

Written 21 November 2022

## **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!

### **Chancellor steps into the fiscal storm**

On Thursday 17 November, the Chancellor presented the government's Autumn Statement in which he told the House of Commons his plans to tackle the cost-of-living crisis, "rebuild our economy" and significantly reduce borrowing over the coming years.



The Chancellor said that global factors are the primary cause of current inflation and that most countries are still dealing with the fallout from the pandemic. He stated that the measures taken to combat Covid-19 in the UK must be paid for. He also acknowledged that the UK is in recession and that things will have to get worse before they get better.

His measures on taxes mean that tax as a percentage of national income will increase by 1% over the next 5 years and this is now amongst the highest proportion of income going to HMRC for at least 70 years.

The key taxation points made by the Chancellor include:

- The highest rates of income tax for savings and dividend income (45% or 39.25% respectively) will apply to those with incomes of more than £125,140 from April 2023. The threshold is currently £150,000.

- Other savings and dividend income tax thresholds are being frozen until 2028, effectively meaning higher tax each year on earnings that increase with inflation.
- NIC bands and rates remain as they are, following the reversal of the 1.25% percentage point increase on 6 November 2022. Like income tax, the NIC bands/thresholds will also be frozen until 2028.
- The dividend allowance, which determines the amount of dividend income subject to 0% income tax each year, will reduce from its current level of £2,000 to £1,000 in the 2023/24 tax year and to just £500 in 2024/25.
- The current £12,300 annual tax-free capital gains tax (CGT) allowance will be reduced to just £6,000 in 2023/24 and to only £3,000 in 2024/25.
- The VAT registration threshold will remain at £85,000 until April 2026.
- Electric vehicles will no longer be exempt from vehicle excise duty from April 2025 and, for employer provided company cars, benefit in-kind rates will start to increase.
- Tax reliefs for Research and Development (R&D) are being 're-balanced' meaning increased rates for some (usually larger companies) and reduced rates for others (usually small or medium sized enterprises).

Some of the key spending statements made include:

- Government departments will be subject to tighter controls to tackle waste and inefficiency, except for the department for Health.
- The NHS budget will be increased in each of the next two years by £3.3bn.
- Education will have an additional £2.3bn for schools.
- Additional funding will be available for the devolved administrations for the NHS and schools.
- Overseas aid spending remains at 0.5% for the forecast period.
- A commitment to the climate pact agreed upon at COP26, including a 68% reduction of emissions by 2030.
- Northern Powerhouse rail, the HS2 and the East West Rail will go ahead as planned.

In other announcements, help for energy bills will be extended, but it will be less generous. There will be targeted support with the cost of living for those on low incomes and disability benefits, as well as for pensioners. These include £900 to be paid to those on means-tested benefits, £300 to pensioner households and £150 to people on disability benefits. The National Living wage will be increased from £9.50 an hour for over-23s to £10.42 from April 2023.

Pensions and means-tested benefits, including Universal Credit, will also rise in line with September's inflation figure of 10.1% from April 2023. Rent increases in the social sector will be capped at 7% from the same date.

Immediately after the Autumn statement, the Office for Budget Responsibility (OBR) released its November 2022 economic and fiscal outlook. Forecasts predict the economy will shrink by 1.4% next year.

Their summary makes grim reading. They state that inflation is set to peak at a 40-year high of 11% in the current quarter, and the peak would have been a further 2½ percentage points higher without the energy price guarantee (EPG), limiting a typical household's annualised energy bill to £2,500 this winter and £3,000 next winter.

Rising prices will erode real wages and reduce living standards by 7% in total over the two financial years to April 24 (wiping out the previous eight years' growth), despite over £100billion of additional government support. The squeeze on real incomes, rise in interest rates, and fall in house prices all weigh on consumption and investment, tipping the economy into a recession lasting just over a year from the third quarter of 2022, with a peak-to-trough fall in GDP of 2%. Unemployment rises by 505,000 from 3.5% to peak at 4.9% in the third quarter of 2024.

See: [Overview of the November 2022 Economic and fiscal outlook - Office for Budget Responsibility \(obr.uk\)](#)

Some businesses are more likely to be affected by the downturn and get into cash flow problems, while others will be more resilient. If you are a business owner, you might be wondering which category your business falls into. No matter how inventive or simple your business model is, you can still have problems with cash flow. Here are our thoughts on managing the flow of cash in your business:

- The first stage of understanding and predicting how funds flow is to perform a health check on your accounts. Look at your latest profit and loss statement and check that your income is sufficient to cover your expenses. If your income is falling behind your expenses and cash flow is slowing down, you might need to act. Prepare a funds flow statement so you know where the money goes.
- Next, create a yearly budget and look at where cash could become tight and months where you can save to cover the quieter times. Look at those quieter months and think about flexible work scheduling, new products or services or other activities to tide you over.
- Finally, make sure to collect your money quickly from those who owe you. Reward customer loyalty by offering early bird discounts and set credit limits and payment terms to ensure customers follow the rules. If you take on new customers, make credit checks. Penalise late payers and request upfront deposits or payment.

Talk to us about preparing a funds flow statement and annual budget so that you can work on your business for maximum success!

## **Get ready for new VAT penalties from 1 January 2023**

For VAT periods starting on or after 1 January 2023, HMRC is replacing the default surcharge with separate penalties for late returns and late payment of VAT. At the same time, HMRC is introducing a new approach to charging interest on late-paid VAT.

The new points-based system for late submissions is designed to be more lenient for the occasional slip-up, whilst still penalising those who repeatedly fail to comply. It will operate in a similar way to the penalty points system for motoring offences. Also, like the system for motoring penalties, the points expire after a period of time.

If your business submits its return late (which also applies if you submit a nil or repayment return late), you could face penalty points and a £200 fine.

See the attached for details of the new points-based system: [Prepare for upcoming changes to VAT penalties and VAT interest charges - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/prepare-for-upcoming-changes-to-vat-penalties-and-vat-interest-charges)

## **Ten years of Automatic Enrolment achieves over £114bn in pension savings**

Automatic Enrolment has helped millions put more into their pension pots than ever before, according to new figures released to mark 10 years since the policy was introduced.

In 2021, employees across the UK saved £114.6 billion in their pensions. This is a real terms increase of £32.9 billion compared to 2012 when Automatic Enrolment was introduced.

The figures reveal how the policy has transformed pension saving over the last ten years by normalising workplace pension saving, establishing a culture of retirement saving for a new generation, and helping foster a greater sense of security in later life.

More than 10.7 million employees were paying into a workplace pension in 2021. The proportion of women saving into a workplace pension, be it in the public or private sector, jumped by about 50% since 2012. Furthermore, young people have benefitted, with those aged 22 to 29 saving into a workplace pension more than doubling in the same period.

See: [Ten years of Automatic Enrolment achieves over £114bn pension savings - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/ten-years-of-automatic-enrolment-achieves-over-114bn-pension-savings)

## **The Green Alley Award 2023**

The Green Alley Award is Europe's first start-up competition focused on the circular economy. Green Alley is looking for great green ideas, new services, products, and technologies that can turn waste into a resource.

In return, they offer strategic support, networking opportunities, expertise in entering the circular economy across Europe, and a prize of €25,000.

Startups applying for the Green Alley Award have to fit into one of the following categories:

- Recycling
- Waste prevention
- Digital solutions

The closing date for applications is today, 21 November 2022.

See: [Green Alley Award | Apply in 2023 | Application process \(green-alley-award.com\)](https://www.green-alley-award.com)

### **Old-style stamps will soon be out of date**

Royal Mail are adding barcodes to their regular stamps. After 31 January 2023, regular stamps without a barcode will no longer be valid. You can either use up these stamps before the deadline or swap them for the new barcoded ones.



The stamps that are changing are the stamps that will be very familiar to you. They feature the profile of Her Late Majesty The Queen on a plain-coloured background.

Your non-barcoded stamps can be exchanged for the new barcoded version through the Stamp Swap Out scheme.

See: [Discover our new barcoded stamps | Royal Mail Group Ltd](https://www.royalmail.com/stamp-swap-out)

### **Shetland enters new frontier as UK space industry leader**

Shetland is set to be at the heart of Scotland's - and the UK's - space industry success story, UK Government Minister for Scotland John Lamont said as he visited the Saxa Vord spaceport on Unst last week.

Saxa Vord is on track to launch its first satellites in 2023 – part of UK-wide efforts to gain up to a £4bn share of the global space market by the end of the decade. The minister visited the site's first, newly completed concrete launch pad, one of three orbital launch pads that will support up to 30 vertical launches a year from the former RAF station site, employing up to 200 people in connection with each launch.

See: [Shetland enters new frontier as UK space industry leader - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/shetland-enters-new-frontier-as-uk-space-industry-leader)

### **First satellite launch from the UK**

The first ever orbital satellite launch from the UK is happening soon, marking a new era in the UK's space history. The first launch will take place from [Spaceport Cornwall](#) in the southwest of England. It will be what is known as a 'horizontal launch'.

A specially modified Boeing 747 from [Virgin Orbit](#) called Cosmic Girl, with a rocket attached under its wing, will take off from a runway. In flight, the LauncherOne rocket will launch from the wing, taking multiple small satellites into orbit. The plane will then return to the Spaceport, able to launch more satellites in future.

Spaceport Cornwall is situated at Newquay Airport, near the coast of Cornwall. The 747 will fly out over the sea and launch its rocket far away from populated areas.

The UK has a growing space sector, which employs 47,000 people. UK space companies have a track record in satellite manufacturing, spacecraft design and data applications. In fact, Glasgow builds more satellites than anywhere outside of the United States.

The UK is also located relatively far north, which means it's perfect for launching satellites into polar and Sun-synchronous orbits, which go over the north and south poles. These orbits are ideal for satellites that monitor the Earth and provide telecommunications.

With a long coastline and many islands, the UK offers a range of suitable locations for launching rockets safely out over the sea – away from settlements and people.

See: [First launch from the UK - Case study - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/case-studies/first-launch-from-the-uk)

### **UK sanctions on Russia top £18 billion for the first time**

Data released last week reveals the full effect of UK sanctions on Russia – with £18.39 billion of Russian assets frozen and reported to the Office of Financial Sanctions Implementation (OFSI).

The figure, released for the first time in OFSI's Annual Review, demonstrates the key role the UK has played in standing up to Russia following their illegal invasion of Ukraine. It is nearly £6 billion pounds more than reported across all other UK sanctions regimes.

In conjunction with its allies, the UK has imposed the most severe sanctions Russia has ever faced, designating more than 1,200 individuals and 120 entities, and freezing the assets of 19 Russian banks with global assets of £940 billion since they began their illegal invasion.

See: [UK sanctions on Russia top £18 billion for the first time - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/uk-sanctions-on-russia-top-18-billion-for-the-first-time)

## **UK signs science co-operation agreement with Switzerland**

The UK and Switzerland have signed a Memorandum of Understanding, deepening the relationship between the two countries' research and innovation communities.

The agreement was signed by UK Minister of State for Science, Research and Innovation, George Freeman MP, alongside Federal Councillor Parmelin, Head of Switzerland's Federal Department of Economic Affairs, Education and Research, at a ceremony in London.

Switzerland - placed top of the global rankings for innovation for the past 10 consecutive years, as well as being home to 2 of Europe's top 10 universities, a number of world-class research laboratories and companies such as Roche and Novartis, and commercial space and satellite technology companies - is a natural partner for the UK.

Together, the 2 nations have 10 of Europe's top 20 research universities, and this agreement will deepen an ambitious bilateral relationship in areas of mutual interest across 3 key pillars: deep science, industrial commercialisation and international standards and regulation.

The UK, with 7 universities in Europe's top 10, and a larger share of its own research among the world's most highly cited than any other G7 country, brings its own unique research and innovation strengths to the table. The memorandum outlines the principles of the relationship, and specific forms of cooperation, including:

- Coordinated or joint initiatives, programmes or projects.
- Meetings, workshops, conferences or symposia.
- Exchange of information and documentation.
- Mobility, visits and delegations.
- Strategy and coordination meetings.
- Plans for ministers to convene a regular annual Anglo-Swiss Research Collaboration Council to oversee activities.

See: [UK signs major science co-operation agreement with Switzerland - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/uk-signs-major-science-co-operation-agreement-with-switzerland)

## **New British Standard on modern slavery**

The British Standards Institution (BSI) have published a national standard, giving organisations guidance on how to manage modern slavery risks in their operations, supply chains and wider operating environment.

BS 25700 provides organisations with guidance for addressing the risk of modern slavery, including prevention, identification, response, remediation, mitigation, and reporting.

The benefits to businesses include:

- Effective management of the risk of modern slavery in a way that supports human rights due diligence.
- Positive business reputation.
- Increased sales and customer loyalty, as consumers seek businesses with higher ethical standards.
- Greater ability to attract talent and retain staff.
- Improved investor confidence.
- More responsive and stable supply chains.

See: [BS 25700:2022 Organizational responses to modern slavery – Guidance | BSI \(bsigroup.com\)](https://www.bsigroup.com/BSI-25700-2022-Organizational-responses-to-modern-slavery-Guidance)

## **Creative Scotland - YMI Access to Music Making Fund**

Applications for Round 2 are now open. The Youth Music Initiative (YMI) Access to Music Making fund is open to a wide range of creative organisations, businesses and individuals based in Scotland. It provides funding for projects that create access to high-quality music-making opportunities outwith school time for children and young people aged 0 to 25 years (or, aged over 25 if they are disabled, care experienced and/or have been a young carer). Applicants can apply for between £1,000 and £30,000 for up to 1 year of activity.

Applications for Round 2 opened on Thursday 3 November 2022 at 2pm. The deadline to apply is Thursday 8 December 2022 at 2pm.

See: [Access to Music Making | Creative Scotland](https://www.creativescotland.gov.uk/youth-music-initiative/youth-music-initiative-access-to-music-making-fund)

## **YMI Strengthening Youth Music Fund**

Applications for Round 2 are now open. The Youth Music Initiative (YMI) Strengthening Youth Music fund is open to a wide range of creative organisations, businesses and individuals based in Scotland. It provides funding for projects that improve the youth music sector infrastructure and the services that organisers offer. It supports strategic action, research or training that will strengthen the youth music



sector in Scotland for the benefit of children and young people. Applicants can apply for between £1,000 and £20,000, for up to one year of activity.

Examples of activities that Creative Scotland might support include, but are not limited to:

- Partnership working between formal and non-formal sectors to support networking at the local or national level.
- Research projects that develop new approaches or methods of working and proposals that explore ways to create opportunities for children and young people to progress through partnerships between formal and non-formal sectors.
- Development of technology that will widen access to music for children and young people.
- Development and pooling of resources that will widen access to music for children and young people.
- Conferences, seminars and events to share good practices or explore issues relevant to the youth music sector.

Applications for Round 2 opened on Thursday 3 November 2022 at 2pm. The deadline to apply is 2pm on Thursday 8 December 2022.

See: [Strengthening Youth Music | Creative Scotland](#)

### **Leadership Development Programme - Aberdeen City and Shire, the East of Scotland, Tayside and the West of Scotland**

The programme will use a blended learning approach to:

- Help identify and integrate your values into the business culture.
- Develop a more successful business that's a fairer place to work.
- Drive engagement, innovation and productivity.
- Increase business resilience and agility to drive faster change.
- Develop strategic decision-making.

There is a full programme of assessments and resources including:

- Diagnostic assessments - personal assessments/diagnostics are undertaken by each participant before the programme.
- Learning portal - access to customised content specific to the key topics of the programme, e.g. learning materials, videos, presentations and podcasts.

- Action learning groups - participants learn together, and share issues and solutions with other experienced leaders who will support, challenge and inspire each other.
- Forward action planning - to measure the programme's impact, track progress against action plans to date and plan the next steps.
- Feedback and planning discussion - based on diagnostic results, identify and agree on action.
- Leadership workshops - an integrated programme of 5 workshops.

See: [Leadership Development Programme \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot)

### **Step Up to Net Zero – Glasgow**

Step Up to Net Zero is an initiative to encourage businesses in the Glasgow area to adopt circular economy practices. It is delivered by the Glasgow Chamber of Commerce in partnership with the Glasgow City Council.

Through the programme, eligible businesses will be assessed and helped to develop an action plan to adopt circular principles and decarbonise.

The action plan will provide businesses with recommendations for:

- Carbon reduction
- Circularity
- Improved waste management

An individual will be placed in each business for 4 months to help the business achieve its goals. This individual will be given industry-specific training and support. The placement will be fully funded.

The programme will run for one year from September 2022 to September 2023. The 4-month placement for each business will begin by the end of February 2023.

See: [For businesses – Circular Glasgow](#)

### **Screen Scotland - Film Festival and Screening Programme Fund**

The Film Festival and Screening Programme Fund supports organisations that produce film festivals and screening programmes that increase the reach, depth, and diversity of screen culture for audiences in Scotland. The fund will help organisations to do this in a viable, sustainable, representative, and high-quality fashion, with meaningful impacts and the involvement of the communities they reach.

The fund will:

- Fund festival and screening activity that is distinctive, high-quality, and valued by the communities it reaches.
- Increase the reach of and access to festivals for under-represented communities, both geographic and demographic.
- Support organisations to develop in a viable, sustainable fashion.

The total budget for this fund is £600,000. Individual awards are likely to be between £10,000 and £60,000.

See: [Film Festival and Screening Programme Fund | Screen Scotland](#)

### **Innovation project support**

Work with Scottish Enterprise's experienced innovation experts to explore and develop new products or services for your business. The service helps innovative businesses in Scotland to grow by supporting them to:

- Identify opportunities.
- Prepare and strengthen the case for potential support and investment.
- Manage intellectual assets (IA) and intellectual property (IP).
- Develop plans for research and development activity (R&D).
- Connect to project partners in industry and academia.
- Develop and launch new and improved products, services, processes and business models.
- Review and analyse their innovation process, culture and strategy.
- Review future technology landscapes, trends and opportunities.
- Access innovation funding available throughout the UK.

The support will be tailored to your business's requirements.

See: [Innovation project support \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot)

### **Feasibility Funding**

Applications are now open for a new round of funding. The Industrial Biotechnology Innovation Centre (IBioIC)'s Feasibility projects provide members with the opportunity to tap into the expertise of Scotland's academics to assist with a biotech-focused proof of concept study to support a future funding application for a larger-scale research work programme.

Feasibility projects should focus on innovative applications of industrial biotechnology and address a real market need or commercial opportunity through

collaborative knowledge exchange and research between industry members and at least one of Scotland's talented higher education institution (HEI) research teams.

See: [Feasibility Funding — IBioIC](#)

### **Green Heat Innovation Support Programme**

The Green Heat Innovation Support Programme (GHISP) provides grant funding, competitive procurement and other forms of support to help Scottish-based companies or companies looking to invest in Scotland develop innovative products, services or business models that address the challenges of green heating.

This support is for companies of any size that are looking to use existing green heat technology in an innovative way, with a focus on:

- Product development
- Industrial testing of new products
- Systems integration
- Manufacturing process improvement in the areas of:
  - Heat network component manufacturing
  - Heating product manufacturing, including all types of heat pumps and thermal storage
  - Energy efficiency product manufacturing
  - Enabling products manufacturing, such as smart controls and/or digital

See: [Green Heat Innovation Support Programme - Scottish Enterprise \(scottish-enterprise.com\)](#)