

Written by 7 October 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!

UK economic growth figures revised: What it means for your business

The latest figures from the Office for National Statistics (ONS) reveal that the UK's economy grew by 0.5% between April and June, a slight dip from the initial estimate of 0.6%.

This adjustment, largely due to sharper-than-expected declines in the manufacturing and construction sectors, comes at a pivotal moment as the Labour government gears up to unveil its first Budget at the end of the month.

So, what could this mean for your business?

Firstly, let's talk about manufacturing and construction. The production of transport equipment, particularly cars, saw a significant drop of 3.1%. According to the ONS, it seems that many car manufacturers are reducing output in preparation for a shift to electric vehicles. For businesses involved in these sectors, this may be a crucial moment to consider strategies carefully and consider investing in technology that aligns with future trends.

On the construction front, while reporting a continuing decline in building new homes, ONS said there are some signs this is beginning to ease. If you're in the construction business, this may offer some positive news for coming months.

Interestingly, households are saving more, with the saving ratio climbing to 10% in the spring. While that might sound positive, it can lead to less consumer spending, particularly on non-essential items. If your business relies heavily on discretionary income, think about how you can add value - perhaps through loyalty programs or personalised marketing - to encourage people to spend.

Looking ahead, there's also the question of interest rates. The recent downward revision in growth figures may further support that the Bank of England made the right call in cutting the base rate in August. It may make a further rate cut in November more likely.

How much these latest figures might affect the upcoming Budget is uncertain, however they do highlight the need for businesses to remain flexible and proactive. If you would like personalised advice for your business, please just get in touch. We would be happy to help you.

See: <https://www.bbc.co.uk/news/articles/c8djelgl6y8o>

New tipping laws: What employers and employees need to know

As of 1st October, new laws are in place to ensure that workers keep 100% of the tips, gratuities, and service charges they earn. This is a major development for employees in sectors such as hospitality, where tipping plays a significant role in take-home pay, and for employers, who will need to ensure they comply with the new rules.

The Employment (Allocation of Tips) Act, which came into effect last week, aims to create a fairer system for workers and crack down on businesses that previously kept a portion of tips. While many employers already pass on tips to staff, this new legislation will close loopholes so that all tips go directly to workers.

What's changing for employers?

Under the new law, employers are now legally required to pass all tips, gratuities, and service charges on to their staff without making any deductions. This means that if a customer leaves a tip, whether it's in cash or through card payments, it must go to the workers.

Businesses that fail to follow these rules could face serious consequences. Workers now have the right to take their employer to an employment tribunal if they believe their tips have been unfairly withheld. This means that employers could be ordered to pay fines or compensation to affected staff members.

To avoid any potential issues, it's crucial for employers to review their tipping policies and ensure they're fully compliant with the law. Transparency is key, and businesses should make sure they have a clear and fair system in place for distributing tips.

What does this mean for employees?

The Department for Business and Trade estimates that these changes could boost workers' wages by a total of £200 million across the country. For many employees, especially those in roles where tips form a significant part of income, this could make a real difference.

A fairer system for everyone

These new rules aim to improve trust between workers, businesses, and customers. When people leave tips for good service, they do so with the expectation that the person who provided the service will receive it. The introduction of this legislation ensures that workers are rewarded fairly for their hard work and dedication.

For businesses, this also helps create a level playing field. Employers who were already passing on tips to their staff won't be at a disadvantage compared to those who were not. This new framework encourages consistency and transparency across the board.

Have you prepared for the changes?

With the new laws already in effect, employers should already be familiar with the statutory [Code of Practice](#) on fair tipping. This code provides detailed guidance on how tips should be fairly distributed among workers. The rules apply across sectors in England, Scotland, and Wales (For Northern Ireland, employment policy is devolved), and employment tribunals will consider this code when handling disputes.

If you've not done so already, it's a good idea to review your tipping policies, train your staff on the new procedures, and ensure that your systems for handling tips comply with the law. The government has also issued some [non-statutory guidance](#) to help employers.

Why comply?

Aside from avoiding legal trouble and potential fines, compliance will promote fairness, transparency, and trust in the workplace and also builds a positive reputation with both staff and customers. This can all contribute to a more successful business.

If you have any questions about how these changes might affect you, whether as an employer or an employee, don't hesitate to get in touch with us. We're here to help you navigate these new rules and ensure everything runs smoothly.

See: <https://www.gov.uk/government/news/millions-to-take-home-more-cash-as-tipping-laws-come-into-force>

Make sure you claim your child benefit!

If you're a new parent, congratulations! Apparently, around 2,000 babies are born on 26 September each year – more than any other day.

Therefore, HM Revenue and Customs (HMRC) is reminding parents to claim their Child Benefit. A claim can be made online and the first payment could be made within a week of claiming.

Why claim child benefit?

Child Benefit is a helpful financial support for families, offering up to £1,331 per year for the first child, and £881 for each additional child. This can make a real difference, especially in the early days of parenthood.

But Child Benefit doesn't just provide extra money – it also gives you National Insurance (NI) credits. These credits contribute to your State Pension in the future, and so this could be especially important for parents who may be taking time off paid employment to care for their little ones.

How to claim Child Benefit

The claim process can all be done online. If you register your baby's birth, you can claim Child Benefit as soon as 48 hours after registration. Payments are typically processed within three days, so parents could receive their first payment within a week of their baby being born.

Here's what you'll need to make your claim:

- Your child's birth or adoption certificate,
- Bank details for the payment,
- National Insurance number for yourself and your partner (if applicable), and
- For children born outside the UK, their original birth or adoption certificate, and their passport or travel document.

You can make the claim using the HMRC app or online through the GOV.UK website.

What if I earn over £60,000?

If someone in your household earns over £60,000, you may be subject to the High Income Child Benefit Charge. This means the amount of benefit you receive could be reduced. You can still claim Child Benefit, but it's important to be aware of this tax charge to avoid any surprises later on.

If you're in this situation, HMRC offers an [online Child Benefit tax calculator](#) to help you work out how much benefit you can claim and what charge might apply.

For those who previously opted out of Child Benefit payments due to the old £50,000 threshold (which increased to £60,000 in April 2024), you can restart your payments using the online form on GOV.UK.

Don't forget your National Insurance credits

Even if your household is affected by the High Income Child Benefit Charge, you can still make a claim for NI credits. These credits help build up your entitlement to the State Pension – you need at least 10 years of NI credits to qualify for some State Pension, and 35 years of credits to claim the full amount.

If you've just welcomed a little one or know someone who has, be sure to claim Child Benefit as soon as possible. It's a helpful way to support your family financially and protect your future pension. If you need help or have any questions, feel free to call us – we're here to assist you every step of the way!

See: <https://www.gov.uk/government/news/make-september-birth-boom-a-bank-account-boon>

Companies House introduces new financial penalties regime

Companies House have rolled out a new penalties regime as part of a broader effort to boost corporate transparency and combat economic crime, following the implementation of the Economic Crime and Corporate Transparency Act 2023.

This could mean tougher consequences in the shape of financial penalties for companies that don't meet their obligations, including filing their confirmation statements on time.

More serious offences, such as ongoing non-compliance or fraudulent activity, could lead to civil action, director disqualification, or even criminal prosecution. Companies House have said they will work closely with the Insolvency Service and other enforcement partners to investigate and prosecute offences when necessary.

According to Martin Swain, Director of Intelligence and Law Enforcement Liaison at Companies House: "Where our guidance and support are not enough to encourage users to comply with the law or discourage misuse of our registers, we won't hesitate to use these new powers available to us."

What happens if you break the rules?

For minor breaches, such as filing documents late, the result may simply be a fine. The amount of the fine increases depending on the seriousness of the offence and how many times it has already happened. Amounts could range from £250 to £2,000.

Companies House is also adopting a holistic approach to enforcement, which means that they will share intelligence with other bodies. For companies, this could mean that non-compliance could trigger a much deeper investigation, potentially leading to more severe consequences than in the past.

How to stay compliant

To avoid penalties, company directors should make sure they are up to date with their filings and other legal obligations. Here are a few steps to consider:

- Ensure all filings are made on time: This includes confirmation statements, accounts, and any other required documents.
- Respond to any warnings from Companies House: Ignoring these can escalate the situation quickly.
- Keep up to date with any changes: Stay informed about legal updates that might affect your responsibilities as a company director.
- Seek help if needed: If you're unsure about what's required, don't hesitate to seek professional advice.

If you have any questions or concerns about the new regime, feel free to reach out. We're here to help ensure your business remains compliant with these important regulations.

See: <https://www.gov.uk/government/publications/companies-house-approach-to-financial-penalties>

New Compulsory Training for Door Supervisors and Security Guards

If you're a door supervisor or security guard, or you employ them, you'll need to be aware of some important changes that may affect you as we approach 2025.

From 1 April 2025, new training will be compulsory for anyone looking to renew their licence. This update, introduced by the Security Industry Authority (SIA), aims to refresh and improve the safety-critical skills needed to keep the public safe.

While 2025 may seem a long way off, the SIA is strongly encouraging licence holders to complete this training as soon as possible. The courses have been made available from 1 October 2024 to allow time to plan and book a place with one of the approved training providers across the UK.

Training is provided nationally through approved providers, so this should ensure that there is training available that is local to you.

For more information, see: <https://www.gov.uk/government/news/new-mandatory-refresher-training-available-from-today>

Understanding the impact of the Minimum Unit Pricing Increase on Alcohol Sales

Last week, the minimum price per unit of alcohol in Scotland increased by 15 pence, raising the unit price from 50p to 65p. This change follows a vote by MSPs to continue the Minimum Unit Pricing (MUP) policy, which has been in place since 2018, and adjust the pricing to account for inflation.

While this public health measure aims to reduce alcohol-related harm, businesses selling alcohol will undoubtedly feel its effects. If your business sells alcoholic drinks, how could this policy affect your operations? What steps can you take to mitigate any negative impact on sales?

What does the price increase mean for your business?

Research by Public Health Scotland suggests that MUP has had a positive effect in reducing alcohol-related harm, reducing alcohol-attributable deaths by 13.4% and hospital admissions by 4.1%. However, higher prices might lead to changes in consumer behaviour, particularly among those that are most affected by the price increase.

For example, budget-conscious customers may shift to non-alcoholic drinks or reduce their overall alcohol consumption, even where this is well below harm-causing levels, to avoid paying higher prices for alcoholic drinks.

Alternatively, they might look for promotions or alternative sources, which could shift consumer patterns in your store or venue.

While the public health benefits of MUP look to be clear, it may have an immediate impact on your sales, particularly for products that now sit above customers' preferred price ranges.

How can you mitigate the negative effects?

Here are some strategies that your business can adopt to help offset any potential decline in sales:

1. Diversify your product range: As customers might shift away from higher-alcohol products, consider offering a broader range of lower-alcohol alternatives. The way Minimum Unit Pricing works, the more alcohol a drink contains, the higher the minimum price for that product will be. Expanding your selection of low-alcohol beers, wines, and spirits could attract customers who are looking for a more affordable option without sacrificing their desire for social drinking.
2. Promote value through quality: As prices rise, consumers may become more selective about their purchases. Focus on promoting the quality and uniqueness of the products you offer. You might highlight local or premium brands, which can justify a higher price point, and market the benefits of these options over cheaper alternatives.
3. Offer non-alcoholic alternatives: With the rise of non-alcoholic and low-alcohol beverages, now could be the time to expand your offerings in this category. These products can help fill the gap for customers who might reduce their alcohol intake due to price increases.
4. Engage with your customers: Communication is key. Let your customers know about the changes to MUP and explain why prices have increased. Offering transparency and taking the time to engage with your customer base can help to build loyalty during this transition period.

Naturally, there are concerns about how this increase will affect the alcohol industry. However, by adjusting your approach and making strategic changes to your product offerings and pricing, your business can continue to thrive despite price increases.

If you'd like further advice on adapting to the changes brought by MUP or any other regulatory shifts, please feel free to get in touch with us. We're here to support you and help you to build a resilient and successful business.

See: <https://www.gov.scot/news/minimum-unit-price-rises/>