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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!

Government borrowing rises in September - what it could mean for businesses ahead of the Budget

Official figures show that UK government borrowing reached £20.2 billion in September - the highest for the month in five years. The figures, released by the Office for National Statistics (ONS), underline the financial pressures facing the Chancellor as preparations continue for next month's Budget.

Borrowing, which measures the gap between government spending and income from taxes, was £1.6 billion higher than in September last year. The ONS said that although the government raised more through taxes and National Insurance, this was outweighed by higher spending, particularly on debt interest and inflation-linked costs.

Implications for the upcoming Budget

Higher borrowing means there is less room to manoeuvre in November's budget. The rise in debt interest costs - nearly £10 billion in September alone - reduces the funds available for tax cuts or new spending commitments.

These figures are likely to make the Chancellor's job more difficult when setting out her Budget plans. The Office for Budget Responsibility will update its forecasts alongside the Budget, setting out how much "headroom" the Chancellor has under her own fiscal rules. Many expect that the chancellor will need to raise taxes to meet those rules.

Analysts at Capital Economics estimate that around £27 billion may need to be raised, with households expected to carry much of that burden.

What might be in the Budget

Chancellor Rachel Reeves has been keen to emphasise that the government remains committed to manifesto promises not to raise the rates on income tax, VAT or National Insurance.

She has also made promises on taking "targeted action to deal with cost of living challenges" in the Budget. One idea suggests that the current 5% rate of VAT charged on energy could be reduced.

This suggests that any tax rises will at least be framed in such a way as to avoid the impression that people are receiving less in their pay packets.

Speculation around where tax rises could come from includes:

- Freezing tax thresholds. This is a stealthy way of bringing more people into higher rates of tax and increasing tax yield without being immediately felt by most.
- Cutting the employee rate of National Insurance, while adding the same amount to income tax. This would have a limited effect on those who are employed, but increase tax collected from pensioners, landlords and the self-employed.
- Reforming property taxes, such as replacing stamp duty with a property tax, making landlords pay more and removing principal private residence relief.
- Reducing the tax relief available on ISA and pension saving and the size of the tax-free lump sum that can be withdrawn.

Keep calm and carry on

Of course, the uncertainty that precedes a Budget leads to all kinds of speculation. We will only know what measures will definitely be used when the Budget announcement takes place.

We will keep you updated following Budget day on the measures likely to affect you. If you would like personalised advice on your tax situation, please call us at any time. We would be happy to help you!

See: <https://www.bbc.co.uk/news/articles/c8035130918o>

Bridging Generational Gaps: How to Build a Better Workplace for Everyone

Conversations about Generation Z (those born roughly after 1996) and the workplace tend to generate headlines - perhaps even blaming younger workers for disrupting the traditional norms of office culture.

Generational differences are nothing new, but if differences lead to conflict this can be detrimental both to staff and your business. When differences are managed well, though, they can bring out the strengths of every generation - creating a more innovative, resilient and productive workplace.

What's happening

Many employers are noticing a shift in attitudes. Younger workers tend to value flexibility, mental health, and meaningful work, while many older workers were shaped by more traditional ideas about presence, hierarchy and progression.

Older workers may view the younger generation as lacking "grit" or commitment, while younger employees might see their more experienced colleagues as resistant to change or too wedded to traditional ways of working.

Many Gen Z entrepreneurs are also bringing fresh values into the way they run their own businesses - building businesses that are tech-savvy, purpose-driven, and often more informal.

What can you do?

In the main, it's about practical management and good communication. Here are a few ideas:

- Review how you measure contribution. If your business still prioritises time in the office or visibility over measurable output, you may find tension between generations. Shifting the focus to outcomes helps value both experience and fresh ideas. To do that successfully, it's important to recognise that productivity can look different across roles and stages of career.
- Balance flexibility with consistency. Expectations around work-life balance and flexibility vary widely. Having a clear policy that sets boundaries while allowing reasonable autonomy will help both those seeking balance and those who value routine and predictability.
- Create an environment that supports learning. While workers starting on their career are generally looking for progression and purpose, those with more experience benefit from opportunities to refresh their skills, share knowledge and adapt to new technologies. We're not necessarily talking about training courses. De-emphasising hierarchy in the workplace and finding ways for younger and older workers to team up on projects can provide learning opportunities for everyone.
- Encourage open, respectful communication. Different generations often prefer different communication styles. Agreeing on how and when to communicate - whether by message, call or face-to-face - helps avoid confusion and keeps everyone connected.
- Value different work styles and motivations. Some people thrive on rapid change, others on stability. Help staff understand each other's preferred way of working so that workloads and responsibilities play to everyone's skills.

The takeaway

Generational differences aren't a threat - they're a resource. For your business, blending the energy and digital fluency of younger staff with the experience and resilience of older workers can be a real competitive advantage.

The most effective goal isn't to preserve a single way of working but to create one that works for your business. That starts with communication, trust, and a willingness to keep learning from each other.

Government strengthens regulators' duty to support business growth

The government has announced a major shake-up in how UK regulators operate, aiming to make them more accountable and more focused on supporting business growth.

Beginning last week, regulators have a stronger growth duty, meaning they'll be expected to balance their oversight role with helping businesses invest, innovate and expand. The change is designed to ensure regulation remains proportionate and doesn't hold back economic activity.

A new public dashboard of regulator performance will also be launched. The new GOV.UK site, which will be updated quarterly, will bring together performance data into one place and allow for direct feedback to the government.

Business and Trade Secretary Peter Kyle explained that the aim is to strip back unnecessary rules and pointless paperwork while keeping essential protections in place. He described the stronger growth duty and new transparency measures as part of the government's wider "Plan for Change" to boost investment and job creation.

For business owners, will these changes mean a more responsive and balanced regulatory environment that's clearer about helping your business grow? Let's see.

See: <https://www.gov.uk/government/news/growth-placed-at-the-heart-of-regulators-remit-alongside-new-measures-to-boost-scrutiny-and-transparency>

Nearly 500 employers fined over £10 million for minimum wage breaches

Almost 500 UK employers have been fined a total of £10.2 million after failing to pay the National Minimum Wage correctly, according to the latest government list. Following investigations by HMRC, around 42,000 workers have now received back pay totalling £6 million.

The list of employers includes businesses of all sizes and across a wide range of sectors - from retail and hospitality to childcare and manufacturing. Many are well-known household names, showing that even established employers can get caught out by the rules.

The importance of getting it right

Employers found to be underpaying staff not only have to make good the shortfall but also face financial penalties of up to 200% of the arrears (capped at £20,000 per worker), as well as being publicly named. Employers who deliberately fail to pay the minimum wage may face a potentially unlimited fine.

Niall Mackenzie, Chief Executive of Acas, said that failing to pay the correct minimum wage "can result in grievances and potentially legal action, including costly employment tribunals, as well as being named and shamed."

Common causes of underpayment

Failing to pay the minimum wage correctly isn't necessarily intentional. For instance, a business can get caught out by making deductions or charges (such as for uniforms or office accommodation) that take pay below the legal minimum, or not accounting for unpaid time spent working, such as while training.

A breach can also occur if an employer fails to update pay rates when they change each April. The current rates that have applied since April 2025 are:

- National Living Wage (21 and over): £12.21.
- Ages 18-20: £10.00.
- Under 18 and apprentices: £7.55.

Getting minimum wage payments right not only avoids penalties but also supports staff morale, retention and reputation - all key to running a successful business.

If you need any help with your payroll and minimum wage payments, please get in touch. We would be happy to help you!

See: <https://www.gov.uk/government/news/6-million-repaid-to-workers-as-government-cracks-down-on-employers-underpaying-their-staff>

£56 million boost for devolved fishing industries aims to strengthen coastal economies

Fishing businesses and coastal communities across the UK are set to benefit from a major new funding package aimed at supporting growth, sustainability and local jobs.

The government has announced a new Fishing and Coastal Growth Fund, which includes £56 million earmarked for Scotland, Wales and Northern Ireland. The funding will be delivered by the devolved governments, allowing investment to be tailored to local priorities and the specific needs of fishing communities.

The Scottish Government will receive £28 million, the Welsh Government £18 million, and the Northern Ireland Executive £10 million - allocations based on the Barnett Formula.

The money will go towards modernising the fishing fleet with new technology and equipment, training the next generation of fishers, and investing in coastal infrastructure to support trade and tourism. The aim is to create a more secure, sustainable and economically successful fishing and aquaculture sector, helping coastal towns and villages to thrive.

The UK government has also said it will work closely with the devolved administrations to ensure the funding supports both local needs and the shared goal of a thriving, sustainable industry.

Alongside the new fund, the government expects to begin talks with the EU this autumn on a new Sanitary and Phytosanitary (SPS) Agreement, which would reduce export barriers for UK seafood businesses and simplify trade with the EU.

For businesses in the fishing and seafood supply chain, this could mean greater investment, more opportunities to upskill staff, and a more competitive export environment - all positive signs for the sector's long-term growth.

See: <https://www.gov.uk/government/news/fishing-and-coastal-growth-fund-will-boost-regional-economies>

Addressing workplace conflict: insights from a recent Acas roundtable

The Advisory, Conciliation and Arbitration Service (Acas) recently hosted a roundtable with partners in Wales to explore the causes of workplace conflict and how organisations can respond more effectively. Several recurring themes emerged from the discussions.

Participants highlighted generational divides in attitudes towards work, rights and identity, and stressed the importance of strong people management skills for managers.

There was also a recognition that formal procedures often become the default approach, with managers feeling hesitant to handle issues informally.

Economic pressures and their effect on pay negotiations were also noted as a common trigger for conflict.

Supporting managers to manage conflict

The discussions made it clear that managers and leaders need both training and practical experience to handle conflict constructively. Training alone isn't enough - managers also need time to practise the skills they have learned, especially when it comes to having productive conversations and negotiating effectively.

Key points highlighted during the roundtable included:

- Give managers time to learn and practise. Expecting instant expertise after training is unrealistic. They need opportunities to gain experience and then have the time to reflect on them and become more skilled.
- Empower managers. A strong, supportive relationship with HR helps managers feel confident to act appropriately and decisively.
- Lead by example. Senior leaders should be role models of the behaviours they expect from others.
- Address conflict early. Not all situations can be resolved informally, but recognising early warning signs and taking timely action can prevent escalation.
- Take a collaborative approach to resolving conflicts.

Tackle conflict early

Acas report that the earlier they get involved in resolving conflicts, the better.

While recognising that not all workplace conflict can be resolved at an early stage, Joanna Nunn, Interim Chief Conciliator at Acas said, “There are real long-term gains to be made shifting the mindset from adversarial positions and instead refocusing on dialogue and the possibility of positive outcomes for both parties. But this can only take place before positions become entrenched.”

Providing managers with clear guidance and training on handling conflict can help to resolve issues quickly, keeping teams focused and happy while reducing disruption.

See: <https://www.acas.org.uk/building-partnerships-to-improve-workplace-relations>

Could an Employee Ownership Trust be the next step in your succession planning?

OFR Consultants, a leading independent fire engineering consultancy with offices in Edinburgh and Glasgow, has recently announced that it has transitioned to an Employee Ownership Trust (EOT) model. Under the new structure, an employee-owned trust now holds a controlling stake in the business.

OFR will also maintain its Enterprise Management Incentive (EMI) share option scheme, allowing employees to benefit both collectively and individually as the business grows.

For business owners thinking about succession, this approach may offer some advantages to you:

- Retaining the business’s culture and values. By transferring ownership to employees rather than an external buyer, the business is more likely to continue to operate in line with your vision.
- Rewards and motivates staff. Employee ownership creates a sense of shared purpose, which can boost engagement, productivity and retention.
- Smooth transition. EOTs can be structured to allow the founder to step back gradually, while ensuring continuity in the finances and day-to-day running of the business.
- Flexible financial arrangements. Many EOT transitions can be combined with share schemes like EMIs, giving employees direct financial incentives alongside collective ownership.

In your planning for the future, exploring an employee-owned structure can be a compelling way to secure the longevity of your business, reward your team, and create a sustainable succession plan.

If you would like personalised advice on how an EOT could work for you and the tax issues and benefits involved, give us a call. We would be happy to help you!

See: <https://scottishbusinessnews.net/ofr-consultants-transitions-to-employee-ownership/>