

## IR35

On Friday I attended a presentation at a business breakfast about the problems created by the new enforcement mechanisms for IR35. The Wokingham Positive Difference networking group met in the Town Hall to hear how companies the Inland Revenue would in future assess whether someone was a sole contractor or in effect an employee working for their client company.

I explained I was against the change of approach by the Revenue. I have written and spoken about the issue. I have lobbied two Chancellors, the Minister concerned and the Prime Minister. I further promised to work with other like minded MPs should a new Parliamentary opportunity present to relaunch the issue in the Commons. Meanwhile implementation goes ahead.

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## EU advice on borders and the virus

The EU Commission has reminded all EU states on its website that “it is the responsibility of the Member States to refuse entry on public health grounds to individual 3rd country nationals” where they are judged to be a risk to public health. This applies at all borders between an EU member and third country.

It wants the external border of the EU to be reinforced, with migrants kept separate on arrival until their health has been checked.

It has also made clear it does not recommend that action at internal borders within the EU between member states. It states

“It should also be noted that according to the WTO and others, reintroduction of border controls at internal borders in order to refuse entry is not considered an appropriate preventive (or remedial) measure”

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## Closing schools?

The Republic of Ireland and Scotland have closed their schools. The rest of the UK has not. I invite views on this.

I do not have a strong view myself as I am not an expert on the virus and do not have access to much of the medical and statistical information about it.

The latest medical view I heard from the government is that the virus either does not attach to so many children, or if it does many remain without visible symptoms. If many children do or will experience a mild or invisible form of the illness it may be impossible to know whether tested or not whether they have had the virus. The test apparently works better on people with symptoms. Medical opinion seems agreed children are the least likely to get a bad version of it and extremely unlikely to die from it.

The one plus from shutting schools is it prevents circulation of the virus between pupils and teachers in school. If the pupils off school continue to socialise with each other and with other adults a lot of this benefit is lost. Only if they go home and stay at home would there be a major and lasting reduction in their number of contacts and therefore in their vulnerability to picking up the virus. If they already have the virus spending all their time at home might increase the chances of other family members contracting it.

There are several negatives in closing schools. Many more adults will have to give up work and mind their children at home. These will include many nurses, doctors and other health workers needed to work in the hospitals and surgeries to tackle the health emergency. Those who make a living out of supplying and providing contract work for schools will lose their income. Education, exams and training will be interrupted, disrupting the life chances of those facing early public examinations that matter.

I am happy with the government's decision so far not to close the schools. It is difficult to believe closing the schools would slow the spread much or protect many more people. Limiting access to care homes and places where vulnerable elderly live might achieve more in limiting infections of those most at risk.

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## [Visit to Bohunt School](#)

On Friday I visited the School. 4 students showed me round, I answered a series of questions from a pupil panel, and had a session with the Headmaster.

I briefly visited a number of spirited and informative lessons and met a series of questions about environmental matters and access to politics for young people.

The School would like to add a Sixth Form to its establishment. I am happy to support that aim, as I agree a Sixth Form can provide academic, sporting and general leadership to a student body

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## The ECB response to corona virus

The main points in the ECB response yesterday made sense and were similar to the Bank of England's approach the day before. The ECB announced a major increase to its version of the Funding for lending scheme, the LTRO facilities advanced to Euro area banks. It announced that Euro area banks can borrow from the ECB with the ECB paying them 0.75% a year for the money, so they can lend it on to businesses and individuals.

They also announced an expansion of Quantitative easing, adding another Euro 120bn this year. They reduced the required capital commercial banks need to hold for any given amount of lending, and allowed a wider range of assets to be used against the lending. They did not cut their main interest rates, which are at zero or negative already.

The ECB has two problems the Bank of England does not share. The ECB thinks a fiscal stimulus is needed at the same time, as the UK authorities arranged. The ECB cannot be sure this will happen. The Treaty rules make it unlikely, unless they find a way of authorising temporary extraordinary measures. The ECB wants governments to make banks lending to distressed businesses more likely by offering loan guarantees financed by taxpayers. Again, it cannot guarantee this will happen.

The ECB has gone some way in weakening its prudential regulation of the commercial banks. It will allow them delay in implementing requirements imposed on them by Regulatory Inspection, and it will put off the next set of stress tests they need to meet. It is relaxing the type of capital they need to hold and it will allow them to go under the Pillar 2 Capital requirements anyway in order to keep lending going. It needs to be careful this does not build more future problems into the commercial banking sector.

The ECB has done a better job at keeping money growth at a sensible level than the Bank of England over the last couple of years, offering more support for the Euro economy. It now needs to be careful it does not dilute its regulatory standards too far and allow banks to build loan problems for themselves on a scale out of proportion with their capacity to absorb the subsequent losses when some of the loans go bad.