

Written by 27 February 2023

Business News Wales

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!

Is the UK going to swerve a recession?

Better than anticipated purchasing managers' index (PMI) data for February indicate encouraging resilience of the economy in the face of headwinds which include rising interest rates, the ongoing cost of living crisis, labour shortages and strikes.



While many companies continue to report tough operating conditions, especially in the manufacturing sector, the broader business mood has been lifted by signs of inflation peaking, supply chains improving, and recession risks easing. The stress created by last autumn's mini budget is also continuing to work its way out of the financial system.

However, while the data suggest that near-term recession odds have fallen considerably, elevated inflation pressures clearly remain a concern, especially in the service sector. As such, the resilience of the economy and the stickiness of the survey's inflation gauges add to the likelihood of the Bank of England tightening policy further, which may dampen future growth expectations and suggests that the possibility of recession later in the year should not be ruled out.

UK business activity grew back into life in February, according to the flash PMI survey data compiled by S&P Global and sponsored by The Chartered Institute of Procurement & Supply (CIPS), displaying improved growth after six months of continual decline.

The latest reading is consistent with GDP growing at a quarterly rate of 0.3% after a 0.3% rate of contraction had been indicated for January. That leaves the signal for the first two months of the year flat on average, though momentum is clearly improving to suggest that the economy could return to growth in the first quarter as a whole after having stalled in the fourth quarter of last year and having contracted in the third quarter.

See: [UK recession risks ebb as flash UK PMI signals resurgent economic growth in February | S&P Global \(spglobal.com\)](https://www.spglobal.com/economics/news/2020/02/04/uk-recession-risks-ebb-as-flash-uk-pmi-signals-resurgent-economic-growth-in-february)

Age-Friendly Employer Pledge

The Age-Friendly Employer Pledge is an initiative run by the Centre for Ageing Better to help promote age-inclusive working practices.



The programme encourages employers to commit to improving work for people in their 50s and 60s and helps them take the necessary action to help older workers flourish in a multigenerational workforce.

More people are working later in life, but older workers often face prejudice and are overlooked. However, multigenerational workforces drive productivity and innovation.

The Age-Friendly Employer Pledge is a nationwide programme for employers who:

- recognise the importance and value of older workers;
- are committed to improving work for people in their 50s and 60s (and beyond); and

- are prepared to take action to help them flourish in a multigenerational workforce.

Signing up for the Age-Friendly Employer Pledge shows your commitment to older workers.

See: [Age-friendly Employer Pledge | Centre for Ageing Better \(ageing-better.org.uk\)](https://ageing-better.org.uk)

Coping with the rising cost-of-living

The recent rise in the cost-of-living has presented many of us with unexpected challenges. New research suggests that over 12 million people are now borrowing money for food or essential bills and half of them are doing so for the first time in their lives.

The results come as the Money and Pensions Service (MaPS) launches a campaign to reach people who are struggling with cost-of-living pressures, which will run alongside the UK Government's Help for Households.

It focuses on MaPS' MoneyHelper service, which provides free money guidance from an expert in a range of different formats, such as online, webchat, WhatsApp and telephone.

If you're already struggling, or worried things are heading that way, it can feel like there's no way forward. However, the first step to solving money problems is knowing where to turn.

See: [Free and impartial help with money, backed by the government | MoneyHelper](https://moneyhelper.org.uk)

HMRC see an increase in fraudulent claims for R&D tax relief

HMRC state that they have seen an increase in fraudulent claims for Research & Development (R&D) tax relief. They believe companies in certain sectors are being deliberately targeted by third parties to make inaccurate R&D claims as an amendment to their Company Tax Returns. As a result of this, they are increasing their compliance enforcement activity.

As part of a "One to Many" letter campaign, HMRC have sent letters to company directors whose companies have made R&D claims in the past. The letter asks them to review their previous claims using a checklist to make sure that the information they have provided about their claim is complete and correct and, if there is an error, to make amendments as necessary.

Directors are prompted to review their R&D claims by using the following checklist:

- Have you read and understood the [HMRC guidance on R&D?](#)
- Have you considered the conditions for making an R&D claim? Are you happy that the project is seeking an advance in the field of science and technology?

- Do you understand what you're claiming for?
- Who has helped with the supporting R&D report and are they qualified to do so?
- Have you read the R&D report, and do you agree with its contents?
- If you're working with a third party to make a claim, have they answered your questions satisfactorily?
- Does this claim seem to be too good to be true?

See: [Research and Development Tax Relief - HMRC One to Many letter](#)

Does your company have a shareholders agreement?

For limited companies, when it comes to making decisions, Company Law states shareholders who own more than 50% can pass a motion at a company meeting regardless of the views of other shareholders and if a shareholder(s) owns 75% or more of the shares they control the company outright and can veto the decisions of all other shareholders.

This may not suit all business situations, especially where you have two or more founders holding equal share capital or a group of owners with varying amounts of capital, some of whom are directors and some who are not, but who are all working together for the company's success.

A shareholders' agreement is entered into between all or some of the shareholders in a company. It regulates the relationship between the shareholders, the management of the company, ownership of the shares and the protection of the shareholders. They also govern the way in which the company is run.

A shareholders' agreement can help define how a business makes decisions to the benefit of all owners and is recommended where:

- A small number of owners want to reach collective and fair decisions for the benefit of all;
- Some owners may want to be able to influence decisions that are particularly relevant to them; or
- Some shareholders may not be directors and cannot influence operations on a day to day basis.

Typically it is seeking to deal with the three "D's" of death, disability and disagreement. It may also cover a variety of other significant areas for example, retirement and buy back of shares.

Our view is that a shareholders' agreement is an essential document for any limited company and an equitably drafted agreement should provide comfort to all parties to the agreement.

Please talk to us if you need help in planning for an agreement, especially where there are several shareholders, a new company is being formed, a shareholder wants to sell their shares or pass them to their children, someone is nearing retirement, or the company has borrowed money from a shareholder. We can help with share and company valuations and putting the shareholders wishes into an agreement with a local solicitor.

Fairtrade Fortnight 2023

Fairtrade Fortnight 2023 has begun today, 27 February and lasts until 12 March and the theme this year is food. This means you could focus on any aspect of Fairtrade and food to celebrate Fairtrade Fortnight 2023. This could be, climate change and food production, Fairtrade procurement, or food security to name but a few.

Each year Fairtrade Fortnight gives people across the UK the opportunity to celebrate Fairtrade achievements and learn more about the difference that Fairtrade makes.

See: [Fairtrade Fortnight - Fairtrade Foundation](#)

The International Trade Committee (ITC) launch investigation into export opportunities for UK businesses

The ITC is a cross-party Committee of MPs, and they are calling for written evidence submissions which examine the current situation for exporters, the support offered by the UK Government, and how easily exporters can access it.

Over the course of its inquiry, the Committee will investigate the key barriers preventing businesses from exporting, how these can be addressed, and whether the UK Government could provide additional support. Experts, stakeholders, and interested parties are encouraged to submit evidence to the inquiry.

The Committee is asking for initial written evidence to be submitted through the Committee's [web portal](#) by 12pm on Friday 24 March 2023.

It is recommended that all submitters familiarise themselves with [the Guidance on giving evidence to a Select Committee of the House of Commons](#), which outlines particulars of word count, format, document size, and content restrictions.

See: [MPs launch investigation into export opportunities for UK businesses - Committees - UK Parliament](#)

Innovation Loans Future Economy Competition: round 8

Innovate UK is offering up to £2 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.

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.

The closing date to apply is 8 March 2023.

See: [Innovation Loans Future Economy Competition: Round 8 - Innovate UK KTN \(ktn-uk.org\)](https://ktn-uk.org)

HMRC Employer Bulletin: February 2023

HMRC publishes the Employer Bulletin 6 times a year, giving employers and agents the latest information on topics and issues that may affect them.

The February edition of Employer Bulletin has articles on:

- reporting advances of salary;
- changes to Basic PAYE Tools and PAYE Desktop Viewer;
- student and postgraduate loan thresholds from April 2023;
- how to help employees with income tax relief for employment expenses;
- getting ready for the National Minimum Wage rate increase; and
- Martyn's Law - public venue operator requirements.

See: [Employer Bulletin: February 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Innovate UK Transformative Technologies

Innovate UK is offering up to £20 million in grants to small and micro businesses in the UK that have ambitious, innovative ideas that could transform the future of our society and economy.

The competition is open specifically to businesses that have never before been funded by Innovate UK, and that have ambitious, innovative ideas within one of the six challenge themes:

- Semiconductors,
- future telecoms,
- artificial intelligence,
- engineering biology,
- quantum, and
- sustainable manufacturing.

See: [Competition overview - Innovate UK Transformative Technologies - Innovation Funding Service \(apply-for-innovation-funding.service.gov.uk\)](https://apply-for-innovation-funding.service.gov.uk)

Supporting businesses through the cost of living crisis

Escalating costs are a major challenge for businesses across Wales right now. That's why Business Wales is working with their partners to bring together - all in one place - the practical resources and support needed to adapt and navigate the rising cost of doing business. On the website linked below you can find information on the range of support that may be available to help businesses cut costs and improve sustainability.

See: [Cost of doing business | Business Wales \(gov.wales\)](https://gov.wales/cost-of-doing-business)

Sustainable Tourism Wales

If you are uncertain how to get started with sustainability or want to become even more sustainable then download the Business Wales Tourism Resource Packs which include top tips and funding advice for their five core topics of:

- [Water](#)
- [Waste](#)
- [Travel](#)
- [Energy](#)
- [Supply Chain](#)

See: [Sustainable Tourism Wales | Business Wales \(gov.wales\)](https://gov.wales/sustainable-tourism-wales)

The Social Partnership and Public Procurement (Wales) Bill

This legislation was laid before the Senedd on Tuesday 7 June 2022. The Welsh Government intends to bring the Bill into force as quickly as possible, and they hope the legislation will receive Royal Assent in April/May 2023.

The Bill fulfils a [Programme for Government](#) commitment to place social partnership on a statutory footing in Wales. It aims to enhance the well-being of the people of Wales by improving public services through social partnership working, promoting fair work and socially responsible public procurement.

The Bill brings together four principles:

- Social Partnership – business/employers and worker representatives working together to discuss matters of common interest and to develop solutions to the challenges they face;
- Socially Responsible Procurement – taking action when purchasing goods, works and services, to improve economic, social, environmental and cultural wellbeing;
- Fair Work – a range of potential activities undertaken by employers in agreement with the workforce, which contribute to well-being and improved public service delivery; and
- Sustainable Development – doing things now in a way that takes into account the impact on people living their lives in Wales in the future.

The Bill builds on the history and success of social partnership and other collaborative working partnerships in Wales.

See: [Social Partnership and Public Procurement \(Wales\) Bill | GOV.WALES](#)

National Eisteddfod 2023

The National Eisteddfod, Wales' largest cultural festival, will take place in Llŷn and Eifionydd, Boduan, Gwynedd from 5 to 12 August 2023.

Traditionally a competition-based festival, which attracts over 6,000 competitors each year, the Maes (site) itself has grown and developed into a vibrant festival with hundreds of events and activities for the whole family.

The festival attracts some 150,000 visitors each year, so take this opportunity to promote your business to a largely Welsh-speaking audience, by hiring a trade stand at the Gwynedd National Eisteddfod.

The order book for the 2023 Eisteddfod in Llŷn and Eifionydd opens at 10am on Wednesday 1 March 2023.

See: [2023 Tradestands | National Eisteddfod](#)