

Written by 18 March 2024

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!

Redundancies – what factors should be considered?

In times of economic uncertainty or because of operational challenges, you may find your business is facing tough decisions, including the possibility of redundancies. While such situations can be daunting and emotionally challenging, careful consideration and planning can help reduce the impact on both employees and the business as a whole.

In this article we discuss some key factors that a business should consider when contemplating redundancies.

1. Assess the situation

Before making any decisions, conduct a thorough assessment of your business' financial health, operational needs and long-term viability. You will want to look at trends in your business' revenue as well as market conditions so that you can make some accurate forecasts. It is important to make sure that you are working with the facts of your business' situation. 'Gut feeling' can be affected by a distorted impression of the finances, and you may be surprised at how a situation looks more reasonable once all the figures have been identified.

2. Explore alternatives

Redundancies should be considered as a last resort. Are there alternative measures that could also achieve the needed financial or operational relief? For instance, reducing working hours, implementing temporary lay-offs, or renegotiating contracts with suppliers could minimise the need for job cuts.

3. Consult legal requirements

Familiarise yourself with the employment laws that apply to redundancies. Selection criteria, statutory notice periods, requirements for consultation and redundancy pay obligations are all areas where it is important to avoid potential legal repercussions. It may be best to get expert legal advice to make sure nothing is missed.

4. Communicate transparently

Open and honest communication with employees is crucial throughout the redundancy process. Clearly explain the reasons behind the decision, the criteria for selection, and the support available to affected employees. By providing regular updates and opportunities for feedback you can help alleviate the anxiety and uncertainty your staff will be feeling.

5. Offer support and Assistance

Redundancy can have significant financial and emotional implications for affected employees. Do what you can to provide support services such as career counselling, job search assistance, or access to training opportunities to help them find new employment.

6. Maintain Employee Morale

Redundancies can have a ripple effect on employee morale and productivity. Take proactive measures to maintain morale and motivation among your remaining staff, such as acknowledging their contributions, fostering a supportive work environment, and providing opportunities for career development.

While navigating redundancies can be challenging, approaching the process with empathy, transparency, and diligence can help you mitigate the impact and emerge stronger in the long run.

If you want to talk about whether your business' finances mean redundancies may be needed or want to know how much statutory redundancy pay an employee may be entitled to, please get in touch with us. We have the tools and would be happy to help you.

New Companies House powers come into force

[Note to users – this article was originally published last week, but due to the Spring Budget taking priority it has been expanded and re-published here to give these important changes additional exposure.]

New powers for Companies House based on the Economic Crime and Corporate Transparency Act 2023 (ECCT Act) came into force on 4 March 2024.

The new measures allow Companies House to combat the criminal acts and money laundering being carried by criminals abusing the company registration system. These abuses have been well documented in the news, with many examples of individuals and businesses receiving correspondence and demands addressed to companies that they have no knowledge of.

Annual confirmation statements affected

One of the new measures requires those setting up new companies to confirm the lawful purpose of forming a company during the incorporation process.

However, the annual confirmation statement will also now require confirmation each year that the company's intended future activities will be lawful. Where you complete your own confirmation statement, you will see this option included now.

Where we complete the confirmation statement on your behalf, then this will be something that the directors will first need to confirm to us before we complete the return.

All companies will now need to provide a Registered Email Address when incorporating or as part of their next confirmation statement, whichever comes first.

Greater information powers

The new powers include being able to query information and request supporting evidence. Companies House will be able to make stronger checks on company names and will have greater ability to tackle and remove factually inaccurate information.

No more use of PO Boxes

Under the new measures, it will no longer be possible for a company to use a PO Box as their registered office address.

It should be noted that Companies House will be actively checking Registered Offices on an ongoing basis and failure to respond quickly to their enquiries could result in fines or suspension from the register. If you are concerned at all about communication you receive from Companies House, please contact us as soon as possible to advise you.

Sharing of data

The ECCT Act now allows Companies House the ability to share data with other government departments and law enforcement agencies, which will help them in combating criminal activity.

As a result of the additional work that the new measures involve, Companies House are increasing their fees with effect from 1 May 2024. A table showing the new fees can be found at: <https://changestoukcompanylaw.campaign.gov.uk/changes-to-companies-house-fees/>

The new measures are accompanied by new criminal offences and civil penalties to help with their enforcement. The ECCT Act also introduces other measures, including identity verification and accounts reform, but these will not be introduced until a later date.

If you need help with a company incorporation or any company secretarial tasks, please do not hesitate to contact us. We will be very happy to help you!

See: <https://www.gov.uk/government/news/companies-house-begins-phased-roll-out-of-new-powers-to-tackle-fraud>

Are you or your employees making good use of Tax-Free Childcare?

Tax-Free Childcare is available to working families to help them save on their childcare costs. However, many may not be making use of this provision and with the Easter break soon upon us, HM Revenue & Customs (HMRC) is encouraging families who have not yet signed up to consider doing so.

Tax-Free Childcare can be worth up to £2,000 annually per child, or £4,000 if the child is disabled. It can be used to help pay for approved childcare for children aged 11 and under, or 16 and under if they have a disability.

The way it works is that the parents first apply for a childcare account. Once the account is opened, the parents can deposit money that will be used to pay for childcare. Where eligible, for every £8 paid into the account, the government will pay in £2 to use to pay the childcare provider.

To be eligible for Tax-Free Childcare a family has to:

- Have a child aged 11 or under, or 16 and under if they have a disability.
- Be earning at least the National Minimum Wage for 16 hours a week, on average.
- Each earn no more than £100,000 a year.
- Not be receiving tax credits, Universal Credit or childcare.

Employed, self-employed, and directors can all apply, and HMRC set out what details parents need to provide to confirm eligibility.

From April 2024, there is also the possibility for eligible working parents to access 15 hours free childcare for 38 weeks a year that can be used flexibly with one or more providers.

This scheme will be further expanded in September 2024 and again in September 2024 so that ultimately 30 free hours of childcare could be available for working parents with children between nine months old and school age.

To apply for Tax-Free Childcare, please see: <https://www.gov.uk/apply-for-tax-free-childcare>

To register for childcare support, please see: <https://www.childcarechoices.gov.uk/>

Consultation on fairer food labelling is launched

A consultation was launched last week to look at ways to make food labelling fairer and clearer. This is part of an initiative looking at how to give shoppers more information about how and where the food they buy is produced, and to give the products of British farmers better recognition.

The proposals should help shoppers to make decisions that align with their values. As an example, imported pork may be cured into bacon in the UK and feature a Union Jack on the packaging. It should be obvious to consumers that the pig was reared abroad, which might be achieved by giving greater prominence to the country of origin.

A 'method of production' labelling system is also proposed for pork, chicken, and eggs. This will help shoppers identify whether the animals were kept in conditions that fall below, meet or exceed UK animal welfare regulations.

The Environment Secretary, Steve Barclay, first announced the consultation at the Oxford Farming Conference in January. He commended British farmers for their hard work and noted: “British consumers want to buy their produce, but too often products made to lower standards abroad aren’t clearly labelled to tell them apart. That is why I want to make labelling showing where and how food is produced fairer and easier to understand – empowering consumers to make informed choices and rewarding our British farmers for producing high-quality, high-welfare food.”

The consultation is now open and will close on 7 May 2024.

Further information and the online survey can be accessed here:
<https://consult.defra.gov.uk/transforming-farm-animal-health-and-welfare-team/consultation-on-fairer-food-labelling/>

2024 – The year of the SME

2024 seems to be a good year to be a small business. The UK Government is doubling down on its commitment to the nation’s 5.5 million small businesses by announcing the launch of a new Small Business Council.

Small businesses are the backbone of the UK economy, comprising 99.9% of all businesses and supporting a staggering 27 million jobs across the country, with an annual turnover of £4.5 trillion. Recognising their pivotal role in the UK economy, the government has declared 2024 as the year of the SME.

The Small Business Council is tasked with working alongside the Prime Minister’s Business Council to tackle key issues facing small businesses. The Council will provide an opportunity for small business leaders to have direct access to the government.

The Council will include organisations dedicated to helping small businesses, such as Small Business Britain, the Federation of Small Businesses and Family Business UK, as well as representatives from SMEs themselves.

In addition to establishing the Small Business Council, the government has revamped the Help to Grow campaign and website to provide a comprehensive resource hub for small businesses. This ‘one-stop shop’ aims to simplify access to vital information such as funding opportunities, webinars and guidance on setting up and scaling a business.

A 12 week programme, called the Help to Grow: Management Course, is also available and is designed to help with learning leadership and management skills. An additional course, Help to Grow: Management Essentials, will launch in April 2024. This will cater for micro-businesses and those that want a condensed version of the leadership course.

The government have also expressed a commitment to tackling the ongoing problem of late payments and providing financial support through schemes like the start-up loan scheme and business rates relief. Accessing finance and dealing with large

businesses who do not pay in a timely way can be significant issues for small businesses, so this support will be most welcome.

The Help to Grow website can be found here: <https://helptogrow.campaign.gov.uk/>

Charity ordered to stop sending spam texts

Penny Appeal, a charity based in Wakefield, have been ordered to stop sending unsolicited marketing texts by the Information Commissioner's Office (ICO).

The charity sent more than 460,000 unsolicited texts over a ten-day period to 52,000 people who had either not provided consent or had clearly opted out. The texts were sent at the time of Ramadan in April and May 2022 to encourage people on a daily basis to donate.

354 complaints were made, including the complaints that texts were often received late at night. The ICO's investigation found that the charity had worked from a new database where opt out requests were not recorded and the messages were sent to anyone that had interacted with the charity over the last five years.

The ICO has now issued an Enforcement Notice to order Penny Appeal to stop sending marketing communications within 30 days.

It is important for all charities to be aware of the legal duties they have when contacting the public. The ICO have shared the following advice to help charities remain compliant with the law:

- Charities should only email or text someone if they have specifically consented to receiving them, such as by ticking an 'opt-in' box.
- Consent has to be freely given and be fully informed. Therefore it is unlawful to make consent a condition of subscribing to a service.
- An 'opt-out' option must be provided, and when received must be acted on promptly.
- A clear 'do not contact' list should be kept of anyone who opts out or unsubscribes from communications. This list should be screened against each time the charity sends an email or text message.

See: <https://ico.org.uk/about-the-ico/media-centre/news-and-blogs/2024/03/ico-warns-charities-about-direct-marketing-rules-as-it-orders-penny-appeal-to-stop-sending-spam-texts/>

Information Commissioner's Office calls for views on "consent or pay" cookie usage model

When you browse to a website it is now commonplace to have to interact with a cookie notice where you give permission or not to the use of advertising cookies.

Website cookies are small text files that websites store on a user's computer or device. These files contain information about the user's interactions with the website,

such as login credentials, preferences, browsing history, and shopping cart items. Cookies serve various purposes, some of which can be useful, but others that track website usage and enable targeted advertising can make many website users uncomfortable.

Data protection law therefore requires people to be given a fair choice about whether or not cookies are stored on their computer or device. The Information Commissioner's Office (ICO) enforces data protection law and are developing digital tools that will enable them to continue evaluating website cookie compliance.

If your business has a website, then it is important to check that you are complying with the law. The ICO has the ability to take enforcement action where an organisation is ignoring the law.

Of course, much in the same way as TV has been largely funded by advertising, much of the internet and its content relies on advertising income. Therefore, different ideas about how this can continue while respecting people's privacy are being considered.

One of the options being proposed is a "consent or pay" model. This would give people the choice to use a website for free, but only if they consent to their personal information being used for personalised advertising. Alternatively, they could pay a fee and not be tracked.

The ICO advises that, in principle, data protection law does not prohibit a "consent or pay" model. However, there are issues that an organisation would need to consider and businesses naturally want to have certainty when it comes to regulations.

In view of this, the ICO is consulting on what its regulatory approach to "consent or pay" models ought to be and it has opened a call for views on this business model.

To take part and find further information about this subject, please see: <https://ico.org.uk/about-the-ico/ico-and-stakeholder-consultations/call-for-views-on-consent-or-pay-business-models/>

Decline in hiring activity

The latest Royal Bank of Scotland Report on Jobs survey, compiled by S&P Global, indicates a decline in hiring activity across Scotland in February.

Recruiters reported reductions in both permanent staff appointments and use of temporary workers. Economic uncertainty and a subdued demand for staff were cited as key factors that influenced hiring decisions.

There was also a decrease in staff availability across Scotland. A contributing factor seems to be that the economic uncertainty is making people hesitant to look for a new role.

The survey found that despite the overall decline in hiring activity, pressures on pay have continued. Salaries have increased for both permanent and temporary staff.

This suggests that employers are willing to offer higher salaries to attract suitably-skilled candidates.

Sebastian Burnside, Chief Economist at Royal Bank of Scotland, said: “The latest recruitment survey continues to highlight reduced hiring activity across Scotland amid a backdrop of lingering economic uncertainty. While lower confidence meant that employers remain wary of taking on additional staff, there were also reports that shortages of suitably-skilled workers had impacted recruiters’ abilities to fill roles. At the same time, candidates were cautious to seek new opportunities, instead favouring security in their current roles or pausing their job search. With vacancies continuing to fall, this suggests that we could see a further deterioration in hiring conditions across Scotland in the months to come. However, starting pay for both permanent new joiners and temp workers continued to increase at market rates, suggesting that while overall hiring activity is down, for the right skillset employers are willing to raise their offers.”

For businesses in Scotland, this data underscores the importance of thinking strategically about workforce planning to ensure you have access to skilled talent.

While economic uncertainty may prompt you to be cautious about hiring decisions, offering competitive salaries and benefits can help you attract and retain qualified employees. Additionally, investing in training and development programs to upskill existing staff may reduce the impact of a skill shortage and support your business in continuing to grow despite challenging economic conditions.

See: <https://scottishbusinessnews.net/scottish-recruitment-activity-continues-to-fall-in-february-according-to-report/>

Legal duty to submit land controlling interest entries before 1 April 2024

If you own or are a long-term tenant of land or property you may need to submit an entry to a new Register of Persons Holding a Controlled Interest in Land.

This new register, which launched on 1 April 2022, was created to improve transparency about those who ultimately make decisions about the management or use of land, even if they are not necessarily registered as the owner.

A two-year transitional period was allowed for entries to be made in the new register. The deadline is 1 April 2024 and failure to make the entry if it is required is a criminal offence and carries the risk of being fined up to £5,000.

Therefore, it is important that individuals and organisations check whether they are legally required to make a submission to the register.

Mairi Gougeon, Cabinet Secretary for Rural Affairs, Land Reform and Islands said: “The regulations are not intended to capture those who own their own home where there is no one with significant influence or control over them.” But she added that she urged “everyone who may be unsure, to go to the Registers of Scotland website and make use of the extensive guidance on offer.”

See: <https://kb.ros.gov.uk/rci>