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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!

### **What will the Budget bring?**

With the Budget coming on 30<sup>th</sup> October, speculation is increasing on what changes will be announced. The Chancellor and the Prime Minister have made comments to indicate that the Budget will bring “difficult decisions”.

The Chancellor reported shortly after taking office that there was a £22bn “black hole” in public spending inherited from the previous government. The BBC reported last week that their sources indicated that actually £40bn is needed to avoid real-terms cuts to departments.

There has also been much talk about driving growth in the UK economy, with the International Investment Summit recently aiming to attract investment to the UK.

### Will Employers NI increase?

While Labour’s manifesto promised no increases in taxes to workers, the same promise wasn’t made to employers. Employers National Insurance (NI) is the element of national insurance paid by employers based on an employee’s gross pay. It is therefore a tax on employers that isn’t directly felt by employees.

The Prime Minister neatly sidestepped questions in an interview last week about whether the manifesto promise included employers NI. Chancellor Rachel Reeves also confirmed last week that the election pledge not to increase NI for working people related to the employee element rather than the employer element.

Therefore, it looks as though the government are considering this as an option to raise taxes.

### What else could change?

By providing this information early, the government look to be preparing the road so that we all expect an increase. However, the actual increase may be less than we fear so that it doesn’t seem like such bad news when it comes to it.

Also, by having an easy headline tax increase to focus on, other welfare cuts and tax rises may not be as easily noticed.

Other areas that seem likely to receive attention in the Budget could include capital gains tax, inheritance tax, fuel duty, and pension taxation. non-domiciled tax status and possibly a gambling tax.

Once the Budget is announced we will keep you updated on the changes. If you have any concerns about how the Budget might affect you, please feel free to get in touch at any time and we will be happy to help you.

See: <https://www.bbc.co.uk/news/articles/cj9jdqprv7ko>

### **Surprising drop in inflation for September**

The Office for National Statistics (ONS) have reported that their measure for inflation (Consumer Prices Index) fell to 1.7% for September. This is an unexpected reduction and is the lowest inflation has been in more than three years.

Drops in airfares and petrol were the main reasons for the reduction. The Bank of England targets 2% inflation, so this reduction may allow them to cut interest rates further when they meet in November. There is also some expectation that there could now be a second rate cut in December.

The September inflation figure is an important one since it's normally used to set how much many benefits increase next April. These include Universal Credit, disability benefits, and carer's allowance. Lower inflation may lead to lower increases in these allowances.

The drop in inflation may be temporary though, as energy prices increased in October, which may swing the picture once again.

See:

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/latest>

### **£63 billion in new UK investments set to create 38,000 jobs**

At the International Investment Summit, the UK government announced nearly £63 billion in new investments, which are expected to create 38,000 jobs.

These investments, which span various sectors, are projected to fuel growth across the country. While these investments tend to focus on large businesses and large-scale projects, there could be significant implications for small and medium-sized businesses (SMEs) as these investments roll out.

#### Renewable energy opportunities

Octopus Energy has committed to investing £2 billion in renewable energy projects, including four new solar farms across the UK.

These solar farms will power up to 80,000 homes and generate business for smaller suppliers and contractors in the construction, maintenance, and energy sectors.

SMEs in renewable energy services, installation, and related fields could benefit from the need for equipment, local expertise, and operational support as these projects roll out.

Additionally, BW Group is proceeding with a £500 million investment in battery energy storage projects, which are expected to help the UK's shift towards cleaner energy.

These projects, set in Hampshire and Birmingham, may create new supply chain opportunities for small businesses involved in the production or installation of renewable energy components.

#### Data Centres: A growing sector for small business support

The growing focus on data centres offers further potential. For example, Amazon Web Services has committed £8 billion to expand its UK data centre operations, a move expected to support around 14,000 jobs annually at local businesses.

Businesses involved in construction, facility maintenance, engineering and telecommunications could find new contracts in the data centre market.

For more information on the project investments announced, see:

<https://www.gov.uk/government/news/record-breaking-international-investment-summit-secures-63-billion-and-nearly-38000-jobs-for-the-uk>

### **Chancellor reveals new investment bodies to boost UK growth**

In her final speech at the International Investment Summit last week, Chancellor Rachel Reeves announced two major initiatives aimed at driving long-term investment in the UK. These moves are designed to create more high-skilled jobs and support growing industries across the country.

#### New National Wealth Fund

Reeves revealed that the UK Infrastructure Bank will now operate as the National Wealth Fund (NWF).

With a budget of £27.8 billion, the NWF will focus on attracting private investment into key sectors like clean energy, green hydrogen, and carbon capture. The goal is to accelerate the UK's transition to a greener economy while creating jobs and growth opportunities.

#### British Growth Partnership

The Chancellor also introduced the British Growth Partnership as part of the British Business Bank (BBB).

This initiative aims to create a new way for BBB and institutional investors to invest together in innovative companies. The BBB plans to start investing through this programme by the end of 2025.

#### What it means for businesses

These new bodies could bring fresh funding opportunities for businesses. However, with timelines stretching into 2025, it might take a little time before investments start flowing. Businesses should stay informed as these initiatives develop.

See: <https://www.gov.uk/government/news/chancellor-announces-new-plans-to-secure-uk-investment>

## **CMA issues warning to unregulated legal service providers amid consumer protection concerns**

The Competition and Markets Authority (CMA) is stepping up its efforts to protect consumers opting for unregulated legal services, such as will writing and divorce arrangements, which are becoming increasingly popular alternatives to traditional high street solicitors.

As the use of these services grows, the CMA is acting to ensure that businesses offering them comply with consumer protection laws, safeguarding people from unfair practices.

In its latest move, the CMA has issued letters to seven providers of unregulated legal services, warning them against problematic business practices such as aggressive upselling, refusal of refunds, and failure to address complaints. These companies have been urged to review and revise their contract terms and operational practices, or face the risk of formal investigation, with the CMA set to gain enhanced enforcement powers next year.

If concerns are not addressed, the providers could be subject to further action, including fines and penalties.

### Rising demand, growing risks

While alternative legal services can offer cost-effective solutions, especially when budgets are tight, the CMA is concerned that people may not always be fully informed about what they are paying for or the options available.

This is particularly important in situations like writing a will or getting divorced, where services are not frequently purchased, and consumers might be unfamiliar with the process.

The CMA is therefore releasing new guidance for businesses providing these services, outlining their obligations to ensure that they:

- Provide fair contract terms and transparent pricing.
- Deliver services with reasonable care and skill.
- Avoid misleading or aggressive sales tactics.

To boost compliance, the CMA has issued an open letter to all providers of unregulated legal services, urging them to adopt best practices. The authority plans to monitor the sector and conduct a formal compliance review in the near future.

## Empowering consumers

In tandem with its guidance to businesses, the CMA has also published consumer guides to help people make more informed decisions when selecting will writing or divorce services. These guides are designed to encourage consumers to ask the right questions and be aware of their rights.

A particular area of concern highlighted by the CMA is pre-paid probate services, which come with significant risks, including the potential for companies to go out of business before the person's death, leaving their estate unprotected. Consumers are advised to carefully consider these services before purchasing, with additional warnings issued by the Financial Conduct Authority.

## Stronger powers on the horizon

The CMA's intervention follows the introduction of the Digital Markets, Competition and Consumer Act 2024, which will grant the authority stronger enforcement powers. From next year, the CMA will be able to directly determine whether businesses have breached consumer law and impose fines, as well as require firms to compensate consumers who have been harmed by unfair practices.

Hayley Fletcher, the CMA's Interim Senior Director for Consumer Protection, stressed the importance of compliance, stating: "Unregulated legal services can offer convenient and affordable alternatives to traditional solicitors, but it is essential that businesses treat consumers fairly. Our new guidance empowers both consumers and businesses, helping to ensure that people are not misled or taken advantage of during difficult life events."

## Ongoing monitoring and compliance

The CMA will continue to monitor the unregulated legal services market closely and is prepared to take further action if necessary. Issuing guidance and warnings now, appears to be an initial effort to improve standards, but it seems clear that the authority will take increasingly severe action if this becomes necessary.

For more information on the new guidance for businesses and consumers, see: <https://www.gov.uk/cma-cases/will-writing-and-other-unregulated-legal-services>

## **New government grants to boost research on AI risks**

Researchers in the UK are being offered new funding opportunities to explore ways of making society more resilient to the risks posed by Artificial Intelligence (AI). These risks include emerging threats such as deepfakes, misinformation, and cyber-attacks, and the funding is intended to support work aimed at ensuring AI's safe and responsible use.

This initiative, launched last week, is a collaboration between the government, the Engineering and Physical Sciences Research Council (EPSRC), and Innovate UK, which is part of UK Research and Innovation (UKRI). The initiative is focused on exploring how AI systems can be made safer, and will also support research to tackle the threat of AI systems failing unexpectedly, for example in the finance sector.

### Why this research matters

AI is considered to hold significant potential to drive long-term economic growth and improve public services. However, there are risks that come with AI, including system failures and misuse.

The government is keen to promote and maximise the benefits of AI across the UK economy and therefore it is looking at ways to ensure that as AI is adopted across different industries, it remains safe, reliable, and trustworthy.

### Grant opportunities

The Systemic Safety Grants Programme, overseen by the UK's AI Safety Institute, has opened applications for its first phase, which is set to distribute up to £4 million in funding.

This programme is part of a broader £8.5 million fund that was first announced at the AI Seoul Summit in May, so further phases of grant funding will become available in the future.

Here are the key details:

- Who can apply: UK-based organisations can apply, but projects may include international partners.
- Funding: Up to £200,000 per project for around 20 selected projects in the first phase.
- Focus areas: The opening phase aims to deepen understandings over what challenges AI is likely to pose to society in the near future.
- Application deadline: Proposals must be submitted by 26th November 2024.
- Timeline: Successful applicants will be notified by the end of January 2025, and grants will be awarded in February 2025.

### Final thoughts

For researchers interested in contributing to the future of AI safety, this funding could present a significant opportunity.

If your business is involved in AI development or research, it could be worth considering if you could benefit from this opportunity to apply for grant funding and play a part in the ongoing development of AI and safety in its use.

For more information and guidance on how to apply for the grant scheme, see: <https://www.aisi.gov.uk/grants>.

## **Cereal harvest – Early estimates suggest it’s an average harvest**

Early estimates of the cereal harvest this year suggest it will land at a total of 3.1 million tonnes. This is just above the ten-year average and is being achieved despite the weather being less than ideal at key points of the season.

Excellent yields are expected in particular for oats and spring barley; however the oats prediction may not be reliable due to the lateness of the harvest this year.

Average production results are expected for winter barley, oilseed rape and wheat. The area of land used for these crops is reported to have decreased, while the area of land used for spring barley and oats has increased. Overall, there is a slight reduction in the area of land being used to grow cereal crops

The report acknowledges that yields may vary from farm to farm due to the unfavourable weather.

The estimates provide an indication of how the harvest is going. Final results will be released in December after the harvest is complete.

For an in-depth look at the figures, see: <https://www.gov.scot/publications/cereal-oilseed-rape-harvest-2024-first-estimates/>