

Written by 23 January 2023

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!

Remaining resilient in a shrinking economy

Despite a small growth in the economy in November of 0.1%, the UK has been struggling under the weight of high inflation and rising borrowing costs. Most economists are predicting a contraction in the economy in the next six months. Conditions are likely to remain challenging for businesses and individuals alike, so now is a good time to focus on resilience.



Resilience is the process of adapting well in the face of adversity, trauma, tragedy, threats, or significant sources of stress — such as business, workplace, and financial stressors. It means "bouncing back" from difficult experiences.

So what actions can you take now to remain resilient to any downturn in the economy?

Here are a few suggestions to help you think about your business:

- Review your Budgets and set realistic and achievable targets for 2023/24.
- Be careful with 'can't pay' customers and get rid of 'won't pay' customers.

- Review your debtors list and chase up overdue invoices (if appropriate).
- Offer existing debtors extended payment terms and/or discounts (if applicable).
- 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 applicable).
- 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 team members to suggest ways to streamline and simplify processes (e.g. sit down and brainstorm about efficiencies and cost reduction).
- Review your staffing needs over the next few months.
- 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 weekly basis, e.g.:

- Sales Leads generated,
- Orders supplied/fulfilled,
- Cash balance,
- Stock Turnover,
- Debtor Days,
- Gross Profit, and
- Net Profit.

The good news!

The important thing to remember is that the vast majority of people will not lose jobs, the majority of businesses won't fail and, eventually, we'll recover. (*NatWest Bank, Key economic predictions for 2023*).

Talk to us about your business; we have many clients who have changed the way they do things and some really innovative stories to share with you!

Statutory Pay Rates from April 2023

The UK Government has published the proposed statutory rates for maternity pay, paternity pay, shared parental pay, adoption pay, parental bereavement pay, and sick pay from April 2023.

The rates normally increase each April in line with the consumer price index (CPI) and the increase normally occurs on the first Sunday in April, which in 2023 is 2 April.

See: [Benefit and pension rates 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/benefit-and-pension-rates-2023-to-2024)

Research & Development (R&D) Tax Relief Reform Consultation Launched

The UK Government has launched a consultation to simplify the UK's R&D tax relief system.

The 8-week consultation, which runs from 13 January to 13 March 2023, sets out proposals on how a single scheme could be designed and implemented. This would replace the two R&D tax relief schemes currently in place - the Research and Development Expenditure Credit (RDEC) and the small and medium enterprises (SME) R&D relief.

A scheme modelled on the current RDEC for SMEs would also give decision makers in smaller companies clearer information, which will help them set budgets for R&D. In contrast, for those claiming SME tax relief in the current setup, the exact amount of money their firm will receive can only be known with certainty at the end of accounting period.

This is part of the government's ongoing R&D tax reliefs review, and follows changes announced at Autumn Statement 2022 where the generousities of the two R&D tax schemes were broadly aligned, with the Chancellor pledging to work with industry to understand how to provide further support for R&D-intensive SMEs.

Government spending on R&D is aimed at stimulating private sector investment which is why it is increasing investment to £20 billion a year by 2024-25.

See: [R&D Tax Relief Reform Consultation Launched - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/r-d-tax-relief-reform-consultation-launched)

From pensioners to teenagers, HMRC reveals who files a tax return

HMRC has revealed that more pensioners filed a tax return for the 2020 to 2021 tax year compared to young people.

Overall, those aged 65 and over accounted for 16% of individuals who submitted a tax return, whereas 16 to 24 year olds made up 2.7% of total filers.

The new data is part of analysis by HMRC into the demographic data of the Self-Assessment population. The findings also show:

- people aged 45 to 54 were the largest group of filers, accounting for 24% of all tax returns submitted;
- more than 294,000 16 to 24 year olds filed a return; and
- 62% of those who submitted a return last year were men, compared to 38% who were women.

The data also showed that almost 146,000 people submitted their tax return at the earliest opportunity between 6 and 11 April 2021.

More than 12 million people are expected to file a Self-Assessment tax return for the 2021 to 2022 tax year. Anyone yet to submit theirs has until 31 January to complete it, pay any tax owed or set up a payment plan, or risk having to pay a penalty.

See: [From pensioners to teenagers, HMRC reveals who files a tax return - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/from-pensioners-to-teenagers-hmrc-reveals-who-files-a-tax-return)

Innovation Loans Future Economy competition - round 8

Innovate UK is offering up to £25 million in loans to micro, small and medium-sized enterprises (SMEs). Loans are for highly innovative late-stage research and development (R&D) projects with the best potential for the future. There should be a clear route to commercialisation and economic impact.

Your project must lead to new products, processes or services that are significantly ahead of others currently available or propose an innovative use of existing products, processes or services. It can also involve a new or innovative business model.

Innovate UK are particularly interested in projects that focus on the future economy areas included in the [Innovate UK plan for action](#).

You must be able to show that you:

- need public funding,
- can cover interest payments, and
- will be able to repay the loan on time.

You can apply for a loan of between £100,000 and £2 million to fund your project's eligible costs.

Round 8 of this competition closes for applications on Wednesday 8 March 2023 at 11am.

See: [Competition overview - Innovation Loans Future Economy Competition: Round 8 - Innovation Funding Service \(apply-for-innovation-funding.service.gov.uk\)](https://apply-for-innovation-funding.service.gov.uk/competition-overview)

New Landscapes: Catalyst Research & Development Grant Scheme

Applications for the next round of New Landscapes: Catalyst Research & Development Grant Scheme are now open.

The New Landscapes: Fashion, Textiles and Technology Catalyst R&D Grant Scheme will provide five collaborative grants of up to £6,000 cash and up to £15,000 in-kind support to proposals that:

- Grow global networks to enable development of practice, experimentation and testing of sustainable design and production solutions that inspire positive environmental change.
- Support small and medium-sized enterprises (SMEs) to exchange methods of designing and producing in a more sustainable and socially engaged way.
- Support young designers to become advocates for sustainable, ethical and socially engaged fashion, textiles and related technologies.

The closing date to apply is 6 February 2023.

See: [Call for proposals for Fashion, Textiles and Technology partnership with British Council | UAL \(arts.ac.uk\)](#)

Greater control for taxpayers using repayment agents

HM Revenue and Customs (HMRC) is changing the way taxpayers who use a repayment agent can receive overpaid tax to protect them and raise standards among repayment agents.

HMRC will introduce legislation to change the way repayment agents are paid for their services and better protect customers from the unscrupulous tactics used by some operators. This means stopping the use of legally binding 'assignments' as part of claiming an Income Tax repayment, which could only be cancelled if the agent and taxpayer both agreed to do so. This can be challenging for customers who become dissatisfied with their agent, or who simply wish to take over managing their own claim.

Under new arrangements, if a taxpayer chooses to use a repayment agent to reclaim overpaid tax and wants it sent to the agent, they will need to make a nomination, which they can cancel at any time. The new process will make it easier for taxpayers to stay in control of their repayments.

See: [Greater control for taxpayers using repayment agents - GOV.UK \(www.gov.uk\)](#)

Employers should prepare for a warmer future

It might sound strange when we are in the middle of Winter just now, but science shows the planet is getting warmer and the Health and Safety Executive (HSE) is advising businesses to think how they need to adapt to warmer working conditions for their staff.

Employers have a legal obligation under the Management of Health and Safety at Work Regulations to assess risks to the health and safety of workers. They must review the risk controls they have in place and update them if needed. This includes risks from more frequent extreme weather such as heatwaves.

While there is no maximum temperature for workplaces, all workers are entitled to an environment where risks to their health and safety are properly controlled. Heat is classed as a hazard and comes with legal obligations like any other hazard.

The Workplace (Health, Safety and Welfare) Regulations require employers to provide a reasonable temperature in the workplace.

See: [Heat warning: Employers must prepare for a warmer future | HSE Media Centre](#)

The Improving National Workplace Health and Wellbeing Event 2023

Between 2019 and 2021, there has been a 38% increase in reported cases of work-related stress, depression or anxiety, according to the Health and Safety Executive. With the Bank of England predicting a recession at the end of 2022 through to 2023, increased pressure on public services and its workforce is likely. Taking steps to improve staff health and wellbeing is therefore essential to maintaining workforces and continuing to deliver effective public services. This is a key time for professionals across the public sector to come together and share best practice, tips and resources for supporting the wellbeing of public sector employees.

- In 2020/21 there were an estimated 822,000 workers affected by work-related stress, depression or anxiety (Health and Safety Executive).
- In 2021 the Royal Society for Public Health found that people who switched to working from home exercised less (46%) and developed musculoskeletal problems (39%).
- 41% of employees surveyed in 2021 experienced work-related mental health issues last year (BITC).

At The Improving National Workplace Health and Wellbeing Event 2023 you will hear the latest guidance on creating a workplace that promotes the health and wellbeing of all staff. You will be able to engage with best practice case studies on improving work-life balance, developing a whole organisation approach to health and wellbeing, and developing policies to support staff mental health.

The event takes place on the 2nd of February 2023 online.

See: [Improving National Workplace Health and Wellbeing \(healthatwork.uk\)](#)

Chief Business Advisor role created

Sustainable growth and long-term economic success for Scotland will be driven by a newly appointed Business Advisor to the First Minister.

Ellis Watson has held senior positions at a number of companies including John Menzies plc, First Group plc, News Corporation, Syco and DC Thomson. He will work directly with the First Minister, identifying the priorities of the business community and helping shape the government's support and response.

The appointment comes less than a year since the publication of Scotland's National Strategy for Economic Transformation (NSET), which sets out how the Scottish Government will maximise Scotland's economic potential over the next 10 years.

The government states that the "creation of the role demonstrates the Scottish Government's ongoing commitment to working in partnership with the business community and builds on the progress already made in delivering NSET plans for a wealthier, greener and fairer economy."

See: [Chief Business Advisor role created - gov.scot \(www.gov.scot\)](https://www.gov.scot/Chief-Business-Advisor-role-created)

Green Freeports

Inverness and Cromarty Firth Green Freeport and Forth Green Freeport have been jointly selected by the Scottish and UK governments to become Scotland's first Green Freeports.

Following a rigorous assessment and selection process, the two winning bids will be supported by up to £52 million in start-up funding and will benefit from tax reliefs and other incentives through a combination of devolved and reserved powers.

Applicants to become a Green Freeport in Scotland were required to demonstrate how they would contribute towards a just transition to net zero emissions by 2045 and create new, green jobs. They were also required to set out how they would support high-quality employment opportunities with fair work conditions at their core.

See: [Green Freeports - gov.scot \(www.gov.scot\)](https://www.gov.scot/Green-Freeports)

Delivering a fair and secure zero carbon energy system

A route map to secure Scotland's fastest possible fair and just transition away from fossil fuels has been published.

The draft 'Energy Strategy and Just Transition Plan' sets out a plan for Scotland's renewables revolution to be accelerated as North Sea basin resources decline.

This would result in a net jobs gain across the energy production sector, with the potential to increase renewable energy exports and reduce exposure to future global energy market fluctuations.

Key policy proposals published for consultation include:

- substantially increasing the current level of 13.4 Gigawatts (GW) of renewable electricity generation capacity, with an additional 20 GW by 2030, which could produce the equivalent of nearly 50% of current demand;
- an ambition for 5 GW of renewable and low-carbon hydrogen power by 2030, and 25 GW by 2045;
- increasing contributions of solar, hydro power and marine energy to the energy mix;
- generation of surplus electricity enabling export of electricity and renewable hydrogen to support decarbonisation across Europe;
- setting out final policy positions on fossil fuel energy, including consulting on a presumption against new exploration for North Sea oil and gas;
- accelerated decarbonisation of domestic industry, transport and heat in buildings;
- increasing access to affordable energy by urging the UK Government to take stronger, more targeted action for fair energy market reform; and
- maximising household, business and community benefit from energy projects, including through shared ownership of renewables.

Published as part of the draft Energy Strategy is the Just Transition Plan for the energy sector. This details the support being provided to grow Scotland's highly skilled energy workforce, increase jobs in energy generation and the supply chain, while enabling communities and businesses, particularly in the North East, to prosper.

Analysis shows the number of low carbon production jobs is estimated to rise from 19,000 in 2019 to 77,000 by 2050 as the result of a just energy transition, meaning there will be more jobs in energy production in 2050 than there are now.

The Strategy also sets out recommended actions for the UK Government to take in reserved policy areas, including powers relating to energy security, market mechanisms, network investment and market regulation.

Scottish Ministers have invited the UK Government to join an Energy Transition delivery group to drive forward the vision set out in the Strategy.

See: [Delivering a fair and secure zero carbon energy system - gov.scot](https://www.gov.scot/publications/energy-strategy-2023-2027/pages/10-12-2023-delivering-a-fair-and-secure-zero-carbon-energy-system-2023-2027.aspx)
(www.gov.scot)

Crowdfund Perth and Kinross Business Fund

Through this fund, Perth and Kinross Council are making up to £10,000 available to sole traders, businesses, and communities in the Perth and Kinross area. This will help them create, establish, and grow businesses, projects and services that make a real difference to the economy and have the backing of locals.

The fund will offer each eligible project up to £10,000, to cover up to 50% of the total project costs.

If your application is successful, you will receive your funds in 2 parts:

- you will receive the money raised from the crowdfunding campaign once your target is reached.
- you will receive matched funding from Perth and Kinross Council once crowdfunding and due diligence checks are completed.

Priority will be given to existing independent small or medium-sized enterprises (SMEs) that are seeking to grow.

See: [Crowdfund Perth and Kinross Business Fund \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot)