

Written 22 November 2021

## **BUSINESS NEWS SCOTLAND**

Welcome to our round up of the latest business news for our clients. Please contact us if you want to talk about how these updates affect your business. We are here to support you!

### **Inflation: UK prices increase at fastest rate for almost ten years**

The cost of living has surged at its fastest pace in almost 10 years, with the Consumer Prices Index (CPI) reaching 4.2% in the year to October. It is primarily due to higher fuel and energy prices but the cost of second-hand cars and eating out also increased, the Office for National Statistics (ONS) have said.



Inflation is up since Covid restrictions ended this year and the economy reopened. The Bank of England says it may have to raise interest rates in the "coming months" to tackle rising prices. October's reading is far higher than the 3.1% rise recorded in the year to September and more than double the Bank's target of 2%.

The latest report from the ONS shows the Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 3.8% in the 12 months to October 2021, up from 2.9% in the 12 months to September.

The largest upward contribution to the October 2021 CPIH 12-month inflation rate came from housing and household services (1.23 percentage points), with further large upward contributions from transport (1.08 percentage points) and restaurants and hotels (0.43 percentage points).

#### What does this mean for businesses?

Rapidly rising inflation can mean consumers are more cautious about making discretionary purchases and it's a good idea to avoid sudden price rises that encourage consumers to look around for cheaper alternatives. A gradual plan for price increases is probably a more sensible option for businesses.

Inflation will also affect the prices you pay for stock and other expenses, so now is a good time to reflect on your stock levels and consider alternative sources of supply and review the profitability of your products, goods and services to ensure they are and will remain profitable.

Clearly, in these uncertain times, it is a good time to plan ahead and here are a few ideas to help with remaining resilient:

- Review your Budgets and set realistic and achievable targets for the remainder of 2021 and 2022;
- Get rid of Won't pay customers;
- Review debtors list and chase up overdue invoices (if appropriate);
- Make sure your terms of business contain explicit payment terms;
- Assign responsibility to one individual for invoicing and collections;
- Agree extended payment terms with all suppliers in advance;
- If appropriate, review banking facilities and discuss future needs;
- Put extra effort into making sure your relationships with your better customers are solid;
- Review and flow chart the main processes in your business (e.g. Sales processing, order fulfilment, shipping etc) and challenge the need for each step;
- Encourage your staff to suggest ways to streamline and simplify processes (e.g. sit down and brainstorm about efficiencies and cost reduction);
- Use 'bottom up' budgeting where everyone in the office gives input on areas over which they have control – target a 10% cost saving;
- Review your staffing needs over the next few months;
- Get your members of staff involved in a discussion of likely trading conditions and get their input on reducing costs and maintaining revenues;
- Review your list of products and services and eliminate those that are unprofitable or not core products/services;
- Establish your key performance indicators (KPI's) and measure them on a daily basis e.g.:
- Sales Leads generated
  - Orders Supplied/Fulfilled
  - Cash Balance
  - Stock Turnover
  - Debtor Days
  - Gross Profit
  - Net Profit; and
- Pull everyone together and explain the business strategy and get their buy-in.

Please talk to us about planning ahead because we have considerable experience with helping our clients with their strategy and sustainability in turbulent times.

## **Guidance for employers on RTI reporting obligations for payments made early at Christmas**

Some employers pay their employees earlier than usual over the Christmas period, for example the business may close for Christmas and New Year. If you do pay early, please report your normal payment date on your Full Payment Submission (FPS).

For example: if you pay on 17 December 2021 but your normal payment date is 31 December 2021, please report the payment date as '31 December 2021'. In this example the FPS would need to be sent on or before the 31 December 2021.

See: [Employer Bulletin: October 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/bulletin-articles/employer-bulletin-october-2021)

## **Check if you can claim back Statutory Sick Pay paid to employees due to coronavirus (COVID-19)**

The guidance on the Coronavirus Statutory Sick Pay Rebate Scheme to claim back employees' coronavirus-related Statutory Sick Pay (SSP) has been updated.

The state aid limits section has been updated and since 1 January 2021 EU state aid rules no longer apply in the UK, except for aid in-scope of the Northern Ireland Protocol and Structural Funds.

See: [Check if you can claim back Statutory Sick Pay paid to employees due to coronavirus \(COVID-19\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/bulletin-articles/check-if-you-can-claim-back-statutory-sick-pay-paid-to-employees-due-to-coronavirus-covid-19)

## **Report CJRS Furlough grants and overpayments on Corporation Tax Return CT600**

The latest version of the CT600 Corporation Tax Return updated on 15 November 2021 requires companies to report CJRS furlough payments received and the amounts that the company was entitled to during the period in boxes 471 and 472. Where any overpayments have already been disclosed to HMRC that amount should be reported in box 473. If the company has overclaimed "Eat Out to Help Out" grants that amount should be reported in box 474.

The total amount overclaimed should then be entered in box 526. This amount will be assessed for income tax. HMRC will write to companies with the reference number and payment details. This is not corporation tax so you must not pay this with your main corporation tax liability.

For full details see: [Guidance overview: How to complete a Company Tax Return - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/bulletin-articles/guidance-overview-how-to-complete-a-company-tax-return)

## **Post Office card accounts – Time is running out**

Around 24,000 HM Revenue and Customs (HMRC) customers with a Post Office card account have just 1 week left to update the department with new payment details before the 30 November 2021 deadline, or risk having payments paused.



From 1 December 2021, HMRC will stop making tax credits, Child Benefit and Guardian's Allowance payments to Post Office card accounts. HMRC is urging account holders to contact them to update their bank account details to continue receiving payments without disruption.

Customers can choose to receive their benefits and credits payments to a bank, building society or credit union account. If they already have an alternative account, they can contact HMRC now to update their details.

See: [Time is running out for customers with Post Office card accounts - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/time-is-running-out-for-customers-with-post-office-card-accounts)

## **Finding and choosing a private coronavirus (COVID-19) test provider**

The lists of and information about private test providers, to help you get the private COVID-19 tests you need have been updated.

See: [Guidance overview: Finding and choosing a private coronavirus \(COVID-19\) test provider - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/guidance-overview-finding-and-choosing-a-private-coronavirus-covid-19-test-provider)

## **Hardship arrangements for those unable to pay for managed quarantine or testing**

The details of financial support if you can't afford the managed quarantine and testing fees associated with travel has been updated.

There is added information on getting your application for hardship arrangements reviewed if you are found not to be eligible but think there are exceptional circumstances that mean you would suffer severe financial hardship as a result of the cost of managed quarantine or testing. See final section, 'Exceptional circumstances and reviews'.

See: [Hardship arrangements for those unable to pay for managed quarantine or testing - GOV.UK \(www.gov.uk\)](#)

### **Entrepreneur Accelerator Programme**

If you are a high growth business with ambitions to expand, the NatWest Accelerator programme could help. You may be looking to build your team, venture into new markets or seeking further investment.

The programme could help you gain the knowledge and skills to excel in a range of business areas including:

- Accessing new markets
- Attracting talent and building an effective team
- Access to growth funding
- Leadership development
- Developing a scalable infrastructure

The current Accelerator programmes are open to all business owners, you do not have to be a NatWest customer.

See: [Entrepreneur Accelerator | NatWest](#)

### **Reducing agricultural emissions**

Changes to the way that slurry and digestate is stored and spread on farms could lead to a reduction of up to 70% of the harmful ammonia that is released.

Amendments have been made to the Water Environment (Controlled Activities) (Scotland) Regulations 2011. These include improving controls on the storage of slurry and digestate to reduce leakage, and more targeted spreading to maximise the nutrient benefit and reduce emissions.

Agriculture is the largest contributor to ammonia emissions and a key element of the regulations is the phasing out of broadcast spreading of slurries by splash plates and the introduction of low-emission, precision spreading equipment.

The changes are being made following a 12 week public consultation and engagement with the agricultural sector and the National Farmers Union Scotland (NFUS). The changes will be phased in, with some farms having up to five years to comply.

See: [Reducing agricultural emissions - gov.scot \(www.gov.scot\)](#)

### **Get a grant to take on a redundant apprentice**

Adopt an Apprentice is a financial incentive for employers to take on an apprentice who has been made redundant. You can get up to £5,000 for employing a redundant apprentice.

Take on a Modern or Graduate Apprentice on the same apprenticeship to complete their training and get £2,000 to help cover wage and recruitment costs, or £5,000 for apprentices in the Oil and Gas sector.

Adopting an apprentice can have benefits for you, your business and the local economy.

See: [Apprenticeships | Adopt an Apprentice](#)

### **Compare past and current Scottish qualifications**

The 'Old vs New' leaflet from the Scottish Credit and Qualifications Framework (SCQF) allows you to compare qualifications taken in the past in Scotland with current qualifications and find their comparable SCQF level. This will help you to better understand and compare qualifications that job applicants may have and help you see if they have the skills you need for your job role.

The SCQF is Scotland's national qualifications framework. It provides a way to recognise, describe and compare the difficulty and time required to achieve a range of qualifications and learning programmes. In addition to mainstream qualifications, the SCQF includes vocational and skills-based qualifications and learning programmes developed and delivered in the workplace or community.

See: [Compare past and current Scottish qualifications \(findbusinesssupport.gov.scot\)](#)

### **Succession Planning**

Exploring all available succession options in advance allows time for plans to be properly drawn up. Succession options to consider include; sale to another shareholder, company buy-back, ownership transfer within the family, employee buyout, management buyout, trade sale and flotation. A team of succession experts at Scottish Enterprise can offer funded and impartial advice.

Once you have submitted your enquiry a specialist will be in touch to discuss your needs.

See: [Succession Planning \(findbusinesssupport.gov.scot\)](#)

### **Work with other companies**

This free advisory service is available to help you set up a consortium co-operative or a community co-operative. Advisers can talk you through the business models of co-operatives and can also advise you on structure and legal documentation.

You can access up to two and a half days of free support. An experienced adviser can give you the information you need on setting up a consortium or community co-operative.

See: [Work with other companies \(findbusinesssupport.gov.scot\)](#)

## **Employee ownership**

An employee-owned business is one where the employees, rather than external shareholders, hold the majority of shares, either directly or through an Employee Ownership Trust. If you are interested in exploring employee ownership for you and your business, Co-operative Development Scotland (CDS) can provide funded support from an experienced adviser.

They will help you consider employee ownership as an exit strategy. They will also review all succession options open to your business.

Where employee ownership is identified as a potential exit strategy, they will carry out an employee ownership feasibility study. This report will examine potential ownership structures and look at governance, management, funding and how a transition would occur.

See: [Employee ownership \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot)

## **Towards a circular economy**

The next steps in creating a circular economy in Scotland have been announced, as Circular Economy Minister Lorna Slater provided an update to parliament.

Actions include the appointment of waste and sustainability expert Dr Colin Church as the independent chair of the review into the role of incineration in the waste hierarchy in Scotland.

To support the review, which forms part of the cooperation deal with the Scottish Green Party, the Minister announced that planning authorities must now notify Scottish Ministers of any applications or decisions involving incineration facilities, until the end of the review period.

The Minister also announced the first round of funding through the Scottish Government's £70 million Recycling Improvement Fund.

See: [Towards a circular economy - gov.scot \(www.gov.scot\)](https://www.gov.scot)

## **Business Ventilation Fund**

Small and medium-sized businesses such as restaurants, bars and gyms will be able to claim back costs of up to £2,500 to undertake work such as the installation of carbon dioxide monitors and remedial improvement work to windows and vents.

Businesses will be able to fill in a self-assessment form to receive advice on improving their current ventilation systems and identify if they are eligible for financial support from their local authority.

See: [Business Ventilation Fund \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot)

## **Youth self-employment programme**

This is a unique opportunity for young people in Perth and Kinross to learn how to start a business and become self-employed. The year-long SEED programme (Self-Employment + Entrepreneurial Development) is run by GrowBiz and is fully funded - to take part you need to commit to up to 3 hours per week.

The programme includes:

- specially designed online learning sessions
- mentor training
- networking sessions with inspiring speakers
- monthly group meetings
- work experience/rural business placements and one-to-one support
- a £1,000 grant

This part time programme will mostly take place online and is designed to work around other education, employment or business commitments.

See: [Youth self employment programme \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot)