GBIM

Gore Browne Investment Management

Autumn 2020

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Hello & Welcome

“Hope is the thing with feathers
That perches in the soul
And sings the tune without the words
And never stops - at all”

Emily Dickinson’s poem seems so pertinent as we confront rising infection rates and hope for an early discovery of an effective vaccination for Covid-19. It is also reminiscent of a summer in which we could take time to appreciate the wildlife in our gardens, and the birdsong without the sound of cars or aircraft. The simple lines reflect the simple pleasures which give us a sense of wellbeing and make us resilient.

Trying to ensure that our portfolios have been resilient has required simple due diligence, and we held review meetings with the managers of the substantial majority of our holdings since lockdown began and, with few exceptions, we believe that they have made the right choices, and we remain committed to working with them. Our commitment to long term, enduring, investment themes, rather than short term speculation or investing in an index, holds good.

If anything, some commercial and social themes have been accelerated, and we have added some new ideas to be considered in the future, many of which embrace themes of greater digitisation, a more sustainable world, and a more caring society.

Emerging from lockdown will not be simple. Some aspects will be controversial, and mistakes may be made. The potential for policy error is now significantly greater than it was in the last few years when we were already worried about it. Central banks will not provide unlimited largesse forever. Some industries will thrive while others will falter, and not at the speed we may currently expect.

We focus on the long-term health of clients’ portfolios, thinking slow rather than fast [1], and embracing the future rather than the past. Some such ideas are reflected in the articles within.

In this edition we have addressed the leading investment discussions of recent months - sustainable investing, protecting one’s capital and concern about income. This is balanced by an interview with Joe Cornwall, who sees potential in smaller companies in the UK, a somewhat overlooked sector at a time of worries about the pandemic and the nature of our exit from the EU.

Other aspects of the pandemic include contact with GPs and the risk of unemployment, and we have thoughtful articles about these.

Finally the article on Child Trust Funds prompts us to think about what our children and grandchildren may already own, and how to help them build their savings for the future.

We hope there will be something of interest for you.

Sources:

[1] https://www.goodreads.com/book/show/11468377-thinking-fast-and-slow

A Shift to Sustainable Investing?

By Simon James

I believe there is a good chance, when we emerge from the current crises of health and economics, that the greater sense of social responsibility which many of us are embracing, will cause a shift in many investors' approach to their portfolios.

Call it "socially responsible investing", "ESG", "ethical", "impact", "engagement" or "sustainable", at least at the margins this is surely going to happen.

Lockdown, furloughs, social distancing and masks have changed our behaviour, but will these changes persist? The use of public transport remains well below historic norms, and what will happen to bars and restaurants now that "eat out to help out" has ended?

It is difficult to answer the question, but there are some things that have changed for the longer term.

The single most important change for the global economy is the shift of dependence from monetary policy to fiscal policy, which will be made affordable by central banks buying substantial volumes of sovereign and corporate assets. The shift to fiscal dependence means that governments will be paying greater heed to the demands of their electorates and spending more as a result.

A significant part of future national investments will be in infrastructure. Renewable energy, smarter transport and enhanced approaches to wellbeing and healthcare systems are likely to benefit.

This will be particularly true in the EU and China, and in the US too if Biden is elected.

There are some other things which have become more obvious:

1. Quality investing makes sense. Investing in assets with good finances means they are resilient. If the management is good, then they look after their clients and their staff.
2. Austerity is dead. More popular policies are in vogue, although there may be some tax increases.
3. Over the course of just a few weeks those businesses which could shift further online did so. They will rarely return whence they came.
4. The commitments which were made by politicians to spend more on environmentally friendly investments prior to the pandemic have been increased as a consequence of needing to boost economic growth when we emerge from the lock downs, but the affordability of such largesse will remain under scrutiny.

And then there are many other norms which may change:

1. Companies and households may choose to source more of their purchases from local suppliers.
2. Should shareholders expect that workers will receive a greater share of the corporate cake? Will diversity be embraced more than in the past?
3. Might share buybacks be banned?
4. Might taxes go up under a Conservative government?
5. Consumers may increasingly consider that fewer goods are quickly disposable.
6. Will consumers fly as much as they did? Will we commute differently?
7. Will more people work from home more often?
8. Will leisure habits change?
9. Have we made a distinct shift to a cashless society?
10. Will the apparent link between various Covid viruses and wild animals' proximity to humans cause stricter views on deforestation, and accelerate existing shifts to human diets?

I don't know the answer to all these things, but I do believe that, more or less consciously, investors will embrace "ESG" (Environmental, Social and Governance):

- Environmental sectors because they represent a source of growth opportunities, as well as making sense for environmental reasons.
- Social because there has been a reassessment of how we should lead our lives and look after others.
- Governance because it combines quality management and strong finances with a commitment to treating customers and colleagues fairly.

It seems to make sense.

Investing With Lower Risk

By John MacMahon

David Stevenson, a financial journalist, recently suggested that older, wealthy investors are obsessed with cash [1].

The argument went that, as investors get older, they also grow more cautious. But equally likely is that as they grow wealthier, they also grow more cautious. While many wealthy investors in their mid-70s may be right to be weighting their assets towards safety, his evidence suggests that many investors in their mid-50s are also holding cash as high as 25 to 50%. Longevity data suggests that these investors still have a 30-year time-horizon on average so they should take more risk by investing more heavily into equities. The article also makes some interesting points on market timing and diversification

Taking his first point, however, that older and wealthier investors are highly-motivated to avoid higher-risk investments, we asked ourselves just how easy it is today to invest in a lower-risk way? If we look at what investment theory describes as lower-risk investments, some challenging premises emerge.

Starting with cash, this is usually the lowest risk asset class, but occasionally it can be an expensive asset to hold. Many of our older readers will remember the high inflation of the 1970s and early 1980s and how quickly the purchasing power of cash was eroded. Today, we are in a very different place: the US Federal Reserve Bank announced recently that they will actively target a certain level of inflation, and that if this results in an overshoot, then so be it if it succeeds in restarting the US economy after the recession caused by the Covid-19 lockdown.

Interest rates on cash in most UK high-street banks are typically zero, although the government-owned NS&I's Direct Saver account currently offers 1% gross/AER until 23rd November [2]. As things stand today, it is very unlikely that cash rates will increase much for the next few years, and so would provide returns lower than the rate of inflation, and thus lose the purchasing power of their money.

Next up on the risk ladder, bonds have been a good investment for much of the last 40 years but today government bonds are very expensive.

They have become so since the response from 2009 to the Global Financial Crisis to make bonds a tool of central bank policy, in the form of quantitative easing. Bonds issued by good-quality companies still offer good potential for achieving decent returns relative to their risk.

Property has traditionally provided regular and growing income without having to take on the higher risk that investing in equities markets implies. However, the response to the Covid-19 lockdown has accelerated the popularity of online-shopping, working from home and telemedicine among other trends, all of which will raise major questions for investors in many sectors of commercial property.

Where then should the lower risk seeking investor go?

Diversification is still a good way to manage (and potentially lower) portfolio risk but it is important that this is done well. At GBIM, we have been running a lower-risk strategy called the Capital Preservation Portfolio since 2009 with, we believe, respectable results. It might be worth talking to your GBIM investment manager about it.

Sources:

[1] https://citywire.co.uk/investment-trust-insider/news/david-stevenson-why-are-older-wealthy-investors-so-obsessed-with-cash/a1396624?ref=investment-trust-insider-latest-news-list

[2] NS&I website https://www.nsandi.com/direct-saver

Will I Receive My Investment Income?

By Simon James

These are worrying times for people who are dependent upon income from their savings and investments. After years of receiving very little interest from their bank accounts, they are now hearing daily about companies deferring decisions on, delaying, reducing or simply not paying dividends.

The nature of this year's global economic shock means that companies have found it very difficult to predict what their cash flows will be, and continue to do so as the desired, swift, V-shaped recovery seems to be at risk of faltering. This precautionary behaviour is entirely reasonable, but that doesn't help mitigate the practical concerns of investors who need income.

According to forecasts from fund managers Ninety One, the level of dividends from companies in the FTSE 100 index will fall 43% this year. They explain that this dramatic decline is substantially driven by the nature of the companies in the index, their low returns on their capital and the high proportion of their earnings which they pay out as dividends. Many of these companies are banks, insurers, oil and gas producers or telecoms businesses whose fortunes had already been challenged by change and disruption even before Covid-19 arrived.

According to Ninety One, it may take years for these dividends to return the levels of 2019. We are sympathetic to this view, which is why at GBIM we have not been investors in index tracking funds.

What I suggest is that you ask yourself or your investment manager whether your portfolio looks reasonably constructed for these circumstances, and I suggest the following questions:

1. Is my portfolio well diversified? In addition to company dividends, do I receive income from other assets such as bonds, infrastructure or stable property assets, which may have either direct or indirect government support, or be protected by strong finances?
2. Is my dividend income simply representative of the economy as a whole, or is it less exposed to sectors, such as banks and insurers or retailers and automobile manufacturers, which my investment manager prefers to avoid if possible?
3. Does my investment manager look for "quality", well-financed, investment opportunities, which gives me more than average exposure to companies which have strong cash flows under normal circumstances, and which longer term may benefit from the current disruption?
4. Do I own investment trusts in my portfolio? If I do, then the risk of my dividend being cut may be reduced by the conservative policies of the trust's Board, who may have been building up reserves for a rainy day like today.

"We have always tried to bring some relative resilience to the investments in your portfolio"

If the answers to these questions are broadly, "yes", then although your investment income may well have fallen, it is likely to have fallen less than it might otherwise have done.

We don't know how long this global economic hiatus will last, but it is also likely that the income generated from such a portfolio will recover relatively quickly when it does.

If that is a reasonable assumption, and you are currently unable or disinclined to drive far, go on holiday, eat out, visit the theatre or cinema, attend sports events or even play golf, then your expenditure may also fall for a while. Your electricity bill may go up if you are using the internet more than normal, but otherwise the demands on your income may fall temporarily.

It is important not to panic, because we have always tried to bring some relative resilience to the investments in your portfolio. We have a high degree of confidence that the portfolio and its income will recover in time, but we cannot say when.

In the meantime, you may wish to ask your investment manager to increase the level of cash in the portfolio slightly, if he has not already done so. On the one hand it will enable the potential to pay out some capital to meet your income needs in these difficult times, while on the other hand if you don't need it there may be some bargains to be found during moments of market volatility.

Sources:

Presentation on 21st September to GBIM

Q&A with Joseph Cornwall

By James Crarer

Joseph joined Gore Browne Investment Management in 2015, when he began working on the team managing the AIM Portfolio Service and assisting Bertie Gore Browne with his clients. More recently, he has been selected as one of Citywire's Top 30 under 30, a fantastic achievement and one that is thoroughly deserved. Here's what happened when we caught up with him recently…

Congratulations on being chosen as one of the Top 30 under 30 by Citywire, how does that feel?

It is great to get the recognition, and a vindication of a significant amount of hard work over the years. It was my last chance to be included, so there is that sense of relief too.

Tell us a bit about yourself..

I like to see myself as a realist and a pragmatist. There are certainly smarter individuals than me, but I get through by being conscientious and retaining a focus on achieving defined goals. My colleagues would probably say I'm hard-nosed, and it can certainly be a tricky task keeping the balance between tough conversations with AIM company management teams and the empathy required with looking after our valued private clients.

What do get up to in your spare time?

I still have one more exam to do, which is the final CFA exam, which is taking up my spare time. That being said, it has just been delayed by six months for Coronavirus so I will be seen out running. I do still enjoy my sports, and regularly go horse racing or to the local point-to-points.

What did you want to be when you were younger?

I grew up in Leicestershire, with a childhood spent around horses, so I always wanted to be a jockey. I am very fortunate in that I have been able to do those things which I have always wanted to do.

Who would you say is someone who has inspired you in your life?

That is a tough question. I like reading biographies and investment non-fiction. I wouldn't say I particularly looked up to any one person, rather cherry-picked ideas off different people. I suppose when I was racing, you would be riding against AP McCoy and others, and there was no space to look up to anybody. They were your competition. Perhaps that sense of detachment from inspirational figures has continued.

What did you do before investment management?

Before beginning my career in investment management at GBIM, I was a National Hunt Jockey. I raced through sixth-form, university and then for four years following university. In those years, I spent a considerable amount of time completing many of the investment industry exams.

Why did you make the move into the investment world?

To be frank, I was not progressing, or perhaps lacked the talent, to make it as a high-profile jockey. I always knew I wanted to work in investment, as I have invested since I was 16. In an ideal world I would have carried on racing at a higher level for longer and then moved into investment management.

As head of our AIM Portfolio Service, what do you love most about that part of your role?

Without a shadow of doubt, seeing company management teams. Many are owner-managed and they are extremely passionate about their businesses. I like reading the behaviours of management teams too and how that changes in our bi-annual meetings, so face-to-face meetings I particularly enjoy.

What do you enjoy most about working at GBIM?

We are a smaller independent business. We are all given freedom to learn – there is no mistake that GBIM really does embrace bringing on the next generation.

Finally, if you could choose any profession now, what would it be? (And you can't say Investment Management!)

I really have not given this a moment's thought until now. Since joining GBIM, I have become a great believer in structural growth changes, so it would be somewhere which enables technological advancement in a core industry. Technology will change many of the traditional professions.

The End of Cash?

By Simon James

I felt a bit of a fool recently. I offered the friendly Greek man who sells olives in the local market my contactless card. He clearly thought I was from another planet, and I had to go to the nearest cash machine to be able to settle up. I don't think I would have gone to his stall without cash six months ago.

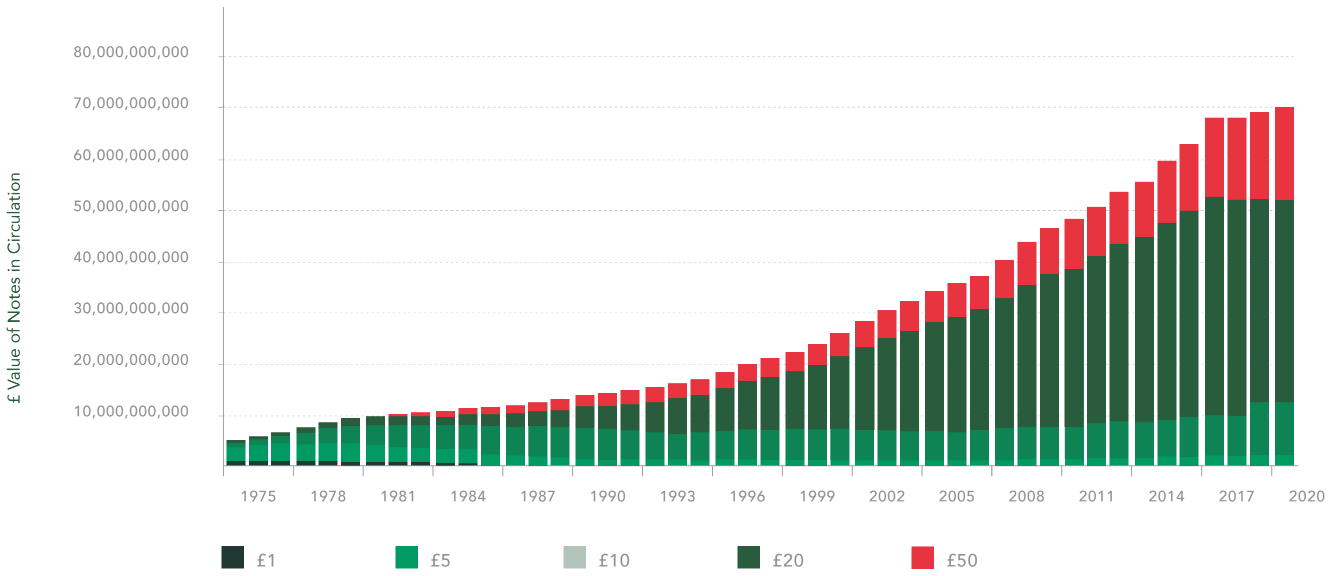
I had no cash in my pocket having only paid electronically for all other purchases, offline or online, in the last few months. The local village shop, the supermarkets and the petrol station only take electronic payments. The "eat out to help out" scheme didn't seem to offer cash payment as an option.

In July 2018, the Access to Cash Review was launched to look at the future of access to cash across the UK. They reported in March 2019 [1] that, "Cash is in decline. But Britain is not ready to go cashless, because digital payments don't yet work for everyone. The consequences to society and individuals of not having a viable way of paying for goods are potentially severe."

The report was very clear that moving to a cashless society would risk the exclusion of up to 20% of the population, and they made a range of recommendations for the gradual transition towards digital payments.

A year or so later we are coming out of the Covid-19 lockdown. The volume of transactions has fallen dramatically and the share of those done online has soared. When doing face-to-face transactions it is abundantly clear that most retailers do not wish to handle cash, which might carry the virus.

The amount of cash in circulation has continued to grow [2]:

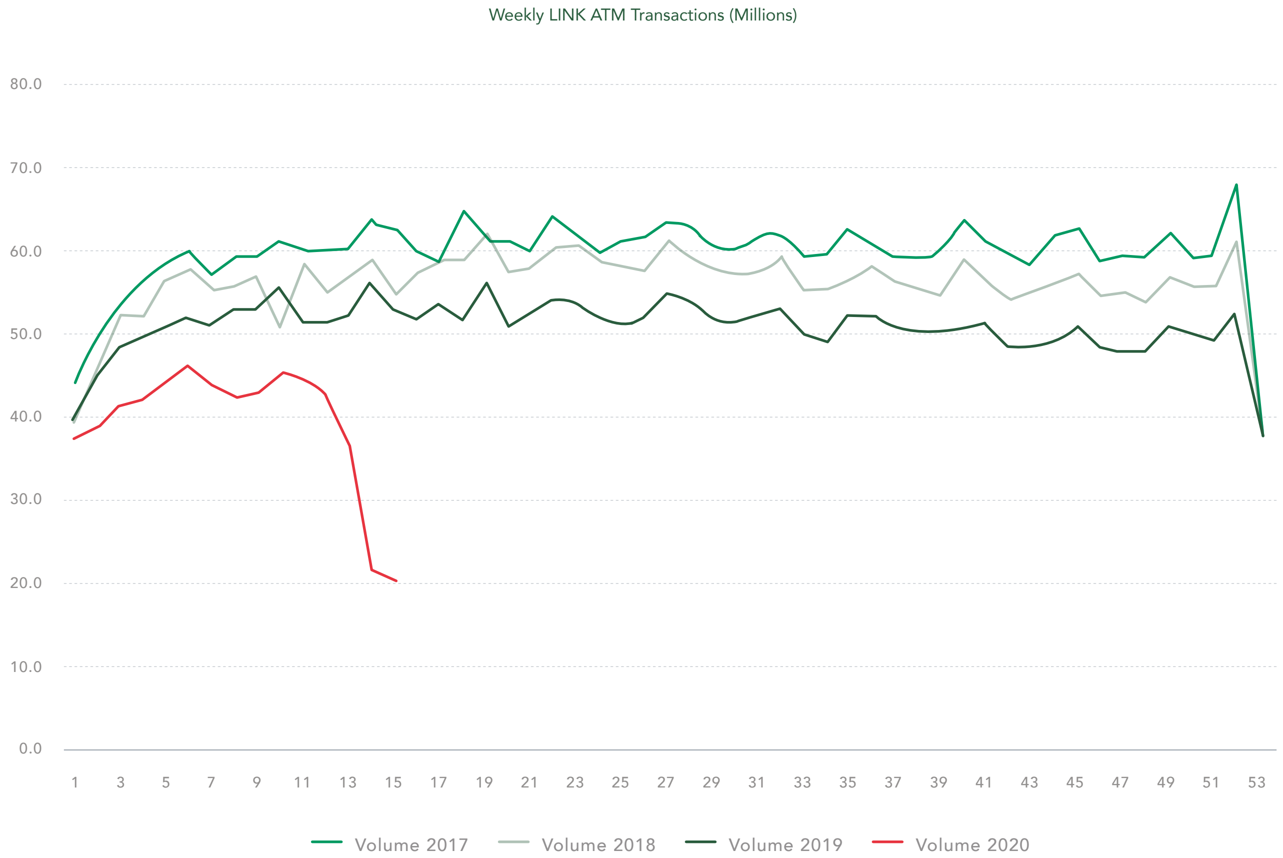


And the Bank of England supports the findings of the Access to Cash Review, intending to develop a new system for wholesale cash distribution so people who want to use cash to pay for things, can. They have established a Wholesale Distribution Steering Group (WDSG) [3], and its consultation period ended on 24th August, but it is yet to publish its recommendations.

It is probably safe to say that they will argue that we should move to "less cash but not cashless"[4].

Cash usage has fallen, even prior to the impact of the pandemic, as can be seen from the number of transactions at ATMs [5]:

LINK Transaction Volume & Value by Week (Millions)



On 23rd March, shops and banks agreed to raise the limit for contactless payments from £30 to £45. Mobile phone users could already make contactless payments of more than £30, if the retailer accepts, by holding their phone over the reader. There is no official limit on the amount a customer can spend when using Apple Pay, but some retailers have their own ceiling [6].

The closure of shops, a shift to contactless payments, plus concerns that notes may harbour the virus have contributed to the dramatic decline.

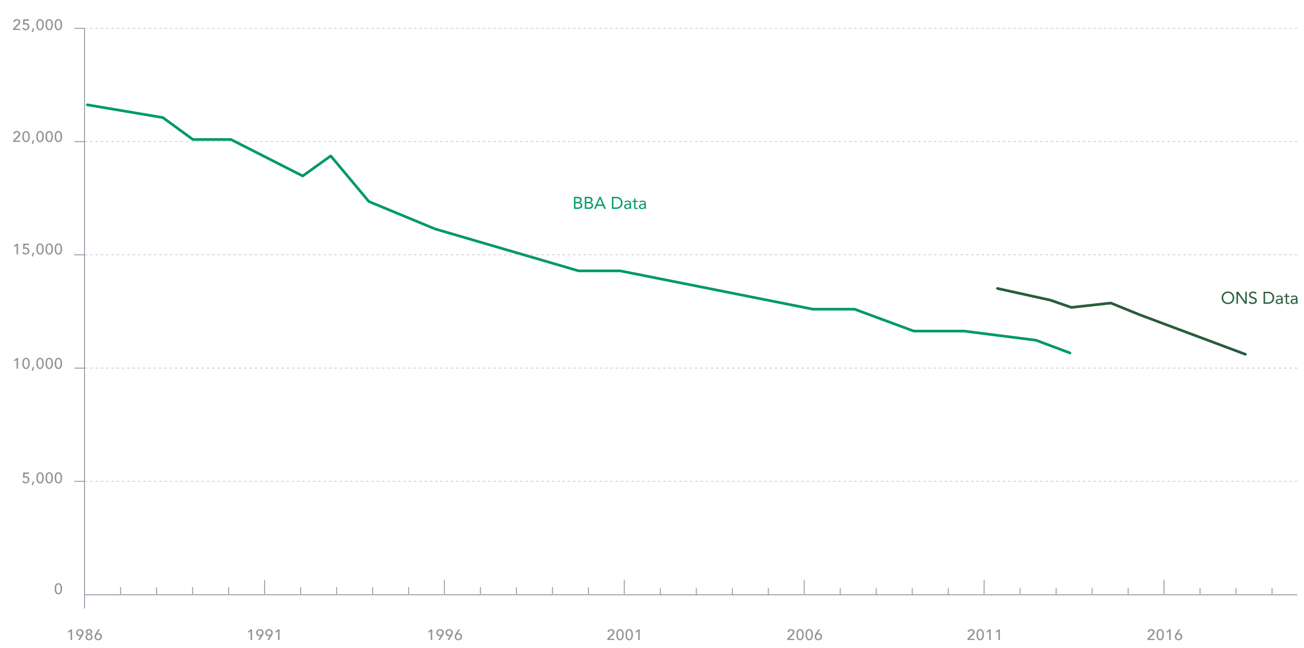
And this is before the introduction of Amazon Go in the UK. Amazon describes Amazon Go as "a new kind of store with no checkout required". That means, when you shop at Amazon Go, you'll never have to wait in a queue. The shop works with an Amazon Go application - you enter Amazon Go, take the products you want and, thanks to the app, just leave again [7].

https://www.gbim.co.uk/news-insight/the-unintended-consequences-of-innovation

These factors have certainly accelerated the adoption of the various forms of electronic payment, but there remain 1.5 million people in the UK who are unbanked and who must not be left behind. In the short term, anyone without a bank account will need to physically visit stores and spend cash to make their essential purchases. The move away from physical currency was already well underway and we could see the demise of cash rapidly accelerated. That puts the need to address financial inclusion at the top of banks' priority lists.

But banks' profits are already under pressure, and they will wish to accelerate the closure of branches and the removal of free ATMs to cut costs and to respond to cashless trends. Might supermarkets, offering "cash back", fill the potential void?

Total Number of Bank & Building Society Branches in the UK



Source: House of Commons Library

Fintech companies are making inroads into aspects of our daily finances and, with the payment card companies, are providing new solutions.

Banks remain between a rock and a hard place. Social responsibility on the one hand and competitors, shareholders and staff on the other. They also have to deal with the costs and inefficiency of handling cash and cheques, and businesses are often unhappy about the charges they pay for these.

I can't see the authorities leaving people dependent upon cash to fend for themselves, but cashless transactions are unlikely to return to pre-Covid levels.

There is a lot riding on the findings of the "Access to Cash Review", but the direction of travel towards a cashless society seems clear and the trend seems to have become more entrenched. It is not "if", but "when".

Sources:

[1] https://www.link.co.uk/media/1526/access-to-cash-review-final-report.pdf

[2] https://www.bankofengland.co.uk/statistics/banknote

[3] https://www.bankofengland.co.uk/banknotes/wholesale-cash-distribution-in-the-future

[4] https://www.bankofengland.co.uk/-/media/boe/files/speech/2019/less-cash-but-not-cashless-speech-by-sarah-john.pdf?la=en&hash=06D9ECD78A88F0D5B6B4C6B8BA6687B44FF5E0D5

[5] https://www.link.co.uk/about/statistics-and-trends

[6] https://www.paymentscardsandmobile.com/uk-cash-usage-halves-due-to-covid-19

[7] https://www.pocket-lint.com/phones/news/amazon/139650-what-is-amazon-go-where-is-it-and-how-does-it-work

Child Trust Funds Come of Age

By Simon James

Younger members of your family may have Child Trust Funds (CTFs), and since 1 September the first 18-year-olds have been able to access their funds.

Those turning 18 will start gaining access to their CTFs with an estimated average worth of around £1,200 [1]. From now until 2029 around 55,000 young people every month will gain access to their accounts: the 2020s will, among many other things, be the decade of the CTF [2]. For a generation which in other respects faces many challenges it may feel like a ray of light.

What are Child Trust Funds?

CTFs are accounts which were given to new-borns and into which the government made an initial contribution.The key features were as follows [3]:

- The government initially paid £250 into all accounts, with an additional £250 (so £500 in total) paid to the accounts of those new-borns whose parents were in receipt of certain means-tested benefits.
- Parents were given a voucher to open an account, but if they did not do so within 12 months HMRC opened an account on the child's behalf.
- Parents – and others – could contribute to the accounts (up to annual limits).
- The accumulated funds, including any returns, cannot usually be accessed until the child reaches age 18, but at that point the young adult is free to use the funds, tax free, however they wish.

The first accounts went live in April 2005 and were made available to all those born from September 2002. The 2006 Budget announced that an additional government contribution (again of £250 or £500) would be paid on the child's seventh birthday, so these were first paid in September 2009. The policy was then swiftly abolished by the coalition government in its very first set of cuts: from August 2010 payments at birth were reduced and the top up at age seven was stopped, and from January 2011 all payments from government were stopped, reducing public spending going forwards by an estimated £500 million a year.

In total, 6.3 million CTFs were opened, with 70% opened by parents and 30% opened by HMRC. Overall, 64% of accounts received the standard government contribution and 36% received the enhanced payment, with a total of £2 billion of government contributions going into the accounts [4].

Sources:

[1] https://www.sharefound.org

[2] https://www.resolutionfoundation.org/comment/the-child-trust-fund-comes-of-age

[3] https://www.ifs.org.uk/publications/14983

[4] https://www.ifs.org.uk/publications/14983

[5] https://www.gov.uk/child-trust-funds

They were replaced by Junior ISAs, and many holders of CTFs have chosen to transfer their CTFs to Junior ISAs, which is a simple procedure, and a number of GBIM clients have chosen to do this.

A further option is to convert the CTF to an ISA at age 18, which has the additional merit of keeping the capital outside the tax net.

What difference will Child Trust Funds make to the finances of 18-year-olds?

The maximum that an account could have received from the government was £1,000 (a payment of £500 at birth and a top-up of £500 at age 7) and the minimum government contribution was £250 (paid at birth, with the child reaching age 7 after these top-up payments had been scrapped). However, the maximum amount that could have been paid into a CTF by family or friends given annual subscription limits is nearly £50,000.

Up to £9,000 a year can still be added to CTFs [5], but in practice many people have chosen to invest in Junior ISAs.

What effects might Child Trust Funds have?

It may well be that the CTF was by chance remarkably well timed. The public heath response to the COVID-19 pandemic has had particularly severe impacts on young adults: their education has been disrupted and many of the jobs normally open to young people are not currently on offer. For those turning 18 with a CTF, the funds could enable them to make an investment that assists them with their learning or be a welcome buffer to help them through some difficult months. The key question that remains open is how well those accessing their funds for the first time will spend their CTFs.

The money belongs to the child and they can take control of the account when they are 16 but can only take it out when they are 18 [6]. There is no tax to pay on the CTF income or any profit it makes [7].

The Child Trust Fund was an innovative, idealistic and imperfect attempt to ensure that all young people started off in life with some capital. For the next decade, uniquely, that will happen [8].

What if we cannot find our children's Child Trust Funds?

It is said that many families have lost track of their CTFs, and so it may be worth checking whether children born between 1 September 2002 and 2 January 2011 have them, and where they are [9], [10].

Sources:

[6] https://www.bsa.org.uk/BSA/files/bb/bbae3cec-7ca8-4847-82ed-234078d8f851.pdf

[7] https://www.gov.uk/child-trust-funds

[8] https://www.resolutionfoundation.org/comment/the-child-trust-fund-comes-of-age/

[9] https://findctf.sharefound.org

[10] https://www.gov.uk/child-trust-funds/find-a-child-trust-fund

The Return of Home Visits

By Fran Hamer

Home visits might be making a bit of comeback. Well, the doctor will most likely be appearing via a computer screen or a phone than through the front door, but does that matter?

Doctors' home visits have declined in frequency in recent years, but GP practices have also had to adapt to lockdown restrictions. GPs, less able to see patients in their surgeries, have had to enter our homes through remote virtual channels – while remaining in their surgeries!

It can feel a little impersonal seeing a doctor through a screen but for many it has worked well, and for those of more restricted mobility technology may also be providing better access to consultation.

But a high proportion of triage over the past few months has been delivered remotely so is this trend likely to reverse when Covid-induced restrictions end or ease?

We anticipate that over the coming years the dissemination of medical advice will continue to remain at least in part remote.

We have all had to take more personal responsibility for our health since March, be it checking a temperature, monitoring a headache, taking a Covid test or isolating for 2 weeks after a high fever. Personal and other at home medical devices have helped us to do that.

Thermometers seem to have been around forever and blood pressure monitors have been available for some time, but now there is an array of "Smart" devices too. These include "apps" on phones, smart watches and fitness trackers which claim to track data such as heart rates and the number of steps taken. There is now a ring which tracks sleep and anxiety levels based upon data collected throughout the day, and which is more discrete than many other monitors.

Being alert to changes in data will support individuals' efforts to manage not just their health, but also their own wellbeing. We may all become more familiar with at-home diagnostic devices that track progress and provide support ahead of seeking professional help. For example, people who own blood pressure monitors can compile a brief history of their blood pressure prior to an appointment and so assist the clinician's diagnosis. A little knowledge can be dangerous of course so we need to guard against the risk of misplaced self-diagnosis.

From 1 July 2019 all patients in England were covered by a Primary Care Network (PCN) which is part of the NHS long term plan [1]. Prior to that GP practices had been consolidating into PCNs to deliver joined up care for their local communities which are typically made up of 30,000 to 50,000 people [2]. Existing practices often work together and share funding and resources. This has caused some practices to merge and for others it means developing specialist skills and facilities to support and improve primary health care.

There are challenges to the new model as ageing populations require long term planning which can sometimes need to take a back seat to accommodate immediate waiting lists. Sometimes the health conscious may have a lower threshold for seeking help while practitioners need to continue to identify more vulnerable patients. The demands on the sector are high, and all the while medical discovery is enabling new forms of treatment.

Triage is only one aspect of care, and trips to GP medical centres will still be required for many reasons, such as minor operations and diagnoses, and for patients without access to technology. There are often times when a face to face appointment is warranted, and the General Medical Council has provided some guidance on this [3], but the triage enables the prioritising of more urgent cases.

Ultimately whether through a screen or in person we are all glad and grateful to receive medical care when anxiety arises. As the nation ages and as medicine becomes more personalised, demand for all these services will grow significantly.

At GBIM we have invested in healthcare for some time. It has been in many guises: pharmaceuticals, biotechnology, medical devices, hospitals, GPs' surgeries and many others. This particular development is just one of many we follow with interest.

Sources:

[1] www.health.org.uk/publications/report/understanding-primary-care-networks

[2] www.england.nhs.uk/primary-care-networks

[3] https://www.gmc-uk.org/ethical-guidance/ethical-hub/remote-consultations

Destitution Could Double in the UK by Christmas

By Simon James

Those who know GBIM well, will be aware that our colleague, Lizzie Pollard, was a founder trustee of the Trussell Trust and that she has committed herself wholeheartedly to the Trust and its aims ever since.

The Trussell Trust runs the largest network of food banks in the UK, and so is really at the sharp end of understanding how the poorer members of our society are affected by economic circumstances.

In a recent report [1] the Trust revealed how coronavirus has affected food bank use, with a huge rise in people needing to use a food bank for the first time. The Trussell Trust's records also show that families with children are being hit the hardest during the crisis.

Analysis carried out by Heriot-Watt University with support from the National Institute of Economic and Social Research estimates that if changes aren't made this autumn, there is likely to be a 61% rise in need at food banks in the Trussell Trust's network this winter.

The charity warns that with mass unemployment predicted on a scale not seen since the early nineties, there will be further rises in poverty with 670,000 additional people classed as destitute by the end of 2020. People are defined as destitute if they cannot afford essentials such as shelter, food, heating, lighting, clothing and footwear, and basic toiletries [2].

This is on top of year-on-year rises in the number of people unable to afford food and forced to visit food banks across the UK.

There are many calls for the Chancellor to extend the "Job Retention Scheme" and to continue helping struggling companies with their debts.

The Trust would add that he should also "lock in the £20 rise to Universal Credit brought in at the start of the pandemic, help people hold on to more of their benefits through the economic crisis by suspending benefit debt deductions until a fairer approach to repayments can be introduced, and make local safety nets as strong as possible by investing £250m in local welfare assistance in England." [3]

They believe that these measures would substantially help avoid these forecasts coming to pass.

With just over a month to go before the "Job Retention Scheme" ends, and estimates of unemployment rising, the Chancellor needs to act quickly to avert these possible outcomes.

Sources:

[1] https://www.trusselltrust.org/2020/09/14/new-report-reveals-how-coronavirus-has-affected-food-bank-use

[2] https://www.jrf.org.uk/report/destitution-uk-2018

[3] https://www.trusselltrust.org/2020/09/14/new-report-reveals-how-coronavirus-has-affected-food-bank-use

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