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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!

2024 - A year for flexibility?

Firstly, we wish all our clients a healthy and prosperous 2024!

Looking back at 2023, we have been amazed at the resilient way our clients have handled the uncertain economy. You have demonstrated to us how we can all be flexible and readily adapt to a change in circumstances!

We hope that by this time next year we all will be looking back on a more settled 2024. However, we have to admit that uncertainty is an inevitable part of business life.

With this in mind, for January, we are encouraging all clients to take time to prepare a 2024 Strategic Plan. A plan that will set you on a course to success.

"A sailor without a destination will never get a favourable wind!"

We all know this simple truth: It is easier to get to your destination with a plan. When you are driving from A to B, it helps to know where B is and the direction you need to take to get there.

If you have a vision of what you want your business to look like when it is "complete" then you will be able to 'drive' your business towards that vision and monitor how you are doing as you go along.

Without a strategic plan, you could end up like flotsam in the sea; being blown 'this way and that way' without any control.

On the other hand, a plan helps you to keep your business focused on the things it is good at doing. It helps you determine where to spend time, resources and money for the best effect.

How do you put together a strategic plan?

- **Take time to review your own personal objectives.** The business is there to provide you with what you want from life. Do not forget this.
- **Look at where you are now.** Assess your strengths, weaknesses, opportunities, and threats. Identify your position in the marketplace, the competition, your systems, and what you are good (and not good) at.
- **Focus on where you want to be.** Look ahead (say) 2 years. What do you want your business to look like when it is running profitably and successfully?

This will help you determine your priorities - the big issues on which you need to focus. This is the strategic plan!

- **Write your vision down (or type it up!).** Define what must be achieved and the actions you need to take.
- **Allocate responsibility.** Specify who is responsible for doing what.
- **Monitor, review and adjust.** Monitor how you are doing each month against your plan and consider what needs to be done to keep you moving forward. If your plan begins to look unrealistic, be prepared to review and adjust it.

We have useful tools and checklists to help you analyse where you are now, set a strategy, agree actions and then monitor them. Please talk to us about how we can help you achieve your goals - we have helped many other businesses grow and succeed!

Zero emission vehicle transition by 2035 now law

The government has set a pathway towards all new cars and vans being zero emission by 2035. This zero emission vehicle mandate became law on 3 January 2024.

The press release marking the commencement of the new laws comments that the UK now has the most ambitious regulatory framework for the switch to electric vehicles of any country in the world. The mandate is expected to help the car industry and manufacturers to have certainty and be able to safeguard jobs.

Originally the ban on new diesel and petrol cars was set to come into force in 2030, however this was pushed back to 2035 by the Prime Minister, Rishi Sunak, in September 2023. Availability of new electric cars, high costs, concerns about practicality from small businesses, and a lack of nationwide charging infrastructure were cited as the main reasons for the decision.

The postponement took the pressure off businesses and consumers alike but added uncertainty for businesses and investors involved in electric cars and the related technology. By making the mandate law it seems the government hopes to demonstrate a solid commitment to their pathway for zero emission vehicle transition by 2035.

In addition to setting the end date, the zero emission vehicle mandate also specifies the percentage of new zero emission cars and vans that manufacturers will have to produce each year up until 2030. The mandate requires that 80% of new cars and 70% of new vans sold in Great Britain be zero emission by 2030. This will then increase to 100% by 2035.

The UK's charging network continues to grow. The government reports that there are now over 50,000 public chargepoints, a 44% increase on this time last year. The target is 300,000 chargepoints by 2030.

Businesses should therefore be considering this mandate when reviewing company car and van purchases. There are tax advantages to having an electric vehicle as a company car with reduced benefit in kind costs, although these need to be weighed against the purchase cost.

It is also worth remembering that there is a plug-in van grant of up to £2,500 for small vans and £5,000 for large vans available at least until 2025 that can help defray the cost. For guidance on the grant, click here: [Plug-in Van Grant guidance](#)

If you would like any help with assessing the costs and tax on electric vehicles, please feel free to contact us. We would be happy to help!

See: <https://www.gov.uk/government/news/pathway-for-zero-emission-vehicle-transition-by-2035-becomes-law>

Draft business guidance to boost skills and unlock the benefits of AI

Businesses across the UK are to receive new support in unlocking the full potential of AI within their workforce.

As part of the UK government's National AI Strategy, The Alan Turing Institute is developing guidance designed to empower businesses and individuals to embrace AI. They published a draft version of the new guidance last month and held a brief public consultation inviting feedback from employers and training providers.

According to The Alan Turing Institute, this document is "the first step towards developing a full framework, which aims to support employers, employees, and training providers to identify upskilling routes and understand the competencies required to deliver value from AI."

The guidance is a high-level reference that sets out the competences needed across five key areas and will help employers to identify upskilling needs across their workforce.

You can download a copy of the draft "AI Skills for Business Competency Framework" document here: https://iuk.ktn-uk.org/wp-content/uploads/2023/11/Final_BridgeAI_Framework.pdf

Given the growing use of AI in businesses across the country, this could serve as a useful tool for employers to ensure their business harnesses the potential of AI technology. By upskilling workers, businesses will also ramp up productivity and ensure their workforce can focus on the tasks that will make the biggest impact.

This first step will be followed up by further consultation with the business community to develop sector-specific case studies and resources and a full skills framework.

See: <https://iuk.ktn-uk.org/news/ai-skills-for-business-guidance-feedback-consultation-call-from-the-alan-turing-institute/>

Data protection - UK-US data bridge - a factsheet for UK organisations

Following a review of the current handling and protection of personal data, the UK and US have established a "data bridge". This allows personal data to freely move between UK businesses and certified organisations in the US.

International data transfers are central to the transactions of many businesses, and under previous arrangements, any transfer of personal data to the US required costly contract clauses to ensure privacy and protection standards.

Now, where the US organisation is appropriately certified, the new bridge removes this burden.

A US organisation is placed onto the Data Privacy Framework List (DPF list) on the DPF website once they have been certified. They can then receive UK personal data through a UK-US data bridge.

UK businesses will need to ensure they update their privacy policies and document their data processing activities to reflect any changes in how they transfer personal data to the US.

See: <https://www.gov.uk/government/publications/uk-us-data-bridge-supporting-documents/uk-us-data-bridge-factsheet-for-uk-organisations>

Is it too cold to work?

This winter has been one of the mildest on record so far, but there is still time for a cold snap, and this often raises questions about whether it is too cold to work. In fact, this question is one of the most popular topics on the HSE website.

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

Clearly this will depend on what work is being done and the environmental conditions, but for an indoor workplace, the minimum temperature should normally be at least 16 degrees Celsius. This drops to 13 degrees Celsius where the work involves rigorous physical effort.

Under the same Regulations, employers have to assess the risks to workers and put in place controls to protect them. Temperature, whether indoors or outdoors, is one of those risks.

This means that employers need to be alert to ensuring that the heating in each workroom is capable of maintaining a comfortable temperature. The heating system too needs to be well maintained so that it doesn't give off dangerous fumes or offensive smells.

It may also help to check that doors and windows can be closed properly to prevent cold drafts. Flexible working hours or early/late starts may help staff to avoid low temperatures. And relaxing formal dress codes may help staff be able to dress more appropriately for the temperature.

Further guidance is available on the HSE website.

See: <https://www.hse.gov.uk/temperature/employer/index.htm>

4,757 festive tax return filers

HMRC announced that 4,757 taxpayers filed their Self Assessment tax return on Christmas Day.

This added to 8,876 being filed on Christmas Eve and a further 12,136 being filed on Boxing Day. Apparently, the peak time was between 12 and 1pm on Boxing Day when HMRC received 1,121 returns.

Myrtle Lloyd, HMRC's Director General for Customer Services, used the opportunity to encourage all to file their return in good time when he said: "Our Christmas Day filers proved that there is no time like the present to get started on Self Assessment ... There's no need to delay, getting it done ahead of the 31 January deadline means less stress and longer to work out payment options."

If you need help with your tax return, or haven't let us have your tax return information yet, please don't hesitate to get in touch. We will be happy to help you complete this essential job!

See: <https://www.gov.uk/government/news/many-happy-returns-from-4757-festive-filers-on-christmas-day>

Government reforms on reuse and recycling of electrical goods

The government has announced new UK-wide plans designed to make it easier to recycle electrical goods.

A range of measures are proposed, including:

- Collecting waste electrical items directly from households. These collections would be financed by the manufacturers, and not the taxpayer.
- Free of charge collection drop points for electrical items being provided by large retailers, without a need to buy a replacement product from the retailer.
- When delivering replacement large electrical items, such as fridges and cookers, the retailer being responsible for collecting the old one.

The proposals mean that recycling of electrical goods can be a convenient part of a person's regular routine.

It is estimated that 155,000 tonnes of smaller electrical items, including cables, toasters, kettles, and power tools, are currently thrown in the bin each year with no thought to recycling. In addition, it is estimated that a further 527 million unwanted electrical items are currently sitting unused in UK homes but contain valuable materials such as gold, silver, and platinum that could be reused.

Just during the Christmas period, 500 tonnes of Christmas lights are thrown away each year in the UK.

The scale of the problem and the potential for reuse of materials mean these proposals have the potential to drive further growth in the UK's treatment and re-use sector and benefit those businesses working or expanding into this area.

The announcement also reports on a recent study on public attitudes and behaviours around recycling. The study found that around 86% of people in the UK think that recycling and the associated time it takes to do this properly is worthwhile. More than 77% of householders would see a retailer offering an electrical recycling service as more environmentally responsible.

Therefore, being able to demonstrate an environmentally conscious approach is likely to benefit any business and is well worth considering in your business plans and marketing.

See: <https://www.gov.uk/government/news/government-reforms-set-to-spark-greater-reuse-and-recycling-of-electrical-goods>

Paying tax on cryptoasset transactions

HMRC recently launched a new campaign targeted at crypto investors as part of a crackdown on tax evasion. They have introduced a new disclosure and payment service for taxpayers to voluntarily disclose and pay any unpaid taxes associated with cryptoassets.

Cryptoassets (also known as tokens or cryptocurrencies) include exchange tokens (for example, bitcoin), non-fungible tokens and utility tokens.

HMRC view the profits or losses incurred from buying and selling such cryptoassets as liable for capital gains tax. Only in exceptional circumstances would they recognise crypto trading as a taxable 'business' trade.

Many who own cryptoassets may not be aware of the tax obligations on these digital assets. This voluntary disclosure service provides an opportunity to put things right with potentially lower penalties than if HMRC discover the underpayment for themselves.

Such a discovery is likely to become easier for HMRC. Tax avoidance from using cryptoassets is a subject of international concern, and there are moves to require crypto platforms to share taxpayer information with tax authorities.

If you or anyone you know needs any advice or help in this area, please don't hesitate to contact us!

See: <https://www.gov.uk/guidance/tell-hmrc-about-unpaid-tax-on-cryptoassets>

Minimum wage rates increase from 1 April 2024

Employers should be aware that all minimum wage rates increase on 1 April of each year. For 2024, these increases are substantial. The increases apply to all National Minimum Wage rates and the National Living Wage rate.

Another change that comes with the new rates is that the National Living Wage is being extended to include those aged 21 years old and over.

Minimum wage - increased rates from April 2024

See the table below that shows the current minimum wage rates and new rates from 1 April 2024:

	Current rate (since April 2023)	New rate from April 2024	Increase
National Living Wage (23 years old and over)	£10.42	£11.44 (21 years old and over)	9.8%
National Minimum Wage (21-22 years old)	£10.18	N/A	N/A
National Minimum Wage (18-20 years old)	£7.49	£8.60	14.8%
National Minimum Wage (16-17 years old)	£5.28	£6.40	21.2%
National Minimum Wage (apprentice rate)	£5.28	£6.40	21.2%
Accommodation Offset	£9.10	£9.99	9.8%

If you would like help with your payroll, please don't hesitate to call us; we are here to help!

Date set for Spring Budget 2024

The Chancellor Jeremy Hunt has commissioned the Office for Budget Responsibility to prepare an economic and fiscal forecast to be presented to Parliament alongside his Spring Budget on 6 March 2024.

We will keep you updated with any announcements that could affect you or your business.

See: <https://www.gov.uk/government/news/spring-budget-2024-date-confirmed>

Scottish Budget 2024-25

Deputy First Minister and Finance Secretary Shona Robison presented the Scottish Budget 2024-25 on 19 December 2023.

For 2024-25 Scottish Income Tax, the Starter and Basic rate bands will be increased by inflation to £14,876 and £26,561 respectively. The Starter, Basic, Intermediate and Higher rates will remain unchanged. The Higher rate threshold and Top rate threshold will remain unchanged. A new Advanced rate will be added at a rate of 45p applying to income over £75,000.

An additional 1p will be added to the Top rate, increasing the rate from 47p to 48p on income over £125,140. These changes are proposed to take effect from the start of the tax year on 6 April 2024 when there will be six bands in the Scottish Income Tax system.

For 2024-25 Land & Buildings Transaction Tax (LBTT), residential and non-residential rates and bands will be maintained at their current levels. The first-time buyer relief will also be preserved.

See: <https://www.gov.scot/publications/scottish-budget-2024-25/pages/4/>

Over 50% cutting back on non-essential spending

According to recent research assessing confidence for 2024 from KPMG UK, those who feel worse about their financial security outnumber those who feel more secure by nearly two to one.

As a result, 51% of consumers plan to cut non-essential spending in 2024 with eating out, takeaways, and clothing at the top of their cost cutting hit list.

Many polled are looking to save money by buying more own brands or discounted items, to buy less, and to make greater use of loyalty schemes.

A further finding of the survey was that price, quality, and convenience are the three most important factors to consumers, but price matters the most by some distance.

These findings are consistent with similar research carried out for 2023. Continued uncertainty around higher mortgage rates and rent means the need to cut non-

essential costs is increasing for many. Those who have already made changes to their spending habits in 2023 are likely to continue doing so.

Margins are already under pressure for many businesses, and so it will be important for them to continue to find ways to remain competitive.

See: <https://scottishbusinessnews.net/over-50-of-people-in-scotland-to-cut-back-on-non-essential-spending-in-2024/>

Scottish businesses signal confidence for 2024

The Bank of Scotland has conducted research looking at how Scottish businesses are planning to approach 2024.

2023 has been challenging, with high inflation and a sluggish economy. However, with inflation expected to fall, 68% of businesses contacted felt confident that they would be more profitable in 2024 than 2023.

The survey revealed the top three areas that the businesses contacted are planning to focus their attention on in the coming year. First was investing in staff training, second was developing their business, and third was increasing staff wages. In fact, almost half (49%) of the businesses surveyed expected to hire new staff in 2024.

Despite a gloomy consumer outlook, many businesses see reason for confidence as they anticipate more positive macroeconomic conditions in 2024 and are gearing up for this.

Taking time to look at your own priorities for the coming year and diligently managing cashflow and costs can help you too to be ready to benefit from new opportunities and tackle future problems effectively.

See: <https://scottishbusinessnews.net/scottish-firms-pick-productivity-training-and-hiring-as-top-new-years-resolutions/>

Funding available for help grow local supply chains

A new government pilot will help small producers to access a range of new support.

£180,000 has been allocated to the Small Producers Pilot Fund. This will be used to help small producers and crofters to set up more localised supply chains and reduce the amount of miles food needs to travel.

The Scottish government announcement says that use of the funding will include supporting two small-scale abattoir projects, as well as to procure training courses and setup an information resource webpage for small producers.

Rural Affairs Secretary Mairi Gougeon is quoted as saying: "The Small Producers Pilot Fund will help small producers grow their businesses and facilitate the growth of a more diverse and resilient food and drink industry."

“This pilot marks the start of our wider efforts to help small producers move to more green and sustainable production methods.”

See: <https://www.gov.scot/news/supporting-small-producers/>