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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!

Adapting to change: Strategies for business success

The business environment is constantly changing and the ability to adapt to change is crucial for long-term success. Whether it's shifting market conditions, technological advancements, or regulatory updates, if your business can pivot and adapt you are more likely to thrive.

In this article we look at 5 things a business can do to successfully adapt to change and stay ahead of the competition.

1. Embrace a growth mindset

The first step in adapting to change is for you to foster a growth mindset within your business.

A growth mindset encourages learning, innovation, and resilience in all areas of the business. Challenges will be viewed as opportunities for development rather than as obstacles.

Encourage your employees to think creatively and experiment with new ideas. This mindset can help your business become more agile and better prepared to navigate changes in the market.

2. Stay informed and proactive

To adapt to change effectively, you need to know what's happening in your industry and market. Are there new trends or shifts in your market, or is there some emerging technology that could change things for people.

By regularly conducting market research, attending industry conferences, and networking with your peers you can gain early valuable insights into changes that may be coming your way.

When you are proactive rather than reactive you have the opportunity to anticipate changes and plan for them. Diversifying product lines, entering new markets, or adopting new technologies before they become widespread could all help you take advantage of a change.

3. Invest in technology and innovation

Technology is a major driver of change in nearly every industry. To stay competitive, you need to be willing to consider investing in new technologies.

This could mean upgrading your software systems, or automating certain processes, or perhaps using data analytics to better understand your customers and their behaviours.

Advancements in technology could help you to streamline your business, reduce costs and improve the experience for your customers.

4. Communicate openly and effectively

Change can be unsettling for your employees and customers. So, the key is to clearly and consistently communicate what's happening.

Make sure that everyone in your business understands the reasons for the change, the benefits it will bring, and how it will be implemented.

Try to encourage feedback and then give everyone regular updates throughout the change process. This open communication will build trust and help everyone to stay aligned with your business's strategic goals.

5. Monitor and measure progress

To be sure that any changes you make will be successful it's important to monitor their progress and measure the results.

This starts by setting clear objectives and key performance indicators (KPIs) so that you can track the effectiveness of your strategies.

Then you need to regularly review and adjust your approach based on the feedback you get and the data you collect.

As it becomes clear whether or not a change is successful, you have the opportunity to fine-tune your strategy and so bring about better results over time.

Conclusion

Adapting to change is not just about surviving; it's about positioning your business so that it continues to grow and be successful over the long term.

If you embrace a growth mindset, stay informed, invest in technology, communicate effectively, and monitor your progress, you put yourself in a strong position to successfully navigate change and seize new opportunities.

Remember, change is inevitable, but how you respond to it can make all the difference. With the right strategies and a proactive approach, your business can not only adapt to change but thrive in it.

We have tools and checklists that can help you assess your business and manage change. Why not talk to us about how we can help you?

Do you need to register for self-assessment?

HM Revenue and Customs (HMRC) have issued a press release debunking some common myths about whether or not someone needs to register to complete a self-assessment tax return.

The basic requirement is that anyone who needs to complete a self-assessment return for the first time to cover the 2023-24 tax year, needs to tell HMRC by 5 October 2024.

Here are the myths and the realities highlighted by HMRC:

Myth: I don't need to file a return because HMRC hasn't been in touch.

The reality is that it is each taxpayer's responsibility to determine whether or not they need to complete a tax return.

You may need to register and complete a tax return if you:

- have started to be self-employed and earned gross income of more than £1,000.
- earned below £1,000 but want to pay voluntary Class 2 National Insurance contributions to protect your pension and benefit entitlements.
- have become a new partner in a partnership.
- have received untaxed income above £2,500.
- need to pay the High Income Child Benefit Charge because you receive Child Benefit and you or your partner earned more than £50,000.

Myth: Tax has to be paid at the same time as the return is filed

The deadline for paying tax for the 2023-24 tax year is 31 January 2025. Tax can be paid any time before this date, it does not need to be paid at the same time the return is filed.

Myth: I don't need to file a return because I don't owe any tax

Tax returns need to be completed to claim tax refunds and to claim tax relief on business expenses, charitable donations, and pension contributions. A return also needs to be completed to be able to pay voluntary Class 2 National Insurance Contributions if you want to protect your pension and benefit entitlements.

Myth: HMRC won't expect a return from me if I don't need to file one

Taxpayers need to tell HMRC if they no longer need to file a tax return, perhaps because they've stopped being self-employed or stopped renting out a property. Especially if HMRC have sent you a notice to file a tax return they will expect one and keep reminding you and may charge a penalty if they don't receive it.

If you think you don't need to complete a return it is best to tell HMRC as soon as your circumstances change.

Myth: I have to file a tax return and pay tax on things I sold after clearing out the attic

Although there has been speculation on this, the tax rules are that selling old clothes, books, CDs and other personal items through online marketplaces do not trigger a requirement to file a return or pay income tax on the sales.

If you are not sure whether you need to file a tax return for the 2023-24 tax year, please just get in touch with us. We'll be happy to let you know what you need to do and to contact HMRC on your behalf.

See: <https://www.gov.uk/government/news/need-to-register-for-self-assessment-top-5-myths-debunked>

October budget to be “painful”

The Prime Minister, Sir Keir Starmer, speaking from Downing Street last Tuesday, has said that the budget in October will be “painful” and the government would be making “big asks” of the country.

He said that the country would need to be prepared to “accept short-term pain for long-term good” and that those with the “broadest shoulders should bear the heavier burden”.

However, no details were given about what the measures would be, other than Sir Keir reiterated that national insurance, VAT and income tax would not go up.

What could change?

There are a number of areas of tax that may be increased, and these could include the following:

- Focus on tax thresholds: By freezing thresholds – the amount of money at which any tax starts to be paid – the government collects more tax as more people are caught by higher rates of tax as their wages rise. Income tax thresholds are already frozen until 2028 and this could be extended.
- Increases in capital gains tax – Capital gains tax rates are lower than income tax rates, so the government may look to increase these.
- Reduce pension tax relief – Currently pension savers receive tax relief at the same rate as their income tax. However, there has been speculation that a flat rate of pension tax relief could be brought in and this would raise funds for the government.
- Raise inheritance tax – The government could raise the rate of inheritance tax or remove some of the reliefs that are available.

If you are concerned about how the budget may affect your situation please feel free to talk to us at any time and we would be happy to advise you. We will be monitoring the October 30th budget very closely and update you on all the changes!

See: <https://www.bbc.co.uk/news/articles/clyn01p5npgg>

PM aims to strengthen UK-Germany ties

Last week, Prime Minister Keir Starmer visited Berlin and Paris to boost UK economic growth and strengthen international relationships. The trip aimed to reset the UK's post-Brexit ties with key European partners by launching negotiations for a new UK-Germany bilateral treaty, focusing on increasing trade, enhancing defence and security cooperation, and tackling illegal migration.

Germany, as the UK's second largest trading partner, and France, as the UK's fourth largest trading partner, are both vital to these efforts.

Boosting export opportunities could open up expanded markets for owner-managed and small businesses and may result in a more resilient and stable market generally for UK businesses.

See: <https://www.gov.uk/government/news/prime-minister-to-drive-uk-growth-on-european-visits-as-he-launches-major-german-partnership>

Government crackdown on illegal employment: What business owners need to know

Last month, the Home Secretary, Yvette Cooper, announced a significant government crackdown on employers hiring migrants illegally.

Overview of the government's crackdown

From Sunday 18 to Saturday 24 August, Immigration Enforcement teams carried out a series of targeted visits to businesses suspected of employing illegal workers, with a particular focus on car washes. Over this intensive week of action, more than 275 premises were targeted. Of these, 135 businesses were issued notices for employing illegal workers, and 85 illegal workers were detained.

Potential consequences for non-compliant businesses

The penalties for employing illegal workers are severe. Businesses found in violation can face substantial financial penalties. The maximum civil penalty for employing illegal workers is £45,000 per worker for a first offence and £60,000 per worker for repeat violations.

Key takeaway for business owners

In view of the potential penalties, it's vital you ensure that your business is fully compliant with all employment laws. This includes conducting the necessary right-to-work checks on all employees to ensure they have the legal right to work in the UK.

If you have any concerns or need advice, please get in touch with us. We will be happy to help you.

See: <https://www.gov.uk/government/news/hundreds-of-rogue-employers-targeted-in-illegal-working-crackdown>

Lessons from the Labour Party's reprimand on information requests

As a business owner or manager, it's important to respond promptly to information requests, especially when it comes to Subject Access Requests (SARs). The recent reprimand issued to the Labour Party by the Information Commissioner's Office (ICO) serves as a reminder of the legal obligations and potential consequences of failing to meet these requirements.

What happened?

The Labour Party was reprimanded by the Information Commissioner's Office (ICO) for repeatedly failing to respond to SARs in a timely manner. SARs are requests from individuals asking an organisation to provide any personal information it holds about them and details on how it is being used.

Under data protection law, organizations must respond to these requests within one month, with a possible extension of up to two months for complex cases.

However, an investigation by the ICO found that the Labour Party had a significant backlog of SARs following a cyber-attack in October 2021. By November 2022, they had 352 outstanding SARs, 78% of which had not been responded to within the mandatory three-month timeframe. Alarming, over half of these requests were delayed by more than a year.

Moreover, a previously unmonitored 'privacy inbox' was discovered, containing approximately 646 additional SARs and 597 requests for personal information to be deleted. None of these requests had been addressed.

What can you do?

While the number of information requests received by most businesses are likely to be much less than the Labour Party, you still need to be careful about responding to requests in a timely way.

To do that you could consider:

- Writing down clear processes for handling SARs and making all staff aware of these procedures and the importance of timely responses.
- Deciding whose responsibility it is to monitor and handle SARs, and making sure they have the resources available to handle the task.
- Regularly monitoring all communication channels, such as designated email addresses, to your business where a SAR might be submitted.
- Regularly reviewing the ICO's guidance on SARs so that your business stays informed about legal requirements and best practices.

The reprimand issued to the Labour Party by the ICO serves as a good reminder of the importance of responding to SARs in a timely manner. As a business, failing to comply with these requirements can result in legal consequences, damage to your reputation, and a loss of trust among your customers and the public.

By making sure you implement procedures to deal with SARs, you can avoid these risks and demonstrate your commitment to data protection and individuals' rights.

See: <https://ico.org.uk/about-the-ico/media-centre/news-and-blogs/2024/08/action-taken-against-labour-party-for-failing-to-respond-to-requests-for-personal-information-on-time/>

Latest GDP figures show mixed results for Scottish economy

The Chief Statistician has released the latest figures on Scotland's Gross Domestic Product (GDP), revealing a mixed economic performance for the April to June quarter.

According to the data, Scotland's onshore GDP contracted by 0.3% in June 2024. This follows a modest growth of 0.2% in May and indicates some volatility in the economic recovery.

There is a more positive picture overall when looking at the quarterly figures. In the three months leading up to June 2024, Scotland's GDP grew by 0.6% compared to the previous quarter, which had a growth rate of 0.5%. This suggests a slight acceleration in economic growth over the first half of the year.

Taking the two figures together, this raises concerns over whether the growth in the early part of the year has peaked in May and we may now be on a downward trajectory.

Services vs. production

The contraction in June was primarily driven by a decline in the services sector, which accounts for around three-quarters of the Scottish economy.

The services sector saw a decrease in output of 0.5%. In contrast, the production sector experienced a growth of 0.3% in June, providing a positive offset.

Implications for Scottish businesses

For businesses across Scotland, the mixed GDP figures suggest a cautious approach to the coming months.

The slight quarterly growth indicates resilience in certain sectors, but the contraction in June highlights some underlying vulnerabilities, particularly in services and manufacturing.

See: <https://www.gov.scot/news/monthly-gdp-estimates-for-june-2/>