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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!

UK Unemployment Rises to 5% as Job Market Shows Signs of Strain

The UK unemployment rate has risen to 5% in the three months to September, the highest since early 2021, according to the latest figures from the Office for National Statistics (ONS). The increase was slightly higher than expected and adds to signs that the jobs market is starting to soften.

The rise comes ahead of the government's Budget later this month and may add further pressure to the Chancellor's decisions.

Signs of a cooling jobs market

While unemployment has ticked up, the number of job vacancies has remained broadly unchanged at around 723,000 between August and October. Early data suggests the number of people on company payrolls fell by 180,000 in the year to October - more than forecasters had predicted.

Liz McKeown, director of economic statistics at the ONS, said the latest data "points to a weakening labour market", with unemployment reaching a post-pandemic high. The ONS noted that its unemployment figures should be treated with caution while it continues work to improve data quality.

Wage growth slows

Average pay growth across the economy stood at 4.6% in the third quarter, slightly down from 4.7% in the previous three months. The difference between public and private sector pay continues to widen: public sector wages rose 6.6%, while private sector grew 4.2%.

According to Yael Selfin, chief economist at KPMG UK, public sector pay growth is "approaching a peak" as last year's pay settlements work their way through the system. She added that private sector pay is likely to slow further as more people re-enter the workforce, reducing wage pressures.

What this means for employers

For many businesses, the figures reinforce what's already being felt on the ground. Richard Carter of Quilter Cheviot suggested that with the Budget only weeks away, many companies have "shelved any major hiring plans" amid uncertainty over potential new costs or tax changes.

The Federation of Small Businesses (FSB) echoed that view, warning that regulation, litigation and tax burdens continue to make it harder for smaller businesses to employ staff.

Looking ahead

The Bank of England has projected that unemployment will remain close to 5% for the next few years, suggesting employment growth could remain subdued over the medium term.

For business owners, the key questions now centre on the upcoming Budget - whether measures will support job creation and investment, or whether further cost pressures could make a challenging jobs market even tougher.

See: <https://www.bbc.co.uk/news/articles/cdxrp7znkdlo>

Have You Received a Letter from HMRC About Making Tax Digital?

HM Revenue and Customs (HMRC) are writing to some taxpayers to tell them what they need to do to get ready for the new Making Tax Digital rules that come into force next April.

What is Making Tax Digital?

Making Tax Digital for Income Tax is a new way for sole traders and landlords to provide their business accounts and tax information to HMRC.

It involves using software to maintain digital accounting records and then submit reports to HMRC each quarter.

From 6 April 2026, Making Tax Digital will be mandatory for almost all sole traders and landlords who had gross income over £50,000 in the 2024/25 tax year.

Why have you received a letter?

If your 2024/25 tax return has already been filed and your total gross income from self-employment and/or rental income is more than £50,000, then HMRC are likely to have written to you.

It is worth noting that even if HMRC have not sent you a letter but your income from self-employment and/or rental income for the 2024/25 tax year is more than £50,000, you will still be required to follow the new Making Tax Digital rules from next April.

What to do next

A small minority of taxpayers may be exempt from the new rules, so you may want to check this first. For instance, if it is not reasonable for you to use software to keep digital records or submit them to HMRC, it is possible to apply for exemption. HMRC would then confirm whether they accept your application.

Otherwise, you will need to:

1. Choose compatible software to keep the digital records needed for the new system. If you already use software to manage your accounting information, check with your provider that the software is ready for Making Tax Digital.
2. Sign up on GOV.UK for Making Tax Digital for Income Tax.

If you need any help with signing up, choosing software or submitting reports to HMRC, please get in touch. We can offer you anything from tailored advice to a full Making Tax Digital service designed to give you peace of mind.

NCSC Launches Free Cyber Action Toolkit to Help Businesses Boost Security

As previously reported, the National Cyber Security Centre (NCSC) has launched a new free Cyber Action Toolkit to help small businesses strengthen their cyber defences in a simple and affordable way.

The toolkit has been designed for businesses that may not have in-house IT expertise or large security budgets, offering clear, practical steps that can be implemented straight away.

Helping small businesses take action

NCSC recognises that many small businesses find cybersecurity daunting, perhaps feeling that it is too technical, too costly, or simply not a priority. The sheer volume of guidance available can also be off-putting. This all leads to feeling overwhelmed and leaving cybersecurity for another day.

The new Cyber Action Toolkit aims to change that by providing easy-to-follow actions that provide immediate protection, even for those new to cybersecurity. The format focuses on taking a series of simple steps rather than just reading through guidance.

According to NCSC, the Toolkit has been tested by more than 2,500 trial users with good results.

As one early user, copywriter Siobhan Strode, commented: "Having a guide was really helpful. I felt really motivated to tick actions off - they were quick to do."

Why it matters for your business

Although many see cybersecurity as something that is more relevant to larger businesses, the NCSC advise that no business is too small to be a target. Small businesses are just as likely to experience online crime as larger ones.

To access the Cyber Action Toolkit, see: <https://cybertoolkit.service.ncsc.gov.uk>

IPO Announces 25% Fee Increase from April 2026

The Intellectual Property Office (IPO) has confirmed plans to raise its fees by an average of 25% from 1 April 2026, subject to parliamentary approval. The change will affect applications and renewals for patents, trademarks, and designs.

This marks the first major fee increase in several years, with some fees unchanged for more than two decades. The IPO says the rise is necessary to keep pace with inflation and maintain the quality of its services.

The change means most fees will go up by around a quarter. For example:

- A patent search will rise from £150 to £200.
- A trademark application will increase from £170 to £205.

Full guidance will be published early in 2026 to help those whose payments fall close to the transition date.

The IPO has also updated its 'how to pay' information online, including revised terms and conditions for deposit account holders.

If approved, the new fee structure will take effect from 1 April 2026. Until then, the current fees remain in place.

See: <https://www.gov.uk/government/news/intellectual-property-office-fees-to-increase-from-april-2026>

New Rules Allow Professional Drivers with Diabetes to Use Glucose Monitoring Technology

From 7 November 2025, professional bus, coach, and lorry drivers with diabetes are now allowed to use modern glucose monitoring technology such as Continuous Glucose Monitoring Systems (CGMS). These systems use sensors to track glucose levels in real time.

Until now, Group 2 drivers - those holding licences for buses and lorries - had to rely on finger-prick tests to check their blood sugar before and during driving. The updated rules now allow them to use CGMS, bringing them in line with Group 1 drivers (car and motorcycle), who have been able to use this technology since 2018.

From 7 November, bus, coach and lorry drivers:

- Can now use CGMS for real-time glucose monitoring.
- Must still pull over safely if they need to confirm a reading.

Tim Moss, Chief Executive of the DVLA, said the change is about making life easier for drivers with diabetes while keeping roads safe. He said that embracing modern technology will help thousands of professional drivers manage their condition more effectively and with greater confidence.

If you are a professional driver or employ drivers, this change should provide more flexibility and increase safety through real-time monitoring.

See: <https://www.gov.uk/government/news/dvla-modernises-diabetes-rules-for-bus-and-lorry-drivers>

ICO Consults on New Guidance for Investigations and Enforcement

The Information Commissioner's Office (ICO) has opened a consultation on new guidance that sets out how it investigates potential data protection breaches and takes enforcement action.

Increasing transparency

The proposed guidance explains the processes the ICO follows when it suspects an organisation may have failed to comply with the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018.

Key points in the draft guidance

The draft guidance sets out:

- How the ICO decides whether to open an investigation or resolve concerns in another way.
- What can be expected during an investigation.
- How the ICO will use its information-gathering powers, including new powers under the Data (Use and Access) Act 2025 to require individuals to answer questions and organisations to provide reports.
- How decisions on the outcome of an investigation are made, including when warnings, reprimands, enforcement notices, or penalty notices may be used.
- When the ICO may consider a settlement with a reduced fine, and how that process works.

Updates to align with recent legislation

Once finalised, the new guidance will sit alongside the ICO's Data Protection Fining Guidance, with the two forms of guidance replacing the current Regulatory Action Policy.

The Data (Use and Access) Act 2025 also extends the ICO's investigatory and enforcement powers under the Privacy and Electronic Communications Regulations 2003 (PECR), bringing them broadly into line with the powers the ICO has under data protection law. While some differences remain, the ICO intends to apply a similar approach to both areas.

What this means for you

Where you act as a data controller or processor, awareness of this new guidance could be helpful in preparing for potential investigations and demonstrating good management of your data protection compliance responsibilities.

The consultation closes on Friday 23 January 2026.

To review the draft guidance and respond to the consultation, see:

<https://ico.org.uk/about-the-ico/ico-and-stakeholder-consultations/2025/10/ico-consultation-on-data-protection-enforcement-procedural-guidance/>

HSE Launches Consultation on Strengthening Asbestos Regulations

The Health and Safety Executive (HSE) has launched a public consultation on proposals to improve how the Control of Asbestos Regulations are applied and related guidance on asbestos management.

What the consultation covers

The consultation seeks views on three main proposals:

- Ensuring independence and impartiality in the four-stage clearance process after asbestos removal, to further reduce the risk of exposure
- Raising standards for asbestos surveys so that dutyholders have clearer, more reliable information to manage asbestos risks
- Clarifying what types of work with asbestos fall under Notifiable Non-Licensed Work (NNLW)

The consultation will be of particular interest to dutyholders, asbestos analysts, removal contractors, surveyors, and professionals involved in facilities management and construction.

Rick Brunt, Director of Engagement and Policy at HSE, said: “Asbestos continues to be a significant risk to workers in Great Britain. While we have made significant progress in managing asbestos risks, these proposals represent an important step towards further strengthening protections for workers and the public.”

Minister for Social Security and Disability, Sir Stephen Timms, said that asbestos exposure continues to be responsible for more than 5,000 work-related deaths each year in the UK, making it the country’s biggest cause of occupational fatalities.

He added that the consultation aims to refine existing regulations to improve protection for both workers and the public.

What businesses should know

If you own, manage, or maintain buildings constructed before the year 2000, the consultation is a reminder that asbestos management remains a key compliance responsibility.

If you are involved in asbestos surveys, whether commissioning or carrying them out, or are involved in construction and renovation work, it could be worth reviewing the proposals.

The consultation runs until 9 January 2026. To read the proposals in full and respond, see: <https://consultations.hse.gov.uk/hse/proposals-control-of-asbestos-regs-2012/>

Employers Reminded of Duty to Prevent Sexual Harassment During Festive Season

As the festive season approaches, employers are being reminded of their responsibility to take reasonable steps to prevent sexual harassment at work events, including Christmas parties.

The Worker Protection Act 2023 imposes a preventative duty on employers to protect staff from harassment in the workplace - whether at their usual place of work or at work-related social events.

Heightened risks during festive events

Workplace parties are often positive occasions that bring everyone together, however, the combination of social settings, alcohol, and out-of-hours events can increase the risk of inappropriate behaviour.

Employers are being encouraged to plan ahead and take practical steps to protect staff and maintain a safe, respectful environment.

This does not mean cancelling festive activities, however there is a need to consider the potential risks and take reasonable steps to prevent harm.

What should you do?

The Equality and Human Rights Commission (EHRC) has published guidance for employers on what to consider when organising workplace Christmas parties. Their top three steps are:

1. Think ahead to prevent problems - these could include how you will manage alcohol, overnight accommodation and power imbalances.
2. Set expectations early and remind employees of company policies.
3. Consider the risk of third-party harassment, such as from other customers and members of the public.

More information can be found on the [EHRC website](#).

For technical guidance on sexual harassment and harassment at work, see: <https://www.equalityhumanrights.com/guidance/sexual-harassment-and-harassment-work-technical-guidance>

Audit Threshold for Scottish Charities to Double from 2026

Scottish charities will benefit from new legislation that doubles the income threshold at which a full audit is required, from £500,000 to £1 million. The change is expected to ease some of the pressures being faced by smaller charities across the country.

Reducing the burden on charities

Secondary legislation has been laid before the Scottish Parliament, which, subject to approval by MSPs, will come into force on 1 January 2026. Once implemented, it is estimated that around 93% of Scotland's 24,500 registered charities will no longer need to carry out a full audit.

The decision follows feedback from charities highlighting rising costs and the limited availability of auditors specialising in charity accounts.

Social Justice Secretary Shirley-Anne Somerville linked the change to the financial pressures charities are facing due to the increase in employers' national insurance contributions.

The new measures form part of the Charities Accounts (Scotland) Amendment Regulations 2025.

Alongside the increased audit threshold, the regulations incorporate updates from the Charities (Regulation and Administration) (Scotland) Act 2023. They also include revised references to the Charities Statement of Recommended Practice (SORP) and the Further and Higher Education SORP, both updated in 2025.

What this means for charities

The new £1 million audit income threshold will apply to financial years beginning on or after 1 January 2026.

If you are involved in or support a small or medium-sized charity, this is a welcome change that is likely to reduce compliance costs and help to free up additional charity resources.

If you need advice on how the new requirements will affect your charity, please give us a call. We would be happy to help you!

See: <https://www.gov.scot/news/reducing-administrative-burden-on-charities/>

Record 4,000 Scottish Employers Now Pay the Real Living Wage

A record 4,000 employers in Scotland are now accredited as paying at least the real Living Wage, benefiting around 72,000 workers across the country.

The milestone was announced last week as part of Living Wage Week, an annual event that celebrates and promotes the real Living Wage.

What is the real Living Wage?

The real Living Wage is not to be confused with the statutory National Living Wage; the minimum pay rate legally required to be paid to workers aged 21 and over.

Instead, the real Living Wage is an independently calculated rate based on the cost of living, and employers pay it voluntarily.

The real Living Wage rate was increased in October 2025 from £12.60 to £13.45 an hour.

The Scottish government is playing a role in increasing the uptake by employers by making the payment of the real Living Wage a condition of receiving public grants.

Supporting fair pay and local economies

First Minister John Swinney reported that Scotland now has proportionately around five times as many accredited Living Wage employers as the rest of the UK. He noted that it "...helps to increase spending in local economies, in turn boosting economic growth."

Rona Hunter, Chief Executive of Capital City Partnership, said that accreditation has clear benefits for employers as well as employees. She explained that Living Wage accreditation can help attract and retain staff, improve productivity, and support staff wellbeing.

"The benefits are real and measurable," she said.

Information about accreditation and support for employers is available through [Living Wage Scotland](#).

See: <https://www.gov.scot/news/putting-more-money-in-peoples-pockets/>