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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!

### **Navigating recession: Key considerations for your business**

The Office of National Statistics released official figures last week showing the UK is now officially in recession.

Gross domestic product (GDP) for the October to December 2023 quarter dropped by 0.3%. This followed a fall in the July to September 2023 quarter of 0.1%. A fall in GDP in two or more consecutive quarters constitutes a recession.

Experts will generally assess the health of an economy on a number of factors, rather than solely look at the headline GDP rates. However, the “recession” word quickly takes hold in news headlines and brings apprehension and uncertainty with it.

While it may be a time for concern, proactive measures can mitigate its impact and even present opportunities for growth. Here are some key things for businesses to look at when navigating the onset of a recession.

#### Financial resilience:

Assess how your business’s finances currently look. Where possible, look to strengthen cash reserves and reduce unnecessary expenses. Are there ways you could diversify your income sources so as to avoid being overly reliant on 1 or 2 major customers?

Prepare cashflow forecasts and see if you can predict where a potential downturn in income might come. Based on this, you may be able to make some contingency plans or time payments on essential expenditure so you don’t leave yourself short at the wrong time.

#### Analyse your customers’ behaviour:

During economic downturns, spending behaviours generally often change. Priorities are put on essential purchases while what is seen as non-essential or non-urgent is put on the back burner. How will this affect how your customers buy from you? Could you tailor your marketing strategy or the products or services you offer your customers so that they appeal to their current needs and price sensitivities?

#### Review your supply chain:

It’s a good time to evaluate the resilience of your supply chain. Do you have key suppliers that may struggle with a down-turn? It could be that exploring alternatives would be wise. On the other hand, if you are in a relatively strong financial position, it

could be a good time to support a trusted supplier, perhaps ensuring reduced pricing or longer-term loyalty.

Strengthening your relationships with key suppliers and maintaining open communication with them can also help you to anticipate and address potential challenges.

#### Nurture staff morale:

Continue to invest in and nurture staff morale. Staff can also become anxious in an economic downturn, and this can easily affect morale and productivity. Consider cost-effective strategies that will help you retain talented staff. For instance, flexible work arrangements, skill development programs and performance incentives can help to keep staff incentivised.

Your staff may also have good ideas that will help your business to adapt. Spending time talking with them and giving them the authority to contribute innovative solutions can provide you with a very valuable resource.

#### Strategic investments:

While there are uncertainties in an economic downturn, there are usually also opportunities. It can be well worth exploring investment opportunities if you are in a position to do so.

Look for undervalued assets or potential mergers or acquisitions that can be done for a reduced price. You may be able to capitalise on the downturn to buy assets at a favourable price and position your business for long-term growth.

#### Government assistance:

There are many government assistance programs available, and additional ones may be added to support business continuity through a recession. Policy changes, tax relief measures, funding schemes, and loan financing assistance are all possibilities that your business could take advantage of. Stay informed about what is available, as these programs can provide much needed support.

#### Long-term vision and a positive attitude:

Maintain a long-term perspective, as it will help prevent you getting caught up in negative thinking that can stifle your ability to successfully adapt to change. A recession is a technical marker of the UK-wide economic landscape, but it is not necessarily an indicator for how your business can perform. Keeping a positive attitude will allow you to see the opportunities you have available to you and give you the drive to see them through.

In conclusion, navigating a recession takes good planning and adaptability. But by taking proactive steps, like those we have mentioned, your business can not only weather the economic downturn but also emerge stronger and more competitive in the long run.

We are here to support you during tough times, why not ask us about our Tough Times Action Pack that is designed to provide you with useful guidance and support.

## **Customer satisfaction index drops: how can you avoid the same in your business?**

The Institute of Customer Service published its latest UK Customer Satisfaction Index (UKCSI) figures for January 2024. The Index has fallen by 1.7 points since last January to 76.0 (out of 100) - <https://www.instituteofcustomerservice.com/research-insight/ukcsi/>

Each of the 13 UKCSI sectors showed lower customer satisfaction than a year ago, with Utilities, Transport, Insurance and Service declining by more than 2 points. The highest rated organisations are Ocado (85.7), first direct (85.3) and John Lewis (85.1).

Looking at an index update like this can provide a good opportunity to reflect on the customer satisfaction of your own customers. Good customer service is characterised by several key elements that prioritise and promote positive experiences for customers.

### Effective communication

Clear and concise communication that demonstrates an understanding of customers' inquiries and addresses them promptly is key. This needs to be true wherever the interaction happens, whether through in-person interactions, phone calls, emails, or live chat support.

### Empathy

Empathy is essential for demonstrating that you understand a customer's needs, emotions and concerns. Empathetic customer service will allow your customers to feel a rapport with you that builds trust.

### Responsiveness

Customers expect their needs and any issues they have to be dealt with in a timely manner. Prompt response times tell a customer that they are important to you and build loyalty.

### Consistency

A high service level in one area of the business can be compromised if other areas of the business do not maintain the same standard. For instance, a high standard in pre-sales support will be undermined if after-sales support is lacking. Consistency across all touchpoints and interactions with customers is therefore important. It gives your customers confidence in your business and contributes to you winning repeat business.

### Flexibility

Each customer is unique, so being able to accommodate customers' preferences and resolve unique situations or challenges is an important part of being able to keep your customers happy. Being willing to go the extra mile, and to tailor solutions to individual customer needs, can significantly enhance satisfaction and loyalty in your customers.

### Continuous improvement

Regularly collecting feedback from customers and implementing the insights that it gives you will allow you to adapt and evolve your customer service practices to meet their changing needs and preferences.

### Good business systems

Having good business systems in place helps staff in their quest to provide excellent, consistent customer service. Good systems mean that staff know who is responsible for what, and where or who to get information and authorisations from when they need it.

Why not talk to us about how we can help you with improving your business systems for growth? We would be happy to help you!

## **Inflation stays flat**

Official figures were released last week showing that inflation remains at 4% in the year to January.

Energy prices have increased due to the new energy price cap, and the price for second-hand cars also rose by 1.5%. However, food prices fell for the first time in two years by 0.4%. Discounts offered by retailers for furniture and household goods in the January sales have also exerted a downward push on inflation.

Of course, inflation staying flat does not mean that prices are not increasing. A 4% inflation rate means that prices are still going up at double the rate targeted by the Bank of England.

The Office of National Statistics (ONS) have also released figures showing that pay, excluding bonuses, grew by 6.2% in the last quarter of 2023. While this and the number of job vacancies have reduced since the summer, pay growth still exceeds inflation. The former deputy governor of the Bank of England said that he would be surprised to see the Bank lowering the base rate until this changes.

Businesses therefore continue to face increased prices for supplies and pressure to increase staff wages to meet their costs of living, while trying to balance what can be passed on to customers.

However, Chancellor Jeremy Hunt took the news as a positive, saying: "Inflation never falls in a perfect straight line, but the plan is working."

See: <https://www.bbc.co.uk/news/business-68285819>

## **Some self-catering holiday let owners being asked to provide trade information**

The Valuation Office Agency (VOA) is contacting the owners of some self-catering holiday lets. The lets in question are ones that are currently being assessed for business rates.

The VOA are looking for additional information about the income and expenditure of these properties. This will assist in calculating the rateable value of the property.

This enquiry follows an exercise undertaken by the VOA last year to contact self-catering holiday let owners. The information requested at that time enabled the VOA to decide whether the properties should be assessed for business rates or Council Tax.

The rateable values of self-catering holiday lets must be updated by the VOA every three years, and the information being requested helps them to revalue properties correctly.

Forms will be sent out between February and August. If you receive one, then it must be returned within 56 days to avoid paying a penalty.

If you receive a form and need any help with completing it, please contact us and we will be happy to help. If you are expecting a form and do not receive one, or otherwise believe that the rateable value for your holiday let is incorrect, let us know and we'll be pleased to help.

For more information on how properties are valued, see:

<https://valuationoffice.blog.gov.uk/2023/02/20/how-we-value-self-catering-holiday-homes/>

See: <https://www.gov.uk/government/news/providing-trade-information-for-self-catering-holiday-lets>

## **Violence and abuse towards shop workers increases to 1,300 incidents a day**

A crime survey carried out by the British Retail Consortium (BRC) shows a 50% increase in levels of violence and abuse towards shop workers. During 2022/23 there were 1,300 incidents a day compared with 870 a day in the previous year.

The abuse includes racial abuse, sexual harassment, physical assault and threats with weapons, and is on a par with the levels of abuse retail workers experienced during the pandemic when safety measures frustrated many.

Theft costs have increased to £1.8 billion from £953 million the year before, with 45,000 incidents a day.

These increases are all despite retailers investing £1.2 billion (compared with £722 million in the previous year) on CCTV, increased security personnel, body worn cameras and other security measures.

The survey also indicated a high level of dissatisfaction with the police, 60% of respondents describing police response as 'poor' or 'very poor'.

Katy Bourne OBE, Sussex Police & Crime Commissioner and APCC Lead for Business Crime, has described the levels of retail crime as revealing "an unprecedented level of selfish lawlessness." She has urged greater police focus on the problem.

Calls are being made for a standalone offence to be introduced for assaulting, threatening, or abusing a retail worker in the hope that this will help deter offenders. Retail workers in Scotland already benefit from such a law, where this offence was introduced in 2021.

Retail business owners continue to need to assess the risks and consider what measures they can take to effectively protect their staff and business.

See: <https://brc.org.uk/news/corporate-affairs/retail-crime-a-crisis-that-demands-action/>

### **HMRC warns about an increase in tax refund scams**

HM Revenue and Customs (HMRC) are warning that fraudsters could focus on Self Assessment taxpayers.

With the tax return filing deadline having just passed at the end of January, an email, phone call or text message that offers a tax rebate may appear more believable than usual.

HMRC say that they have responded to 207,800 referrals in the year to January, with more than 79,000 relating to fake tax rebates. The total number of referrals has increased by 14% over the previous year, suggesting fraudsters are increasing their efforts.

Scammers are looking to get personal details that they can sell on to criminals, or to gain access to bank accounts and phish for these details using emails, phone calls or texts that appear to mimic an HMRC message.

To protect yourself, avoid rushing into anything and always protect your personal information.

HMRC have confirmed that they will not email, text or phone a customer to tell them that they are due a refund, or to ask them to request a refund. Repayments will be made automatically into the account chosen when filing the tax return. Alternatively repayment amounts can be seen and payment requested in your online HMRC account or in the HMRC app.

If you receive contact that you are suspicious of, you are encouraged to report it to HMRC. You can:

- Forward emails to [phishing@hmrc.gov.uk](mailto:phishing@hmrc.gov.uk);
- Report tax scam phone calls to HMRC on GOV.UK; or

- Forward suspicious texts claiming to be from HMRC to 60599.

If you are in any doubt whether contact you have received is genuinely from HMRC, please do not hesitate to contact us and we will be pleased to help you!

See: <https://www.gov.uk/government/news/warning-to-self-assessment-customers-as-scam-referrals-exceed-200000>

## **New trade and investment partnership with Nigeria**

Last week the UK signed an Enhanced Trade and Investment Partnership with Nigeria to boost trade and investment between the two countries.

In the year to September 2023, trade between the two countries totalled £7 billion. UK exports to Nigeria were £4 billion in that year, which represented a 3% increase in current prices over the previous year.

The partnership will allow for additional opportunities in the financial and legal services sector, the film and media industry and for UK education providers to offer education in Nigeria.

Lawyers in both the UK and Nigeria will benefit from the agreement that facilitates them practising foreign and international law in each other's country.

Nigeria's economy is the biggest in Africa and is predicted to be in the world's top 20 by GDP by 2035.

See: <https://www.gov.uk/government/news/uk-signs-landmark-economic-partnership-with-nigeria>

## **What's your policy on scanning QR codes?**

Since the COVID lockdowns, QR codes have become increasingly commonplace as a quick way to direct people to websites, to log into online video services on smart TVs and TV boxes, or to order or pay for goods and services.

But is your business protected from the risks that may come from criminals using malicious QR codes? Do you have a policy for your staff in place? What issues do you need to consider?

The National Cyber Security Centre (NCSC) have provided some guidance on the subject in a recent blog post.

They advise that QR code related scams are relatively small compared to other types of cyber fraud. The majority of QR code-related fraud usually happens in stations, car parks or other open spaces and often feature an element of social engineering, such as a criminal posing as a bank employee calling to continue the deception.

QR codes are increasingly being used in phishing emails, sometimes called 'quishing'. This is because people are more suspicious of links in emails and so QR codes may more easily disguise a link to a malicious website. Also, security tools that detect phishing emails may not scan images and so let a QR code through.

Criminals are also aware that a person is likely to use their personal phone to scan a QR code. Personal devices don't usually have the same security protections as an employer-provided computer.

NCSC make the following recommendations that could be used as the basis for a work policy on use of QR codes:

- QR codes used in pubs and restaurants are likely to be safe.
- Scanning QR codes in stations, car parks and other open spaces is likely to be riskier. Whenever you are being asked to provide what feels like too much information you should be suspicious.
- Exercise caution about scanning a QR code in an email. These types of quishing attacks are on the increase.
- Use the QR scanner that comes with your phone rather than using an app downloaded from an app store.

See: <https://www.ncsc.gov.uk/blog-post/qr-codes-whats-real-risk>

### **A reminder for businesses on waste recycling responsibilities**

A Buckinghamshire-based company has recently made the news, not for their innovative products or services, but for their failure to adhere to regulations on recycling waste packaging.

Hi-Tech Coatings International Limited, located in Aylesbury, found themselves in hot water for neglecting their obligations under the Producer Responsibility Obligations (Packaging Waste) Regulations 2007. As a result of their oversight, the company has had to make a significant financial contribution of nearly £21,000 to a local charity, in addition to covering Environment Agency costs.

The company were proactive in making amends and showing how they will comply with the law in the future. The Environment Agency were willing to accept the company's offer and did not proceed to prosecution in this case.

Berks, Bucks and Oxon Wildlife Trust are the beneficiaries of the company's contribution. The money will be used to help protect local wildlife habitats and wetland areas in Buckinghamshire.

The regulations are designed to ensure that businesses take responsibility for the recycling of packaging waste. A senior technical officer for the Environment Agency, Jake Richardson, has said: "Any company handling more than 50 tonnes of packaging a year, and with turnover in excess of £2 million, must register with the Environment Agency or a packaging compliance scheme, and meet their responsibilities for recycling waste packaging."



This financial penalty serves as a stark reminder of the importance for businesses to stay aware of their environmental responsibilities, particularly when it comes to waste management and recycling. By fulfilling their responsibilities for recycling waste packaging, companies not only mitigate financial and legal risks but also contribute to the preservation of natural ecosystems and the well-being of future generations.

See: <https://www.gov.uk/government/news/buckinghamshire-firm-pays-heavily-for-packaging-oversight>

## Income tax increases from 6<sup>th</sup> April 2024

The Scottish Government has made some key changes to Scottish Income Tax that will take place from 6 April 2024.

The first is the introduction of a new 'Advanced' tax band with a tax rate of 45% for income between £75,001 and £125,140.

Scotland also has a 'Top' tax band that applies to income above £125,140. The tax rate for this band will increase to 48% (from 47%) for the 2024/25 tax year.

A summary of the new income tax rates is detailed below. If you have any concerns about how the new tax rates will affect you, please feel free to contact us and we will be happy to help!

### Income tax rates and bands

	2023-24		2024-25	
	Band	Rate	Band	Rate
<b>Starter</b>	£12,571* - £14,732	19%	£12,571 - £14,876	19%
<b>Basic</b>	£14,733 - £25,688	20%	£14,877 - £26,561	20%
<b>Intermediate</b>	£25,689 - £43,662	21%	£26,562 - £43,662	21%
<b>Higher</b>	£43,663 - £125,140**	42%	£43,663 - £75,000	42%
<b>Advanced</b>	N/A	N/A	£75,001 - £125,140**	45%
<b>Top</b>	Above £125,140	47%	Above £125,140	48%

\* Assumes receipt of the standard Personal Allowance.

\*\* Earnings above £100,000 will have the Personal Allowance reduced by £1 for every £2 earned over £100,000.

See: <https://www.gov.scot/publications/scottish-income-tax-2024-25-factsheet/>