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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!

Spring Statement 2026: What Businesses Should Expect on 3 March

The Spring Statement will be delivered in Parliament on 3 March, giving an update on the state of the UK economy and the government's financial outlook.

Unlike the Autumn Budget, the Spring Statement is unlikely to be used for big tax decisions. For businesses it is a useful event as it may set the tone for the months ahead and could give early clues about future tax and spending pressures.

What the Spring Statement is

The Spring Statement is built around the latest set of economic forecasts from the Office for Budget Responsibility (OBR). The OBR publishes forecasts twice a year and considers areas such as growth, inflation, unemployment, government spending and tax income.

The OBR also has responsibility for checking whether the government is on track to meet its self-imposed fiscal rules. However, the Spring Statement will not make a formal assessment of this area as this is now only being reviewed once a year, in the autumn.

Even so, the OBR's numbers are still likely to influence decisions the Chancellor will make later in the year.

What Is Happening

The Chancellor's speech is likely to begin shortly after midday on 3 March. As soon as the speech is finished, the OBR's full forecast will be published on the government website.

This is a change from previous practice, where the OBR would publish their forecast on their own website. However, due to the early accidental release of OBR data at last year's Autumn Budget, controls are being tightened on how and when the forecast is published.

Will There Be Any Tax or Spending Changes?

This seems to be highly unlikely. The Chancellor has made clear that she intends to announce major policy decisions only once a year, at the Budget in the autumn. The idea is to stop the cycle of constant speculation that can affect business planning and household spending.

However, while we are not likely to see new tax rises or cuts in the Spring Statement, we could perhaps see smaller administrative or follow-up measures.

For most businesses though, the real interest will lie in the OBR's figures, especially inflation, growth and unemployment, as these influence future interest rates and wage pressures and may indicate the likelihood of tax changes later in the year.

For example, persistent weak growth or rising unemployment may increase the pressure to raise taxes or limit spending. Alternatively, if the OBR gives a more optimistic outlook, especially on inflation, it may strengthen the case for interest rate cuts.

In summary, the Chancellor's speech is not expected to make sweeping policy changes, but her comments could give a sense of how the government sees the economy developing over the next 12-18 months.

A Practical Look at the Cycle to Work Scheme for Employers

The Cycle to Work scheme continues to attract interest from employees and employers alike looking to optimise their salary package and perhaps gain a tax break.

Below is an overview for businesses considering running a scheme or reviewing their existing arrangements.

The Basic Structure

The scheme allows an employer to provide a bike and eligible safety equipment tax free to their employees.

This is often done in conjunction with a salary sacrifice agreement where the employee's gross pay is reduced for a set period to cover the costs. The salary sacrifice means the employee pays less income tax and national insurance, and the employer pays less employer national insurance.

Bikes can be provided in different ways.

- The bike and equipment can be loaned to the employee.
- A voucher can be provided so that the employee can hire the bike and equipment.
- Pool cycles can be made available for the general use of employees.

At the end of the hire period, employees can either continue hiring, return the bike, or buy it at a fair-market-value payment based on HMRC guidance.

Conditions That Must Be Met

To be compliant with the rules:

- The employee must not own the bike during the hire period.
- The bike must be used mainly (>50%) for commuting or work-related travel.
- The scheme must be available to the whole workforce.

Practical Considerations for Employers

Most employers work with a third-party provider to manage the administration work, although there is no reason it cannot be run in-house.

HMRC does not expect employers to monitor the non-work use employees make of the bike, nor are employees expected to keep detailed records of their bike use to justify how it is being used.

If salary sacrifice is being used along with the Cycle to Work scheme, there is a need to be careful that the scheme still meets the requirement to be available to all employees.

Subject to partial exemption rules, VAT can be reclaimed on any bikes and equipment purchased by the employer.

In Conclusion

Cycle to Work remains a straightforward way for employers to provide tax efficient support to their employees. If you would like personalised advice on whether or how a scheme could work in your workplace, please get in touch. We would be happy to help you!

Draft CBAM Rules Published

The government has published the draft secondary legislation for the UK's Carbon Border Adjustment Mechanism (CBAM), which is due to go live on 1 January 2027. This is an important development for UK businesses importing affected materials.

What is CBAM?

CBAM has already been introduced in the EU and will apply a carbon price to certain imported goods to reduce the risk of "carbon leakage". This is the concern that emissions-intensive production simply shifts overseas when the UK tightens its own environmental standards.

UK importers of goods from the aluminium, cement, fertilisers, hydrogen, and iron and steel sectors as well as downstream producers that use these goods in their supply chains are likely to be affected by CBAM.

CBAM is scheduled to begin on 1 January 2027, and the primary legislation for this has already been included in Finance Bill 2025-26. The new draft rules include the legislative requirements that are associated with administering the tax.

What the draft rules cover

The draft legislation includes details on:

- Calculation of the CBAM rate.
- The availability of carbon price relief that can reduce the amount of CBAM charged.
- The administrative requirements relating to registration for CBAM
- What information must be included on CBAM tax returns and related record keeping.
- Details on the reimbursement arrangements.
- How the weight of a CBAM good will be defined and record keeping.
- What records importers need to keep

In short, if you import goods that are affected by CBAM, these rules give you a look at the administrative workload CBAM will introduce.

What's next?

The documents are open for technical consultation until 24 March 2026, and HMRC is looking for feedback on whether the draft rules are workable in practice.

To review the draft rules and the consultation in full, see:

<https://www.gov.uk/government/consultations/draft-regulations-carbon-border-adjustment-mechanism-cbam>

Small Business Britain Provides Beginner-friendly Resources on AI

Small Business Britain has created an online hub dedicated to providing businesses with practical, beginner-friendly resources that can help with getting started in using artificial intelligence (AI).

The hub contains jargon-free guides and video walkthroughs on subjects such as:

- What even is generative AI?
- Can AI save me time?
- How to write a prompt
- How to keep a personal voice

An online course, the AI for Small Business Programme, is also available on the site. This six-week online course is designed to help small business owners unlock AI's potential in their own business.

There are also webinars and a session from AI experts that can help demystify AI and give you some practical advice on where to start.

The hub is available [here](#).

New FCA Rules for Buy Now Pay Later

Unregulated Buy Now Pay Later (BNPL) agreements will fall under full FCA regulation from 15 July 2026. For the first time, BNPL lenders will need to meet the same expectations as other consumer-credit providers. With almost 11 million UK adults using BNPL in 2024, according to an FCA survey, this is a significant change.

The changes aim to provide clearer protections to individuals who rely on BNPL regularly and may be at risk of taking on commitments they cannot repay.

What Protections Are Being Introduced?

Once the rules take effect, BNPL businesses will have to comply with the FCA's Consumer Duty. This includes the following changes:

- Clearer information – Customers must be given clear, upfront details of what they are signing up to, including repayment dates, amounts, and what happens if a payment is missed.
- Affordability checks – Lenders will need to check that a customer can afford the borrowing before they offer BNPL.
- Support when needed – Lenders will need to offer support to customers who are in financial difficulty and direct them to free debt-advice services, where that is appropriate.
- Complaints and compensation – Customers will be able to take complaints to the Financial Ombudsman Service.

Why BNPL is Coming Under Regulation

BNPL has grown rapidly in recent years, from £0.06bn in 2017 to more than £13bn in 2024.

For many, BNPL provides short-term flexibility and can help with managing cash-flow. However, without affordability checks, there has been a concern that some may be taking on more debt than they realise.

Timescales

BNPL providers will need to have full FCA authorisation. A temporary permissions regime will open from 15 May to 1 July 2026 so that providers can register while they prepare their full application. Once the new regime begins, six months will be allowed for providers to obtain full authorisation.

What This Means for Businesses

If you use a third party BNPL provider, you may see some adjustments to the way you interact with customers as new affordability checks are introduced.

Your BNPL provider will likely let you know about the needed changes in good time. However, since a failure on their part could reflect negatively on your business, it would be worth staying aware of these changes so that you can check that your provider will comply with the new rules.

See: <https://www.fca.org.uk/news/press-releases/new-protections-confirmed-buy-now-pay-later-borrowers>