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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!

New beginnings in uncertain times

The 70-year reign of Queen Elizabeth II was marked by her sense of duty and her determination to dedicate her life to her throne and to her people. For many of us, she became a constant in a rapidly changing world. King Charles III paid tribute to the reign of the late Queen, “unequalled in its duration, its dedication and its devotion”, as he was formally declared the nation’s new Monarch.



A new era begins for us all. Not only is there a new Monarch, but we also have a new Prime Minister and Cabinet facing the toughest economic conditions in decades.

So what actions can we expect from the government in the next few weeks?

Chancellor Kwasi Kwarteng will outline how the government intends to fund the measures to help with the cost-of-living crisis on Friday 23rd September in what is described as a “fiscal event”. We can also expect further details about the household annual energy cap and the support for businesses. Government plans also outline the lifting of the ban on fracking and new licenses for North Sea oil and gas to help increase UK domestic supplies.

One of the key questions is whether Liz Truss will keep her promises on tax cuts.

During the run-up to the leadership election, the new Prime Minister promised tax cuts to stimulate economic growth, including the abolition of the 1.25% Health and Social Care Levy and cuts in corporation tax and income tax. It will be interesting to find out if and when those tax changes take effect. We should find out by the end of September as part of the “fiscal event” outlined above.

Normally before a formal Budget, there needs to be a report by the Office of Budget Responsibility which reports on the state of the economy and the likely impact of the fiscal announcements. These reports provide reassurance to the financial markets. Many commentators, including the Chairman of the Treasury Select Committee, Mel Stride, have strongly recommended that such a report should be prepared. If the markets are spooked then interest rates could escalate as a result, increasing government borrowing costs. There are already concerns about the exchange rate against the dollar, the lowest since the 1980s which will result in higher UK inflation.

The main concern is the likely increase in government borrowing, which some estimate could be as much as an extra £200 billion over the two-year period of support. Liz Truss has categorically refused to introduce a further “windfall tax” on energy companies stating that would discourage investment in the UK and stifle growth. Therefore, the major question is can the country still afford the promised tax cuts in light of the massive increase in government borrowing? Remember that when the Health and Social Care Levy was announced, we were told that the new Levy would bring in an extra £36 billion over three years. That seems a small amount compared to the potential cost of support for energy bills. With a general election within the next two years, tax increases are unlikely but future generations may well have to bear the brunt of paying the spiralling government debt.

Faced with uncertainty, what actions should a business owner take right now?

Take some time to look at your business’s strengths, weaknesses, opportunities and threats. Get a clear understanding of its position in the marketplace, the competition, the systems and the way things are done to find improvements that could be made. Focus on what the business is to look like when it is “complete” or running profitably and successfully. Then, you can determine priorities – the big issues that need to be focussed on – and make a plan.

It is also a good idea to plan for a range of scenarios (good and bad) so you can be flexible about the direction your business should take.

Please talk to us about your plans, we can assist with cash flow planning and “what if” scenarios.

Successful recruitment strategies

The latest official figures released by the Office for National Statistics (ONS) show that the UK's unemployment rate fell to its lowest level since 1974 in the three months to July. The jobless rate fell to 3.6% over the period, although this may change with a future recession.

For many businesses, recruiting employees remains challenging, and we've seen some very inventive clients adopting new strategies. For example, some employers are now offering "Wellbeing leave" in addition to the usual holiday package. If you want to recruit, you have to get serious about the process and be on it 365!

There are a number of actions you can take to make your business attractive to new staff. In addition to reviewing your pay and conditions to be as competitive as possible, some things you could do to improve include:

- Tasking recruitment as a permanent process;
- Regularly asking existing staff, customers and suppliers for introductions;
- Offering incentives for referrals;
- Make sure you are running constant online social media posts and local advertisements;
- Embracing flexibility in hours and location in your business;
- Introducing a "Golden Hello" and loyalty bonuses based on length of service (typically one to three years);
- Advertising testimonials from existing staff;
- Using government initiatives for apprentices;
- Make your company and the job sound as attractive as possible by outlining the position to sound prestigious and challenging - These two factors are big incentives for bright potential candidates;
- When advertising the role, knowing that job satisfaction comes from feeling respected and having the opportunity to learn new things and excel in the face of obstacles; and
- Conveying your business's personality so potential employees get a feel for what it would be like to work for you.

Useful guidance on the procedures for recruitment can be seen in the ACAS guide "Recruiting staff" which can be seen here: [Recruiting staff \(acas.org.uk\)](https://www.acas.org.uk/recruiting-staff)

Working capital finance explained

Working capital finance solutions offer businesses the opportunity to improve cash flow. The world of commercial finance and asset-based lending (ABL) is complex and expansive with products, terminology and contractual interpretation varying from lender to lender.

The benefits of arranging working capital include:

- Up to 90% of outstanding invoice value can be advanced within 24 hours;
- Flexible lending – funding increases in line with your growth (UK and Export);
- Confidentiality – lenders can offer a completely confidential service – your customers need not know you have a facility in place;
- Lenders allow you to manage your funding at all times;
- Sector-specific finance is often available;
- Structured ABL – funding for management buy-outs/management buy-ins;
- Trade Finance & Supply Chain Finance Solutions.

Specialists in this area can advise on:

- Invoice Finance - an effective way of quickly accessing a proportion of the value (up to 90%) of your invoices. Effectively, a business 'sells' its invoices to the lender in return for accessing cash at the point products and services are sold. Specific sector-based offerings are available, as is the ability to arrange finance for selected invoices only.
- Structured ABL - generate a higher level of funding by unlocking the maximum value tied up in the combined assets within your business, including Debtors, Inventory, Plant & Machinery and Property. Additional forms of funding can be structured in addition to this, such as top-up loans in order to drive growth.
- Trade Finance - supply chain finance with various options, enabling the purchasing of goods from overseas where you are otherwise unable to obtain credit from suppliers.

Typically, you will need to ensure that your management accounts are up to date, you make available current detailed lists of debtors and creditors, and you might need to provide up-to-date projections before an expert will consider your application. Please talk to us about finance - our working capital finance experts have many years of experience and success in advising businesses across a wide range of sectors in obtaining working capital finance solutions. We can help you find a specialist to help you find the right solution for your business.

Thinking of retirement?

The ultimate aim of every serious business person is to build a company that has value, so that it can be sold or transferred, allowing the entrepreneur to exit gracefully and profitably.



Recently, we have been helping a number of our entrepreneur clients develop exit strategies. There are many factors to consider:

- When do you want to retire?
- Can the business be sold to your employees?
- Is a trade sale more likely?
- Are there children involved?
- How much is the business worth?
- What needs to be done to enhance the value of the business?
- How long will it take?
- Do you want or need to stay on after the sale or transfer?
- What are the tax consequences?

We have a tried and tested methodology to address these issues and to help you prepare your business for sale, find potential buyers and help you negotiate to get the maximum price. If you would like to discuss your personal exit plans, we would be happy to do so with you — Just give us a call!

The move from CHIEF to Customs Declaration Service (CDS) – importers and exporters

HMRC is closing the CHIEF system for imports on 30 September 2022 and exports by 31 March 2023. They are encouraging all businesses to move to CDS. You can find information for you and your importers below.

Declarant Checklist – Moving to the Customs Declaration Service: [Declarant checklist – moving to the Customs Declaration Service - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/declarant-checklist-moving-to-the-customs-declaration-service)

Trader Checklist – Moving to the Customs Declaration Service: [Trader checklist – moving to the Customs Declaration Service - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/trader-checklist-moving-to-the-customs-declaration-service)

ICO SME web hub – advice for all small organisations

The Information Commissioner's Office (ICO) has a useful webpage with advice and guidance for all small organisations, including SMEs, small businesses, sole traders, small charities, groups and clubs, and small start-ups.

The webpage includes a run-through of data protection and bite-sized advice on how to build trust and save money through stronger data protection compliance.

Topics include:

- Getting started with data protection;
- Key data protection terms you need to know;
- Compliance checks;
- How to respond to a personal data breach; and
- How to deal with data protection complaints.

See: [SME web hub – advice for all small organisations | ICO](https://www.ico.gov.uk/small-business)

How to prepare a health and safety policy

The law states that every business must have a policy for managing health and safety.

A health and safety policy sets out your general approach to health and safety. It explains how you, as an employer, will manage health and safety in your business and should clearly state who does what, when and how. If you have five or more employees, you must write your policy down. If you have fewer than five employees, you do not have to write anything down, but it is useful to do so.

You must share the policy, and any changes to it, with your employees.

A health and safety policy should cover three areas.

Part 1: Statement of intent

State your general policy on health and safety at work, including your commitment to managing health and safety and your aims. As the employer or most senior person in the company, you should sign it and review it regularly.

Part 2: Responsibilities for health and safety

List the names, positions and roles of the people in your business who have specific responsibilities for health and safety.

Part 3: Arrangements for health and safety

Give details of the practical arrangements you have in place, showing how you will achieve your health and safety policy aims. This could include, for example, doing a risk assessment, training employees and using safety signs or equipment.

See: [Prepare a health and safety policy - HSE](#)

Tax diary for October

The following dates are important tax deadlines for October. Please contact us if you need support in meeting these filing dates.

1 October 2022 – Due date for Corporation Tax due for the year ending 31 December 2021.

19 October 2022 – PAYE and NIC deductions are due for the month ending 5 October 2022. (If you pay your tax electronically, the due date is 22 October 2022)

19 October 2022 – The filing deadline for the CIS300 monthly return for the month ending 5 October 2022.

19 October 2022 – CIS tax deducted for the month ending 5 October 2022 is payable by today.

31 October 2022 – Latest date you can file a paper version of your 2021-22 self-assessment tax return.

Scottish Government Programme for Growth outlined

A combined temporary rent freeze and restriction on evictions to help people through the cost crisis has been announced as the centrepiece of the 2022-23 Programme for Government (PfG).

The programme outlines emergency legislation which will be introduced to put in place a rent freeze until at least 31 March 2023 and a moratorium on evictions, as well as a new tenants' rights campaign. In addition, a 'one-stop-shop' website will be

introduced to provide people with information on the range of benefits and support available to help them through the current cost of living crisis.

With £3 billion allocated to the end of March for a range of support that will help mitigate the impact of the cost crisis on households, the PfG also confirms the Scottish Child Payment will increase to £25 per week per eligible child from 14 November when it also opens to all under 16s.

In addition, the programme introduces the rollout of free school meals across all primary school age groups, doubles the Fuel Insecurity Fund to £20 million to help households at risk of self-disconnection or self-rationing of energy, confirms rail fares will be frozen until March 2023 and widens the Warmer Homes Fuel Poverty Programme.

For businesses – in addition to an existing package of financial aid worth over £800 million – six ground-breaking ‘tech scalers’ will be opened, two job-boosting Greenports progressed and the National Strategy for Economic Transformation focussing on economy supporting measures continued.

In total, the PfG sets out 18 new Bills including legislation on an independence referendum and major reforms in the justice system, including a Criminal Justice Reform Bill that will propose the end of the Not Proven verdict in Scots Law and provide anonymity for complainers in sexual offence cases. A Bill for the creation of the new National Care Service will also go through parliament this year.

The programme also builds on long-term commitments made in the Bute House Agreement and restates Ministers’ commitment to the importance of delivering on Scotland’s climate ambitions. These range from a consultation on legislation to transform how buildings are heated to continuing record investment in active travel.

See: [Rent freeze focus of Programme for Government - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2022/03/Rent_freeze_focus_of_Programme_for_Government_-_gov.scot)

Funding package to improve Scotland’s island infrastructure

Six island local authorities will receive a share of £4.45 million to assist projects on climate change, population retention and tourism.

A total of 11 projects, spread across 31 islands, have received funding for the current financial year as part of the Islands Programme.

Projects include a new visitor centre and EV charging points at Old Man of Storr, nine ‘Island Pit Stops’ at Arran and Cumbrae providing better facilities for visitors, a new nursery at Kirkwall to replace an existing building earmarked for demolition and improvement of critical seafront infrastructure at Tobermory.

The 2022/23 Islands Programme (IP) was launched on 21 March 2022, with an application deadline of 10 June 2022. It is being delivered in partnership with local government via a competitive bid process with the six island local authorities as lead applicants.

Applications to the IP have been subject to scrutiny and assessment by the Islands Programme Investment Panel, which has made recommendations on projects to be funded. The panel is selected from the Scottish Government and a range of partner organisations that have experience in panel assessments and infrastructure spending.

See: [Supporting Scotland's islands - gov.scot \(www.gov.scot\)](https://www.gov.scot/supporting-scotland-islands)

'Hard choices' to prioritise spending

Around £500 million in savings have been found as resources are focused on tackling the “harsh reality” of the cost of living crisis, Deputy First Minister John Swinney has said.

He updated the Scottish Parliament on steps being taken to meet the increased costs of public sector pay and to provide support to those who need it most while balancing public finances.

Soaring inflation means the Scottish Government's budget is now worth £1.7 billion less in real terms than it was last December. Since then, inflation has risen from around 4% to more than 10% – with possible further increases when figures come out next week.

Mr Swinney set out to Parliament where savings have so far been made to help pay for initiatives such as fair public sector pay settlements and doubling the Fuel Insecurity Fund. He has also written to the Finance and Public Administration Committee outlining the details of reductions in planned spending made in recent weeks.

The Deputy First Minister has committed to setting out the Emergency Budget Review within two weeks of the UK Government budget update expected later this month. He warned further intervention will represent a significant challenge given the largely fixed Scottish Government budget and limited fiscal powers.

See: ['Hard choices' to prioritise spending - gov.scot \(www.gov.scot\)](https://www.gov.scot/hard-choices-prioritise-spending)