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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!

### **Knowing When to Cut Loose: Lessons from the UK Space Agency**

The government announced last week that the UK Space Agency will be wound up as an independent body and absorbed into the Department for Science, Innovation and Technology. A key reason for the decision was to save costs.

While few of us are running space agencies, the principle is the same for businesses of all sizes: sometimes it makes sense to step back and ask whether each part of the business is still pulling its weight.

#### Cost versus value

One of the departments in your business, or a service line you offer, might be expensive to run while not creating enough return. This could be because demand has fallen, or because the overheads involved - staff, premises, stock, administration - outweigh the income.

For example, a café might realise that a complicated dish on its menu is rarely ordered, yet takes up staff time, ingredients and storage space. By removing it, the café can focus on less time-consuming, more profitable items.

#### Duplication of effort

As businesses grow, it's common for overlap to creep in. Perhaps two teams are doing similar work, or two products are targeting the same customer need. Removing duplication can free up resources to focus on the most profitable activities.

#### Strategic focus

Just because something has been part of the business for years doesn't mean it fits the business needs of the future. You might find that your business is gradually shifting towards one type of client or service. If so, it may be better to let go of areas that no longer fit with that.

#### Oversight and control

Sometimes the issue isn't cost or duplication, but clarity. Bringing a function under closer control can improve decision-making and accountability. This might mean centralising a service rather than scrapping it altogether.

What practical steps could you take?

- Regularly review your profit margins by service line, product or department.
- Be alert to hidden costs, such as staff time, storage or administration costs.
- Ask whether a service or product still fits your long-term goals.
- Consider whether the work could be done more efficiently elsewhere in the business.

The decision to close a part of your business can be difficult, especially if it has a history or loyal customers. But like the government's reasoning with the Space Agency, sometimes it's the right move to save costs, sharpen focus and avoid spreading yourself too thin.

If you would like help assessing your business's strategy or setting up a system that allows you to monitor performance, please get in touch. We would be happy to help you!

### **Inflation Rises - But Is It Worse Than Expected?**

The Office for National Statistics (ONS) has confirmed that inflation rose to 3.8% in July. At first glance, that sounds like a worrying development for households and businesses. But before assuming the worst, it's worth looking a little closer at the figures.

#### In line with expectations

The Bank of England had forecast inflation of 3.76% for July, so the actual figure is very close. While some headlines highlight the "unexpected" rise, it is broadly consistent with what economists were predicting. The Bank still expects inflation to peak at around 4% in September, before easing in the autumn.

#### The role of air fares

One of the biggest drivers behind the jump was air fares. Prices rose more than 30% between June and July 2025 - the steepest monthly rise since records began in 2001. The reason, according to the ONS, was the timing of school holidays. In 2024, fares were recorded during term time. This year, the data was gathered during the school holidays, when demand and prices are naturally higher.

This suggests that at least part of the increase is a one-off effect, rather than a sign of a longer-term trend.

#### Food costs still creeping up

Food prices also played a role. Items like coffee, orange juice, meat and chocolate saw notable rises. Food inflation is now at 4.9% - its fourth monthly increase and the highest since February 2024. For businesses such as cafés and restaurants, these cost pressures are very real. Margins remain under strain, and many owners face tough decisions about pricing.

## Looking ahead

The economics director at the Institute of Chartered Accountants in England and Wales, Suren Thiru, has warned that inflation could rise above the Bank of England's predicted 4% peak, given higher business costs and global food prices. However, he still expects inflation to ease later in the year.

## What does this mean for businesses?

While times remain challenging, particularly in sectors reliant on food, the latest figures don't suggest a sharp change in the wider economic outlook. Inflation is still moving along the path the Bank of England expected, even if the journey is a little bumpy.

For most businesses, the message is to keep a close eye on costs, but not to overreact to a single month's data. The rise in air fares may grab headlines, but it doesn't necessarily change the bigger picture.

See:

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

## **Business Banking in 2025: Trends for SMEs**

The latest Business Banking Service Quality survey organised by the Competition and Markets Authority shows a shift in the way UK businesses are choosing their banking partners. Challenger banks are steadily gaining popularity, while it seems that some traditional high street banks are losing ground.

## Who came out on top?

The three top-rated banks for overall service quality were Monzo, Mettle, and Starling Bank. Challenger banks appeal to businesses with their streamlined digital platforms, faster account openings, and easy-to-use online tools, which can make day-to-day banking more efficient.

However, it's also notable that Handelsbanken, a bank that holds itself to providing banking where relationships matter, came fourth in the poll. This was despite it not featuring highly under the online and mobile banking services category.

This suggests that while businesses value digital convenience, there is still demand for personalised support.

## Is it time to switch?

Moving to a provider with better digital tools can save time on your routine transactions and the time spent dealing with your finances. Some banks may offer lower fees, more flexible lending, or a better interest rate which can positively affect your bottom line.

A bank that understands the sector your business works in and provides proactive support can also be an asset that helps your business to grow.

Of course, switching banks is not without its considerations. The process can take time and needs to be well managed to avoid causing issues for your customers and suppliers. It's also worth noting that not all digital-first banks provide the full suite of services that a business might need.

### Are there any other takeaways?

While the survey is about banking, the results provide some broader takeaways for businesses.

The growing popularity of the challenger banks suggests that convenience, speed and user-friendly digital tools are highly valued by many. The success of a relationship-driven provider also shows that personal contact, trust and tailored advice remain essential.

For businesses of all types, balancing these two priorities can be a key factor in building loyalty and satisfaction.

You might ask: Are my systems easy to use? Do my customers and employees feel supported and valued? Even small improvements in these areas can have a meaningful impact.

The business banking market is evolving. This might provide you with an opportunity to improve your own banking arrangements, or it might be a prompt to review how your own business is doing. Whatever the case, staying aware of changing expectations can help you ensure your business remains responsive and well-prepared for the future.

See: <https://www.bva-bdrc.com/business-banking-service-quality-great-britain/>

## **Electric Van and Truck Discounts Extended**

The government has confirmed that the plug-in van and truck grant will continue through to at least 2027.

The grant provides valuable financial support to businesses looking to buy electric vans and trucks. Currently, discounts are available of up to £2,500 for small vans, £5,000 for large vans, £16,000 for small trucks and £25,000 for large trucks. The grant amounts for the 2026 to 2027 financial year will be confirmed at a future date.

Industry figures suggest that businesses could save more than £2,800 annually on fuel alone by switching to electric. While balancing this against the higher purchase cost of electric vehicles, the grant may make it worth considering making a change.

Future of Roads Minister Lillian Greenwood said that the grant's extension will help "Britain's transition to cleaner transport while backing the industries that keep our economy moving."

See: <https://www.gov.uk/government/news/government-discounts-for-electric-vans-and-trucks-extended>

## **CMA Seeks Views on Price Transparency Rules**

The Competition and Markets Authority (CMA) is consulting on draft guidance to help businesses comply with the price transparency provisions of the Digital Markets, Competition and Consumers Act 2024 (DMCC Act).

The guidance focuses on how businesses should present pricing, including:

- What pricing information needs to be included in an invitation to purchase.
- Avoiding practices such as “drip” or “partitioned” pricing.
- What traders need to do to make sure they are complying with the new requirements.
- Understanding how the rules apply to different charges and pricing methods.

The draft guidance also illustrates how the new price transparency provisions may work in practice. It has been designed with the intention of helping traders to comply with the requirements.

The draft guidance and details about how to take part in the consultation are available on the [CMA's website](#).

Whether or not you want to take part in the consultation, now is a good time to review the draft guidance, considering how your business presents pricing and whether any adjustments are likely to be needed.

## **Don't Miss Out: Renew Child Benefit Before 31 August**

As teenagers received their exam results this week and last, HM Revenue and Customs (HMRC) were reminding parents to extend their Child Benefit claims by 31 August to ensure payments continue in September. Renewing your claim is quick, easy, and can be done online or via the HMRC app.

### Who is eligible?

Families with teenagers continuing in full-time education or approved training can apply for the ongoing Child Benefit support.

Child Benefit provides £26.05 per week (£1,354.60 a year) for your eldest or only child, and £17.25 per week (£897 a year) for each additional child.

### How to renew your claim

- Online or via the HMRC app is the fastest option.
- If you have already received a reminder letter from HMRC, you can also scan the QR code in the letter to go straight to the renewal service.
- Renewal is required by 31 August; otherwise, payments will stop automatically.

Parents can also restart Child Benefit payments quickly if they previously opted out. From 1 September, eligibility extends to 16 to 19-year-olds who are home-educated or unable to attend college due to illness or disability.

For business owners with employees who are parents, it may be useful to share this reminder. Ensuring staff are aware of deadlines and easy online options helps them avoid interruptions in payments and reduces financial stress on them.

#### High-income households and the Child Benefit tax charge

Families where either parent earns between £60,000 and £80,000 may be affected by the High-Income Child Benefit Charge. HMRC provides an online tax calculator to estimate how much benefit will be received and the potential charge. Soon, eligible employed parents will have the option to pay the charge directly through their PAYE tax code, reducing paperwork.

If you need any help with your Child Benefit claim, please give us a call. We would be happy to help you!

See: <https://www.gov.uk/government/news/parents-urged-to-extend-their-teens-child-benefit-claim-online-as-deadline-approaches>

#### **HMRC Interest Rates to Fall Following Base Rate Cut**

The Bank of England reduced its base rate from 4.25% to 4.00% on 7 August 2025. Because HM Revenue and Customs (HMRC) interest rates are directly linked to the base rate, the interest charged on late tax payments and the interest paid on repayments will also fall.

#### When the changes take effect

- 18 August 2025 for quarterly instalment payments.
- 27 August 2025 for non-quarterly instalment payments.

#### How the rates are set

Late payment interest is set at the Bank of England base rate + 4.0%. So, this will decrease to 8.0%.

Repayment interest is based on the Bank of England base rate - 1.0%, with a minimum floor of 0.5%. So, the interest payable on tax repayments will reduce to 3.0%.

See: <https://www.gov.uk/government/news/hmrc-interest-rates-update>

#### **Organic Farming in Scotland Shows Steady Growth**

Based on data compiled by the Department of Environment, Forestry and Rural Affairs (DEFRA), organic farming in Scotland continues to expand.

The Organic Farming in Scotland 2024 statistics publication, the first since 2018, shows that the fully organic land area in Scotland reached 105,000 hectares in 2024. This represents a 1.4% increase on 2023 and a significant 26% rise compared with 2018.

Fully organic land refers to land that has completed the conversion process and meets established organic standards. The conversion process is an important step for farmers transitioning to organic production. In 2024, around 27,000 hectares were in conversion, roughly double the figure recorded in 2023, suggesting a strong ongoing interest in organic farming.

Scotland's main organic crops remain cereals, other arable crops and vegetables. Organic livestock is also growing, with 35,000 organically reared cattle reported in 2024, representing 2.1% of Scotland's total cattle population.

This growth reflects both increasing consumer demand for organic products and opportunities for farmers to diversify their production. As well as the potential environmental benefits, organic farming can also mean increasing the farm's ability to secure premium prices.

To review the statistics in full, see: <https://www.gov.scot/publications/organic-farming-in-scotland-2024/>