

Written by 23 October 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!

Inflation holds steady at 6.7%

UK inflation unexpectedly held stable in September at 6.7% as rising fuel costs offset the first monthly fall in food prices for two years to maintain pressure on households during the cost of living crisis.



The largest downward contributions to the monthly change came from food and non-alcoholic beverages, where prices fell on the month for the first time since September 2021, and furniture and household goods, where prices rose by less than they did a year ago.

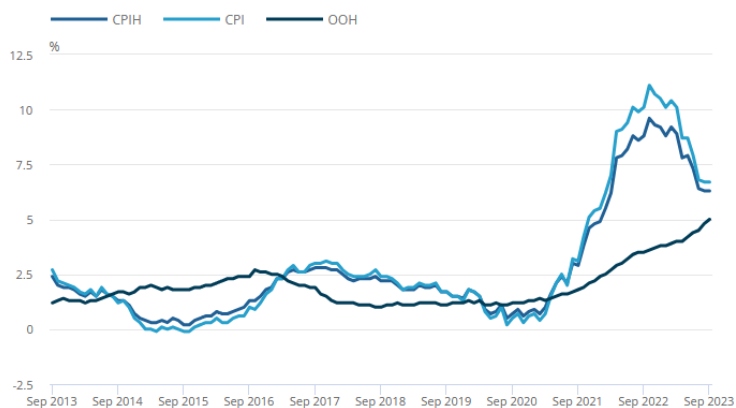
The Consumer Prices Index including owner-occupiers' housing costs (CPIH) rose by 6.3% in the 12 months to September 2023, the same rate as in August.

The Office for National Statistics (ONS) said the annual inflation rate as measured by the consumer prices index (CPI) remained unchanged from August's reading, already raising questions by experts over the Bank of England's next decision on interest rates due in November. City economists had forecast a modest fall to 6.6%.

Occupiers' Housing Costs (OOH) increased by 5% in the twelve months to September 2023.

Figure 1: Annual CPIH and CPI inflation rates increased at the same rate as in August 2023

CPIH, OOH component and CPI annual inflation rates for the last 10 years, UK, September 2013 to September 2023



Source: Office for National Statistics.

So what actions can a business take now to remain resilient to any changes 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 2024.
- Review your debtors list and chase up overdue invoices (if appropriate).
- Assign responsibility to one individual for invoicing and collections.
- 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.

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!

Do you have a side income?

If you do then you are probably aware of the requirement to disclose this on your Self-Assessment tax return. It is important to record any side income accurately and HMRC is going to be able to see exactly how much income you receive when using a digital platform from 1 January 2024.



HMRC have new powers which means that anyone in the UK who makes money selling goods or services online will have their incomes recorded on the digital platform that they use and HMRC will have direct access to this.

Digital platforms include apps and websites which facilitate the provision of goods and services such as the provision of taxi and private hire services, food delivery services, freelance work, and the letting of short-term accommodation.

HMRC will have access to the digital records of businesses such as Airbnb, Fiverr, Upwork, Uber, Deliveroo, Etsy and other online businesses. The change is part of a wider plan for HMRC to keep a more accurate eye on people adding to their existing income through side profits or freelancing and they will be checking tax returns to ensure the figures tally with the records from the platforms themselves.

The power to enable these regulations to be made was introduced under section 349 of the Finance (No.2) Act 2023.

From 1 January 2025, certain UK digital platforms will be required to report information to HMRC about the income of sellers of goods and services on their platform. HMRC will then exchange the information with the other participating tax authorities for the jurisdictions where the sellers are tax resident.

Under the Organisation for Economic Co-operation and Development (OECD) rules, digital platforms in participating jurisdictions will be required to provide a copy of the information to the taxpayer to help them comply with their tax obligations.

The legislation, 'The Platform Operators (Due Diligence and Reporting Requirements) Regulations 2023', as issued in July 2023, can be seen here: [The Platform Operators \(Due Diligence and Reporting Requirements\) Regulations 2023 \(legislation.gov.uk\)](https://www.legislation.gov.uk/uk/2023/1000/1) and the reporting rules for digital platforms can be seen here: [Reporting rules for digital platforms - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/reporting-rules-for-digital-platforms)

If you are not currently filing a tax return then you can check how to register for Self-Assessment here: [Check how to register for Self Assessment - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/check-how-to-register-for-self-assessment)

Please talk to us if you have any questions about a side income and how to declare this on your tax return, we have considerable experience in helping our clients comply with the complex HMRC disclosure requirements.

Latest HMRC tax webinars

Listed below are a number of live HMRC webinars that will help employers with payroll. The webinars are free and last around an hour.

[Expenses and benefits for your employees - social functions and parties](#)

Wed 1 Nov at 11:45am

[Expenses and benefits for your employees - trivial benefits](#)

Tue 31 Oct at 1:45pm

[Statutory Maternity and Paternity Pay](#)

Fri 27 Oct at 9:45am

Tue 14 Nov at 11:45am

[Expenses and benefits for your employees - company cars, vans, and fuel](#)

Thu 2 Nov at 1:45pm

[Expenses and benefits for your employees - phones, internet, and homeworking](#)

Tue 7 Nov at 1:45pm

Wed 8 Nov at 1:45pm

[Statutory Sick Pay](#)

Thu 9 Nov at 11:45am

[Getting payroll information right](#)

Mon 27 Nov at 9:45am

Please talk to us if you have any payroll queries; we have extensive experience in helping our clients comply with HMRC regulations.

The new UK supply chain directory

The High Value Manufacturing (HVM) Catapult could make it easier for domestic manufacturers to connect with a new, free to use, UK Supply Chain Directory.

The platform harnesses the power of machine learning to provide up-to-date information on UK manufacturers. It combines publicly accessible data with web scraping to create the single most data-rich source of UK's manufacturers and suppliers. It also allows companies to put up their company profile to update and enrich their content.



HVM keep Companies House as a reference and it joins information coming from companies' websites, CreditSafe, and Dealroom.

This new tool is bringing together hundreds of thousands of businesses across UK industry in one online resource.

The tool is free to sign up for and access, and businesses can use it to:

- find new suppliers and customers; and
- map the UK's capability in their sector or area.

Users can search the directory according to company size, location, and specialist areas, with a wide range of other filters. Using data-driven classification, users can also find suppliers or supply chains based on manufacturing capability.

See: uksupplychaindirectory.com

Exporting - Rules of origin to South Korea extended

The UK has secured a two-year extension to rules which help British companies to access lower or zero tariffs when selling goods to South Korea.

The extension has been secured under the UK-South Korea free trade agreement and comes as welcome news for businesses who can continue to avoid the high tariffs imposed by South Korea on products entering the country.

It also comes ahead of the launch of negotiations on a new, modernised trade deal between the UK and South Korea which will cover new sectors like digital, expected before the end of the year.

South Korea is the 13th largest economy in the world and set to grow rapidly and its import market is expected to grow 45% by 2035. The UK's trade with Korea has more than doubled since the original FTA was negotiated.

Goods make up the majority of UK exports to South Korea, with £7.3 billion worth exported last year. A broad range of British manufacturing sectors are expected to benefit from the extension, including food and drink and automotive, which is the second largest British export to South Korea.

See: [British businesses celebrate as rules of origin to South Korea extended - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/british-businesses-celebrate-as-rules-of-origin-to-south-korea-extended)

Innovate UK Smart Grants: September 2023

Innovate UK, part of UK Research and Innovation, is investing up to £25 million in the best game-changing and world-leading ideas.

Ideas need to be designed for swift, successful commercialisation and be genuinely new and novel, not just disruptive within their sector.

All proposals must be business-focused, with deliverable, realistic, adequately resourced plans to achieve return on investment, growth and market share following project completion.

Applications can come from any area of technology and be applied to any part of the economy, such as, but not exclusively:

- net-zero,
- the arts, and
- design and media.

To be in scope, your proposal must demonstrate (among other things):

- a game-changing, innovative, and disruptive idea that will lead to new products, processes or services;
- an idea that is significantly ahead of others in the field, set for rapid commercialisation; and
- clear potential to positively impact the UK's position, productivity and competitiveness within the global economy.

Innovate UK will fund feasibility projects, industrial research projects and experimental development projects, as defined in the [guidance on categories of research](#).

Your application must include at least one [micro, small or medium-sized enterprise \(SME\)](#) as the lead or a collaborative grant claiming partner.

Read the [full eligibility criteria and scope for Innovate UK Smart Grants](#).

The competition closes at 11am on Wednesday 17 January 2024.

New wine industry reforms

Following a [public consultation, Wine: reforms to retained EU law](#), the UK government has set out reforms for the wine sector which will begin in 2024.

Feedback from the wine industry has shown that certain regulations within the current 400-page rulebook have been stifling innovation and preventing the introduction of more efficient and sustainable practices.

Changes will include removing some packaging requirements – such as ending the mandatory requirement that certain sparkling wines must have foil caps and mushroom-shaped stoppers. This will reduce unnecessary waste and packaging costs for businesses. Outdated rules around bottle shapes will also be scrapped, freeing up producers to use different types.



The government will also remove the requirement for imported wines to have an importer address on the label - the Food Business Operator (FBO) responsible for ensuring all legal requirements are met will still need to be identified on the label, as is the standard requirement for food products. This will create more frictionless trade and reduce administrative burdens.

Further reforms will also give producers more freedom to use hybrid varieties of grapes. This will enable growers to choose the variety that works best for them and reduce vine loss due to disease or climate change, while also providing greater choice to consumers.

See: [New wine reforms to boost investment and ease burdens on industry - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/new-wine-reforms-to-boost-investment-and-ease-burdens-on-industry)

Mindset: Extended reality for digital mental health

Funding is available for immersive digital mental health therapeutic solutions.

Innovate UK, part of UK Research and Innovation, will invest up to £4.5 million in innovation projects across the two strands of the Mindset XR competition.

The aim of this competition is to develop digital therapeutic extended reality (XR) solutions to provide improved delivery of mental health and wellbeing services.

This competition is split into two strands:

- [strand 1 - for feasibility studies](#)
- [strand 2 - for industrial research](#)

Your project must undertake feasibility studies or industrial research in the application of XR to provide mental health care solutions. Your proposal must specifically explore how digital therapeutic content can provide positive mental health applications and outcomes for young adults (aged 13 and above) or older adults. Your project must also demonstrate that the solution could be applied, trialled and ultimately adopted at scale, to provide a broad benefit to the UK mental health sector.

The deadline for applications to both strands of this competition is 11am on Wednesday 6 December 2023. To find out more about the competition, potential applicants are invited to [register for an online briefing and applicant workshop](#), taking place on Thursday 12 October 2023.

Increased Home Listings in Wales Amidst Falling Prices and Sales

More homes came onto the market in Wales during September according to the latest Royal Institution of Chartered Surveyors (RICS) Residential Market Survey. However, surveyors report that prices and sales continued to fall.

A net balance of 11% of Welsh surveyors reported a rise in new instructions to sell during the month. This is up from -45% in August, and -12% in July.

Looking at pricing over the past three months, a net balance of -63% of Welsh respondents reported that prices had declined. This is the lowest the price balance has been in over a decade. It is above the UK average though, which sits at -69%.

In terms of the outlook for prices, a net balance of -57% of Welsh respondents anticipate that prices will fall over the next quarter, up from -75% the month previous.

The lettings market is in sharp contrast to sales, and demand is continuing to rise. A net balance of 43% of survey participants in Wales saw an increase in tenant demand in the lettings market in September. Meanwhile, the feedback around landlord instructions continues to highlight a scarcity of listings becoming available on the rental market (-43%). Given this backdrop, rents are expected to be pushed higher, with a net balance of 71% of Welsh respondents pencilling growth in rental prices over the next three months.

See: [Increased Home Listings in Wales Amidst Falling Prices and Sales \(businessnewswales.com\)](https://www.businessnewswales.com)

BPS advance payments to be made to Welsh farms

More than £158m was shared by over 15,600 farms across Wales as Basic Payment Scheme (BPS) 2023 advance payments were made last week. This means that over 96 per cent of claimants saw a BPS advance payment worth approximately 70% of their estimated claim value.

The new payment window will run until 15 December. Farm businesses who did not receive an advance payment, but whose claim is subsequently validated before 15 December, will receive the advance payment within the timeline.

Full and remaining balance BPS 2023 payments will be made from 15 December 2023, subject to full validation of the BPS claim. It is expected all but the most complex BPS claims will be fully validated, and payments made before the end of the payment window on 30 June 2024.

See: [BPS advance payments to be made to thousands of Welsh farms | GOV.WALES](https://gov.wales)

Wales Climate Week 2023

Wales Climate Week will take place between 4 December and 8 December 2023 (to coincide with COP28, Dubai on 30 November to 12 December 2023).

The week was established by the Welsh Government in 2019 to bring together individuals and organisations across the public, private and third sectors to join in discussion, share learnings, stimulate new ideas and collaborate on solutions for tackling climate change.

Wales Climate Week 2023 will include a virtual conference and supporting programme of fringe events. Discussions are likely to centre on how we tackle climate change in a fair way and ensure we reflect the cost of living crisis in our approaches.

If you are interested in hosting a virtual conference session or fringe event within your community, or if you are organising your own event and would like this to be publicised on the Wales Climate week event calendar, then please email climatechange@gov.wales

See: [Wales Climate Week 2023 | Business Wales \(gov.wales\)](#)

Report Shows Mixed Economic Picture for Wales

The British Business Bank's third annual Nations and Regions Tracker, finds the use of external finance among smaller businesses in Wales has fallen to 37%, down 13 percentage points from 50% in 2021. This was the largest year on year drop for all Nations and regions across the UK.

This downward trend is reflected across the rest of the UK, with all 12 Nations and regions seeing a decline in usage in 2022. This drop is largely driven by the progressive phasing out and repayment of pandemic support, as most Covid loan schemes, including those of the British Business Bank, closed in the first half of 2022.

Grants saw the largest annual fall in usage in both Wales and across the rest of the UK. In Wales, the share of smaller businesses using grants fell from 16% in 2021 to 9%, the largest year-on-year decline of any type of finance in Wales since pre-pandemic. This is partially attributed, again, to the end of Covid-related grant support.

Core debt products, including credit cards, bank loans and overdrafts, continued to be the most used forms of finance among smaller businesses in all UK nations and regions, with Wales reporting the highest usage of small business bank loans (15%) and leasing/hire purchase/vehicle finance (11%).

See: [New British Business Bank Report Shows Mixed Economic Picture for Wales \(businessnewswales.com\)](#)

Net Zero Sector Skills Consultation

The Welsh Government is seeking views on the skills needed to support our transition to net zero for each emission sector in Wales.

They are consulting on:

- the findings of the Net Zero Skills Action Plan and the 8 emission sectors (as identified in Net Zero Wales);
- the current position of sectors in Wales, including any established skills groups or research/evidence reports to help inform;
- the future skills needs, and evidence of demand linked to key milestones (to include climate change pathways, key investments or investment opportunities, changes in industry practices aligned to carbon reduction, new technologies, key developments, policies, transitioning activities etc.;
- cross-cutting themes of digital, procurement, Welsh language, and Innovation to identify alignments and skills needs; and
- employer challenges and barriers to upskilling and accessing a skilled workforce.

The outcome of this consultation will support the development of sector skills roadmaps.

See: [Net zero sector skills | GOV.WALES](#)