI) insurance test case. The Court found in favour of the arguments advanced for policyholders by the FCA on the majority of the key issues. Many policyholders whose businesses were affected by the COVID-19 pandemic suffered significant losses, resulting in large numbers of claims under BI policies.

For more information see the link here.

OTHER NEWS AND SUMMARIES

IMPACT ANALYSIS: FCA wins business interruption insurance test case

The High Court has handed down its judgment in the Financial Conduct Authority's (FCA) business interruption insurance test case. The court found in favour of the arguments advanced for policyholders by the FCA on the majority of the main issues.[3]

Many policyholders whose businesses were affected by the COVID-19 pandemic suffered significant losses, resulting in large numbers of claims under business interruption policies. Many polices only provide basic cover for business interruption, mainly due to property damage. Some policies also cover business interruption from other causes, in particular infectious or notifiable diseases and non-damage denial of access and public authority closures or restrictions.

There is a grey area, however. In some cases, insurers have accepted liability under these policies but in others they have disputed liability, leading to concern about the lack of clarity and certainty. The FCA brought this test case in an attempt to provide come clarity.

The FCA argued that the "disease" and/or "denial of access" clauses in the representative sample of policy wordings provided cover in the circumstances of the COVID-19 pandemic.

The judgment

The judgment found that most, but not all, of the disease clauses in the sample provided cover. For denial of access clauses in the sample, this depended on the detailed wording of the clause and how the business was affected by the government's response to the pandemic. The judgment did not say that the eight defendant insurers were liable across all of the 21 different types of policy wording in the representative sample. Policyholders with affected claims can expect to hear from their insurer within the next seven days.

[3] Mike Cowan, IMPACT ANALYSIS: FCA wins business interruption insurance test case, Regulatory Intelligence (September 18, 2020) at http://go-ri.tr.com/TP58eq

The test case has removed the need for policyholders to resolve a number of issues individually with their insurers. It has enabled them to benefit from the expert legal team assembled by the FCA, providing a comparatively quick and cost-effective solution to the legal uncertainty in the business interruption insurance market.

The FCA and defendant insurers are considering the prospect of an appeal. The FCA would like any applications to appeal to be heard as early as possible.

Considerations for compliance officers

Compliance officers at insurance firms should begin to plan for a "worst-case" scenario depending on the future outcome of any appeal or direction from the courts or regulators. Compliance officers should work closely with sales and product colleagues to form a resolution plan for this issue. Areas to consider are:

Assessment of products

The FCA concluded that each policy needs to be considered against the detailed judgment to work out what it means for that policy. Compliance officers should review the judgment and approve any internal assessment to ensure the correct interpretations are used.

The summary of the judgment, provided by Herbert Smith Freehills, reported that the relevant provisions in the policies fell into three categories, and in each category listed the main considerations that were included in the court's decision. This acts as a useful starting point for insurance firms to develop a template against which products can be assessed. The three relevant provisions were:

- *Disease wordings* — provisions which provide cover for business interruption in consequence of, or following or arising from the occurrence of, a notifiable disease within a specified radius of the insured premises. The court agreed with the FCA's analysis, concluding that the proximate cause of the business interruption was the notifiable disease of which the individual outbreaks form indivisible parts.
- *Prevention of access/public authority wordings* — provisions which provide cover where there has been a prevention or hindrance of access to or use of the premises as a consequence of government or other authority action or restrictions. The court concluded that these clauses were to be construed more restrictively than the majority of the disease clauses, albeit their findings provide for cover for some insureds under some wordings.
- *Hybrid wordings* — provisions which are engaged by restrictions imposed on the premises in relation to a notifiable disease.

For the disease wordings the main factors leading to the conclusion were:

- The outbreak of disease is the occurrence of the disease. Triggered from the point in time at which there were cases of disease in the relevant policy area (the test generally being whether the cases were diagnosable, whether or not actually diagnosed or symptomatic).
- The insured peril is the composite peril of interruption or interference with the business following the occurrence of the notifiable disease within the defined radius of the premises. The requirement for proximate causation is between the loss claimed by the insured and the composite insured peril.
- While not central to the judgment, the word "following", where that appears as a causal link, denotes a less than proximate causal connection, covering indirect effects of the disease. Even if the word "following" denotes the requirement of proximate causation, given the nature of the cover this would be satisfied in a case in which there is a national response to the widespread outbreak of a disease.

- Cover was not limited to outbreaks wholly within the relevant policy area because: (a) the wordings did not expressly state that the disease should only occur within the relevant policy area; and (b) that construction is in keeping with the nature of the insurance in respect of notifiable disease. This is because those diseases which are notifiable include those capable of widespread dissemination, such as SARS, and of a nature which will engage a response by national (not just local) bodies.

For prevention of access the main factors considered by the court can be summarised as follows:

- The location and nature of the emergency/incident and the causal relationship between it and the relevant authority's action.
- The court considered "emergency in the vicinity", "danger or disturbance in the vicinity", "injury in the vicinity" and "incident within one mile/the vicinity" were all requirements that suggested something specific which happens at a particular time and in the local area. The court therefore concluded that such wordings were intended to provide narrow localised cover. As such, the action of the relevant authority would have to be in response to the localised occurrence of the disease and action taken in response to the pandemic would not suffice.
- The nature of the actions/advice/order of the authority.
- The announcements by the government on March 16, 20 and 23 were characterised as advice, rather than mandatory instructions, thus potentially engaging clauses with "advice" wordings. Similarly, they could amount to an "action" in the context of a clause that contemplated hindrance of use.
- An "action" by an authority, which "prevents" access, requires steps which have the force of law, since only steps which have the force of law will prevent access. Similarly, a restriction "imposed by order" conveys a restriction that is mandatory not merely advisory. As such, the government's March 16, 20 and 23 advices were insufficient to trigger cover with such wordings although the regulations issued by the government on March 21 and 26 may trigger cover.
- The required effect of the authority's action on access to the premises.
- A number of policies required there to have been "prevention" of access (as opposed to, for example, "hindrance" of "use"). Where that was the case, although physical prevention was not required, there had to have been a closure of the premises for the purposes of carrying on the business.
- The required effect on the business.
- The Court considered that "interruption" did not require a complete cessation of the business but was intended to mean "business interruption" generally, including disruption and interference with the business.

For hybrid wordings the court took a similar approach to the "disease" part of the clause to that set out above, rejecting insurers' argument that the only cover was in respect of losses flowing from a local outbreak. As with the prevention of access wordings, however, the court construed the meanings of "restrictions imposed" and "inability to use" narrowly, finding that "restrictions imposed" requires something mandatory, such as the mandatory requirements of the regulations, and "inability to use" requires something more than just an impairment of normal use. Again, therefore, close examination of the particular terms of the clause is required to determine policy application.

Stress testing of increased number of upheld claims

Insurance firms should undertake stress tests to determine what the potential impact on a firm's capital position would be as a result of increased payouts on claims. Insurance firms need to ensure that regulatory requirements are not breached or, if it is possible they could breach or progress outside of risk appetite, the insurance firm should speak to their regulator as a priority.

The insurance firm's risk department should be involved with this analysis to challenge assumptions and potential effects.

Governance arrangements

Reporting of risks, possible impacts and, as time progresses, actual performance, should be to the appropriate governance committee. Ultimately, especially in the early days, the board will wish to be kept apprised of consequences in this area, but as dealing with business interruption claims settles into business-as-usual then a risk or audit committee may take responsibility for overseeing and challenging performance in this area.

Compliance officers should ensure that compliance monitoring teams are allocated to undertake monitoring in this area and that should also be reported into governance committees.

Assessment of whether claims resources are adequate

Compliance officers should satisfy themselves that the insurer has adequate resources to be able to cater for the increased volume of upheld claims in a way that does not breach regulations and internal policy. This may mean the insurer needs to recruit more staff, amend its training and competence scheme and/or develop its IT capabilities to account for the business interruption claims.

Review conduct policies and procedures for linked/similar outcomes in other polices

Compliance officers should review conduct risk policies and processes to see whether, in the light of changes made for business interruption cover, wider changes need to be made to ensure that customer outcomes remain consistent across all products and services.

Customer complaints

Finally, compliance officers should clarify the position on customer complaints. Many customers will have complained and may have had their complaints rejected initially, and now those complaints could be upheld. Compliance officers should oversee a back-book review of complaints on business interruption products to ensure that customers are treated fairly and regulations complied with.

UK firms hail victory in battle over COVID insurance claims

(Reuters) - London judges have ruled that some of the world's biggest insurers were wrong to reject tens of thousands of claims from small firms battered by the COVID-19 pandemic, Britain's Financial Conduct Authority (FCA) said on Tuesday.[4]

The FCA, which brought the test case against insurers in a closely-watched lawsuit estimated to affect 370,000 businesses and billions of pounds of insurance claims, said the court had found in favour of policyholders' arguments on the majority of key issues in a complex, 162-page judgment.

[4] Carolyn Cohn, UK firms hail victory in battle over COVID insurance claims, Reuters (September 16, 2020) at http://go-ri.tr.com/jG5P9W

The watchdog brought the case against eight insurers, including Hiscox, RSA, QBE and Zurich, in June to clarify whether 21 types of business interruption (BI) policy wordings should pay out for closures and disruption caused by the pandemic.

The regulator has estimated the case could affect more than 60 insurers and 700 different types of policies because many insurance policies have similar wording.

But the complexity of the judgment was underlined by the response from the insurers' trade body, the Association of British Insurers (ABI). It said the judgment "divided evenly" between insurers and policyholders on the main issues.

Hiscox said fewer than one third of its 34,000 UK BI policies would have to pay out, meaning the net cost to the group would be less than 100 million pounds ($129 million) - compared with initial guidance of up to 250 million pounds.

Its shares were trading 12.6% higher at 1140 GMT.

RSA said some of its policy interpretations had been upheld by the courts and some had not. But its shares rose 5% as it restored its cancelled 2019 dividend.

The other six insurers did not immediately respond to requests for comment.

Policyholders were jubilant, however.

"This verdict is just what we've been waiting for," said Michael Kill, the chief executive of the Night Time Industries Association (NTIA) trade body.

"The enforced lockdown since March has created unthinkable financial turmoil and stress for many business owners. This verdict gives some reassurance that these businesses will get the payments they deserve to help them survive this period."

Other policyholder groups called it a "landmark victory".

Small businesses - from cafes, wedding planners and beauty parlours to events businesses - said they faced ruin after attempts to claim compensation for business losses during the deadly pandemic, which has prompted the most stringent government restrictions in peacetime history, were rejected by insurers.

Some have signed up to parallel group actions, alleging legitimate claims have been rejected. But the FCA case offered a new legal route by pooling together a group of company policies and taking insurers to court with minimal costs to businesses.

The case was designed to quickly clarify whether the pandemic and a government lockdown in March should trigger BI policies, which provide cover when insured premises cannot be used because of restrictions imposed by a public authority and in the event of a notifiable disease or infection.

Insurers have argued that most policies did not cover the pandemic, that they were paying out valid claims as quickly as possible and that being forced to stump up for all losses from the pandemic would be catastrophic for the insurance industry, and its backup, the reinsurance industry.

If the judgment is appealed it could leapfrog straight to the Supreme Court, the highest UK court, to reduce delay for buckling businesses, lawyers say.

UK employers scale back hiring plans for 2021, CBI says

Far more British businesses than last year are planning to cut recruitment of new staff or freeze hiring entirely over the next 12 months, following the hit from the coronavirus pandemic, a survey showed on Friday.[5]

The findings represent a sharp turnaround from last year, when a large majority of companies said they intended to keep up or better their rates of recruitment.

The annual report from the Confederation of British Industry and the Pertemps Network Group recruitment consultancy showed 51% of companies planned to maintain or increase recruitment next year, while 46% foresaw a reduction or a complete stop.

The net balance of +5% compared with +56% in last year's survey.

"The UK labour market has been under heavy stress since the outset of the Covid-19 crisis and, although the economy has started to re-open, pressure on firms remains acute," said Matthew Fell, the CBI's chief policy director.

One in three of companies said they planned to implement a pay freeze across all roles - compared with one in 20 in last year's survey.

The figures chimed with a Bank of England survey on Thursday that showed a "large proportion" of companies planned to delay or cancel their annual pay reviews.

Finance minister Rishi Sunak is under pressure to announce a partial extension of the government's furlough scheme by targeting help towards the worst-hit sectors of the economy in order to slow a wave of job losses.

While he has said the scheme will not be prolonged beyond the planned closure on Oct. 31, earlier this week he said he would be "creative" in seeking new ways to stave off unemployment.

Data on Tuesday showed Britain's unemployment rate increased to 4.1% in the three months to July from the 3.9% level it had clung to since early 2020.

The Bank of England has forecast that unemployment will hit 7.5% at the end of this year, when it is expected to expand its bond-buying stimulus programme again.

The CBI/Pertemps survey of 248 companies was conducted between Aug. 17 and Sept. 4.

UK workers slowly move off furlough programme - statistics office

One tenth of Britain's workforce was still furloughed less than two months before the planned closure of the government's Coronavirus Job Retention Scheme at the end of October, the Office for National Statistics said on Thursday.[6]

[5] Reuters Staff, UK employers scale back hiring plans for 2021, CBI says (September 18, 2020) https://uk.reuters.com/article/uk-britain-economy-jobs/uk-employers-scale-back-hiring-plans-for-2021-cbi-says-idUKKBN2683FD

[6] Reuters Staff, UK workers slowly move off furlough programme – statistics office (September 17, 2020) https://uk.reuters.com/article/uk-health-coronavirus-britain-economy/uk-workers-slowly-move-off-furlough-programme-statistics-office-idUKKBN26815T

In the two weeks to Sept. 6, 10% of Britain's workforce was signed up to the government's furlough programme, down from 11% in the previous two-week period, the ONS said.

Finance minister Rishi Sunak is under pressure to announce a partial extension of the scheme by targeting help towards the worst-hit sectors of the economy in order to slow a wave of job losses.

While he has said the scheme will not be prolonged beyond the planned closure on Oct. 31, earlier this week he said he would be "creative" in seeking new ways to stave off unemployment.

Data on Tuesday showed Britain's unemployment rate increased to 4.1% in the three months to July from the 3.9% level it had clung to since early 2020.

The Bank of England has forecast that unemployment will hit 7.5% at the end of this year, when it is expected to expand its bond-buying stimulus programme again.

Clues about its next move are likely to emerge at 1100 GMT, when it publishes the results of its September policy meeting.

The ONS survey also showed 11% of businesses saw a moderate to severe risk of insolvency - little changed from previous readings.

The ONS also said the proportion of adults travelling to work rose above 60% for the first time.

UK government extends support to stop business evictions

Britain's government said on Wednesday it would extend support to businesses threatened by eviction during the coronavirus pandemic until the end of this year.[7]

"This will stop businesses going under and protect jobs over the coming months," housing minister Robert Jenrick said in a statement.

Rising UK unemployment pressures Sunak to renew job support

Britain's unemployment rate rose for the first time since the coronavirus lockdown began in March, prompting fresh calls for finance minister Rishi Sunak to extend a job subsidy programme which is due to expire next month.[8]

The unemployment rate increased to 4.1% in the three months to July from the 3.9% level it had clung to since early 2020, in line with the average forecast in a Reuters poll of economists.

Sunak's coronavirus job subsidy scheme has shielded millions of workers, and the number of people in employment fell less than feared in the figures published on Tuesday.

[7] Reuters Staff, UK government extends support to stop business evictions (September 16, 2020) https://uk.reuters.com/article/uk-health-coronavirus-britain-business/uk-government-extends-support-to-stop-business-evictions-idUKKBN2672B0

[8] William Schomberg and David Milliken, Rising UK unemployment pressures Sunak to renew job support (September 15, 2020) https://uk.reuters.com/article/uk-health-coronavirus-britain-economy/rising-uk-unemployment-pressures-sunak-to-renew-job-support-idUKKBN2660QM

Although redundancies rose by 48,000 to 156,000, the biggest increase in over 10 years, so far they are well below their peak during the 2008 financial crisis.

Job losses are likely to accelerate in September and October when employers, many of whom are already worried about the prospect of a Brexit trade shock in the coming months, will have to pay more towards the cost of the furlough scheme.

Sunak - who has said he cannot keep extending the job protection scheme, which is estimated to cost 54 billion pounds ($70 billion) over its March-October duration - faced calls from lawmakers in his own Conservative Party to give targeted help to workers in sectors hardest hit by the pandemic.

“I have not hesitated to act in creative and effective ways to support jobs and employment, and will continue to do so,” he told parliament.

A single-month estimate for the unemployment rate, which is more timely but less representative than the three-month data, jumped to 4.4% in July. An experimental weekly estimate hit 4.8% in the last week of the month.

Separate tax office data showed the number of staff on company payrolls fell by a monthly 36,000 in August, more than in July but still only a fraction of mass layoffs in April and May. The ONS had previously reported 114,000 job losses for July, but revised this down sharply after receiving more data.

Overall, the payroll numbers fell by 695,000 between March and August - less than the previous estimate for job losses between March and July.

Similarly, official data showed a much smaller-than-expected fall of 12,000 in the number of people in employment in the three months to July, a tenth of the Reuters poll forecast.

However, the Office for National Statistics said its figures might be “slightly impacted” by its switch to interviewing people by telephone since the COVID-19 pandemic, which over-represents homeowners who are at less risk of unemployment.

CALL FOR TALKS

The Bank of England has forecast that unemployment will hit 7.5% at the end of this year, when it is expected to expand its bond-buying stimulus programme again.

The leader of the opposition Labour Party urged the government to hold urgent talks with the trade unions, businesses and Labour to come up with support and training programmes.

All options - including the Trades Union Congress’ job protection and skills upgrade plan and schemes similar to Germany’s short-time work programme - should be looked at, Keir Starmer told the annual conference of the TUC.

“But the principles are clear. Expand part-time working and reward employers who keep people on rather than cutting jobs... Target those sectors most in need – for example retail, hospitality...Provide certainty for workers and businesses,” he said.

The number of job vacancies rose to 434,000 in the three months to August, about 30% higher than in the April-to-June period but almost half their level before the pandemic.

Companies in sectors such as tourism and high-street retail have announced major job losses. London’s City Airport said on Monday it needed to cut up to 239 jobs or 35% of its staff, and similar reductions are expected at the much larger Heathrow.

UK jobless rate rise sounds warning for bigger job losses ahead

Britain’s unemployment rate rose for the first time since the coronavirus lockdown began in March, sending a warning signal ahead of an expected surge in job losses when a huge government job subsidy programme expires next month.[9]

The unemployment rate increased to 4.1% in the three months to July from the 3.9% it had clung to since early 2020, in line with the median forecast in a Reuters poll of economists.

The government’s coronavirus job subsidy scheme has shielded millions of workers and there were fewer job losses than feared in the figures published on Tuesday.

Redundancies increased by 48,000 on the quarter to 156,000, the biggest rise in over 10 years, but the level remained well below that seen during the 2008 downturn.

Samuel Tombs, an economist with Pantheon Macroeconomics, said job losses were likely to accelerate in September and October when employers will have to pay more towards the cost of the furlough scheme.

“The number of people searching on Google for phrases including ‘redundancy’ rocketed to a record high in July, consistent on past form with the official measure of redundancies peaking in September,” he said.

A single-month estimate for the unemployment rate - which is more timely but less representative than the three-month data - jumped to 4.4% in July and an experimental weekly estimate hit 4.8% in the last week of the month.

Separate tax office data showed the number of staff on company payrolls fell by a monthly 36,000 in August.

That was more than job losses of 20,000 in July but still only a fraction of mass layoffs in April and May. The ONS had previously reported 114,000 job losses for July, but revised this down sharply after receiving more data.

Overall, the payroll numbers fell by 695,000 between March and August - lower than the previous estimate for job losses between March and July.

Similarly, official data for the three months to July showed a much smaller-than-expected fall in the number of people in employment of 12,000, a tenth of the Reuters poll forecast.

[9] William Schomberg and David Milliken, UK jobless rate rise sounds warning for bigger job losses ahead (September 15, 2020) https://uk.reuters.com/article/uk-health-coronavirus-britain-economy/uk-jobless-rate-rise-sounds-warning-for-bigger-job-losses-ahead-idUKKBN2660QM

However, the Office for National Statistics said its figures might be “slightly impacted” by a change in the way it interviews households since the COVID-19 pandemic swept Britain.

The surveys, which now rely on telephone calls rather than face-to-face interviews, over-represent homeowners who are less at risk of unemployment, the ONS said.

Sterling briefly rose after the data was published.

The Bank of England has forecast that the unemployment rate will hit 7.5% at the end of this year, when it is expected to expand its bond-buying stimulus programme again.