

# Interest rates cut to historic low of 0.25%

**The Markit/CIPS, purchasing managers' index, shows the largest fall in the UK's vital services sector in the last seven years period. It declined from 52.3 to 47.4 in July, and the reading below 50 indicates the contraction. It follows the decline in construction and manufacturing in July.**

The building industry shrank at the fastest pace since June 2009. The economic activity slowdown is partly due to uncertainty over the future of the UK outside the EU. The other recent time when the index has fallen to these low levels was the global financial crisis in 2008.

The Bank of England cut interest rates to 0.25% from 0.5% and announced they could be cut even further. It is the first downgrade since 2009, and it is the done to mitigate the adverse results of the UK decision to leave the EU. Other steps will include injecting £60bn into the economy by buying



government bonds, £10bn to buy corporate bonds and funding for banks to help them cut the base interest rate. The Bank of England adjusted its forecasts for UK economic growth by 2.5 percentage points over the next three years and expects the quarterly GDP growth to slump to just 0.1% over the last months of this year. This help plan by the Bank of England means the economy might avoid the recession.

Construction companies reacted positively to lower interest rates. According to ONS figures,

the construction sector is already in recession declining 0.3% and 0.4% in first two-quarters of this year. However, lower interest rates might be a great boost for housebuilding industry and the incentive for property buyers.

However, construction companies report there is a weaker demand for building services. Clients adopted the wait and see strategy over than cancelling the future contracts. Partly it is risk aversion, partly lower investment spending by customers or awaiting lower building costs in next months.

## BOOK REVIEW

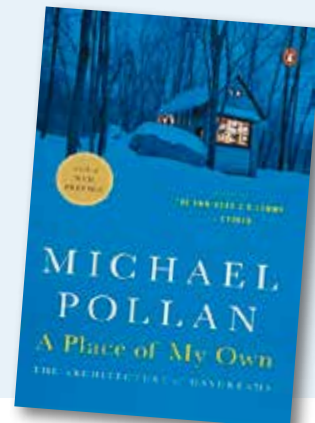
### A Place of My Own: The Education of an Amateur Builder by Michael Pollan

This time we would like to recommend our readers a prose. The book is about writer's experience of designing and constructing a small building in which to think, write and rest. This book is about the shed in the wood built by the author with the help of the architect and the carpenter.

Michael Pollan describes the relationship between architecture and landscape. He talks about how the spaces we live in affect us. From the spark of an idea through the search for a perfect site to the choice of

materials, Michael Pollan talks about the complex process of constructing a finished structure. He starts with the basics, mentioning architecture and writing about choices of windows, roofs, and other materials. There is also a bit about the conflict between all three parties involved- architect, client and carpenter.

Everyone who is planning a DIY project like building an own house should read this book. However, it is not about how to build a house but how to think about building. Worthwhile writing.



# RIBA 20-ways to tackle the housing crisis

**New Prime Minister Theresa May has acknowledged in her first speech that the housing crisis exists in the UK.**

She said that "Unless we deal with the housing deficit, we will see house prices keep on rising. Young people will find it even harder to afford their own home. The divide between those who inherit wealth and those who don't will become more pronounced. And more and more of the country's money will go into expensive housing instead of more productive investments that generate more economic growth."

Royal Institute of British Architects (RIBA) issued the recommendation to tackle the UK's housing crisis. The plan includes the appointment of the chief built environment adviser, opening up the market, advice the embedding design review in the planning process, scrapping stamp duty for downsizers and allowing council to borrow money to build social housing.

RIBA president, Jane Duncan, said: "With a new government and the leave result of the EU referendum, it is more vital than ever to ensure design quality isn't compromised as we ramp up the construction industry to keep Britain's economy growing and build much needed new homes."

The RIBA report 'Housing Matters : 20 ways To Tackle the Housing Crisis' offers a prescription covering housing policy or the establishment of a Chief Built Environment Adviser. The RIBA reports advise about better use of public resources to boost the house supply, making decisions locally, focusing on design, increasing support for new types of housing developments and provide self-build incentives. Amongst the RIBA advices is the proposed VAT rebate scheme for the renovation and improvement of homes with poor energy efficiency. In the UK there is a huge demand for affordable homes. There is need to promote, enable and finance new homes and improve the existing ones.





# The Daqri Smart Helmet

## New technology in health and safety

**The American company, Daqri developed the smart helmet equipped with an anti-reflective, scratch-resistant safety visor. The futuristic design makes it look like from the science fiction movie.**

It could soon be seen on construction sites. Designed to increase productivity, efficiency and safety. Daqri will be fully BIM compatible, allowing construction workers to share and view various building elements, data and plans.

This innovative smart helmet weighs no more than a standard safety helmet normally worn onsite, it comes with a 4D HUD – a transparent augmented reality display tailored especially for industrial environments. A 13 megapixel high-definition camera is also included that can be used for

capturing images and videos; 2D target recognition and tracking and object/colour recognition. The information can be shared in real time.

The helmet is powered by a sixth-generation Intel Core m7 processor and also includes Intel's RealSense technology to enhance its depth sensing ability. A programme within the camera called Intel-litrack is able to capture and displays information about the user's environment. The software allows the location of the wearer to be identified without relying on GPS, Bluetooth or WiFi.

The Daqri helmet allows 4D work instructions to be obtained by the workforce quicker increasing the work efficiency. It also equips the worker with the thermal vision and ability to see or passively record temperature. Moreover, it allows also for data visualisation. It will provide assistance and can be worn as a remote expert. Daqri can change the future of work on the construction site.

Brian Mullins, Founder and CEO of Daqri said: "Daqri Smart Helmet is an entirely new type of human machine interface that is redefining the future of work by empowering workers with the latest in augmented reality and Internet of Things technologies.

"We've been working in the medium of augmented reality for the past four years, and what we found was, you just can't solve the most challenging problems with devices that were designed for consumers.

"We needed something that was designed specifically for industrial applications."



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# Making tax digital

**The Government in Budget 2015 announced its commitment to reform the tax system through its digitalisation. In the latest six consultation documents, HMRC seeks feedback on its initiative proposal.**

HMRC announced that paying tax will become easier for British businesses when HMRC's Making Tax Digital programme is introduced, and 1.3 million small businesses will be able to benefit from it without the need to send information to HMRC quarterly or keep their records digitally.

The benefits of Making Tax Digital include:

- Cash-basis accounting -paying tax on cash received, not on invoices issued
- Prompts and alerts with support for businesses and with advice on tax reliefs
- Greater certainty over tax bills

The smallest businesses and landlords will be exempt from digital record-keeping and quarterly updates. The existing annual tax return will be replaced with the simple and digital updates. The HMRS's Making Tax Digital will be more transparent, accessible and efficient. Paying tax bills will become more simple.

Edward Troup, Executive Chair, HMRC, said: "Making Tax Digital represents very significant change. It will bring the tax system into the 21st century and help make HMRC one of the most digitally-advanced tax administrations in the world. Going digital will abolish the annual tax return as we know it by 2020, replacing it with a personalised digital service through which taxpayers will be able to send and receive information to HMRC at the click of a button. There is still a lot to design and develop, and it's important that we do this hand-in-hand with our customers and their representatives; these consultations are the next step in this process."

(Source: HMRC)

**Tax Return 2016**  
 Year 6 April 2015 to 5 April 2016



## New legislation on pensions

**All UK employers are required to automatically enrol all their eligible employees into a workplace pension scheme. The failure to adhere to this so called 'auto enrolment' will result in large fines. The auto-enrolment is the government's solution to the pension crisis connected with the ageing populations and under-saving by UK workers.**

The largest companies started enrolment in 2012, and now employers with fewer than 50 employees began the process.

At the beginning employers will contribute 1% of the employer's salary while the employee will contribute 0.8% and the Government will add 0.2%

to tax relief. The total 2% of the employee's annual salary will be contributed to a pension scheme. The process is automatic for employers, but employees are allowed to opt out.

There will be non-compliance fines for companies who will not adhere to the regulation depending on the number of employees. The sign-up procedure is simple, and there is The Pensions Regulator's Duties Checker where all requirements are described. The Employer must deduct contributions from employee's salary each month and pay these into the chosen pension scheme by the 22nd day (19th if you pay by cheque) of the next month.

The employer must automatically enrol the employee into a pension scheme and make contributions if the employee:

- is aged between 22 and State Pension age
- earns at least £10,000 per year
- works in the UK

If the employer doesn't have to enrol the em-

ployee by law, the employee can still join their pension scheme voluntarily, and the employer can't refuse.

However, employers are not required to contribute if employee earns these amounts or less:

- £486 per month
- £112 per week
- £448 per 4 weeks

When employee is enrolled into the pension scheme, the employer must:

- pay at least the minimum contributions to the pension scheme on time
- let the employee opt out if they wish and refund money already paid in within 1 month
- let the employee rejoin the scheme at least once a year if they've opted out
- enrol the employee back in once every three years if they've opted out and they're still eligible for automatic enrolment

(Source: HMRC)