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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 Forecast scheduled for 26 March 2025

Rachel Reeves, the Chancellor of the Exchequer, has confirmed 26 March 2025 as the date for the Spring Forecast.

The Office for Budget Responsibility is required to produce two forecasts each financial year by the Budget Responsibility and National Audit Act 2011.

The Chancellor will accompany the forecast with a speech to Parliament. However, since she is committed to the stability that having only one major fiscal event a year brings, it seems that her speech is unlikely to include any major tax changes.

We will keep you posted on any developments related to the Spring Forecast. If you have any concerns or questions about how the Autumn Budget will affect your tax position for the 2025/26 tax year, please contact us at any time. We will be happy to help you!

See: <https://www.gov.uk/government/news/chancellor-commissions-spring-forecast-on-26-march-2025>

Latest statistics show economy shrinking while wages grow

The Office for National Statistics' (ONS) latest official figures for October show that the economy shrank for the second month in a row, while pay growth increased for the first time in more than a year.

GDP falls for second month

The official figures show that Gross Domestic Product (GDP) – often used as a measure of the economy as a whole – fell by 0.1% in October. This follows a similar reduction in September of 0.1%.

The quarter to October shows a 0.1% increase when compared with the three months to July 2024.

The results are therefore mixed but suggest there's been a dip in recent months. This may be related to businesses waiting to see what the Autumn Budget would hold. However, the dip could continue as businesses remain concerned about the effects of the National Insurance increases revealed in the Budget.

Pay growth at 5.2%

Official figures also show that wages have grown at an annual rate of 5.2% between August and October, meaning that wages are growing faster than prices.

The data released by ONS also suggests that job vacancies are falling, however the unemployment rate remains unchanged at 4.3%.

Impact on Bank of England base rate

The Bank of England met last Thursday to review the base rate. They consider various figures on the economy in arriving at their decision.

With inflation also increasing to 2.6% in November, the Bank voted to hold the base rate at 4.75%.

Mixed signals

The UK economy shows mixed signals with figures suggesting a slowdown in economic activity. However, wage growth could support household spending but may fuel inflationary pressures. Figures also suggest that the labour market is holding steady for now. This combination points to a cautiously balanced economy, where businesses may face tightening conditions.

Small businesses struggling with new GPSR requirements

The EU's General Product Safety Regulation (GPSR) came into force on 13 December. Many small businesses have ceased exports to the EU and Northern Ireland as a result.

What has changed?

The GPSR replaces the EU's General Product Safety Directive (GPSD). Because of the growth in digital commerce and drop-shipping, there has been an increase in selling substandard or even dangerous goods.

The new GPSR therefore aims to better protect consumers in the EU by adding obligations to businesses selling goods that are intended for consumers living in the EU and Northern Ireland.

GPSR is EU legislation and so has no impact on goods being placed on, or made available to, the British market. However, it does apply to any goods that are exported to and sold in the EU. Because of the Brexit deal relating to Northern Ireland, GPSR also applies to goods that are sold in Northern Ireland.

What is included?

The new rules affect repaired, used and reconditioned products as well as new ones. There are exceptions for certain goods, including food, feed, medicinal products, living plants and animals, and antiques.

The regulation also does not apply to products that are intended to be repaired or reconditioned prior to being used where they are clearly marked as such when being sold.

It is also important to note that the new GPSR applies only to products that are placed on the market from 13 December 2024. Government guidance on GPSR confirms that no action needs to be taken for products that have already been placed on the market in Northern Ireland before 13 December 2024 and which are in compliance with the 2005 UK GPSR.

What are the new requirements?

The new rules mean that businesses need to ensure that products comply with the general safety requirement outlined in the regulation before they place it on the market. Additional requirements include:

- Carrying out internal risk assessments and drawing up technical documentation.
- Ensuring that products are traceable in a way that is visible and accessible to consumers. This may mean using a batch or serial number.
- Having a named point of contact on product safety, known as the 'EU Responsible Person'.

'Responsible economic operator' requirement

In addition, according to Article 16 of the GPSR, products can only be placed on, or made available to, the Northern Ireland or EU market if there is a 'responsible economic operator' established (i.e. has a presence) in either Northern Ireland or the EU to fulfil certain compliance tasks.

The responsible economic operator can be any one of the manufacturer, the importer (e.g. a retailer), an authorised representative (appointed by the manufacturer to act on their behalf), or a fulfilment service provider. Their details need to be indicated on the product, its packaging, the parcel or an accompanying document.

While this requirement may initially seem difficult for a small business in Britain to be able to fulfil, there could be options to work with another business in the supply chain.

How are Northern Ireland businesses affected?

The UK Internal Market Act 2020 gives unfettered access protections to Northern Ireland based businesses. According to government guidance on the GPSR, this means that goods that can be sold in Northern Ireland can also be sold in the rest of the UK without needing to meet any further regulatory requirements.

Way forward

The new GPSR presents a challenge to smaller businesses who export consumer goods to the EU and Northern Ireland.

Understandably, many have decided to cease trade with these areas as a result. However, this also means that there could be opportunities for businesses who are not put off by the additional compliance work required by the GPSR.

It may be worth seeking some legal advice to find out what the position is for your business. If you would like any financial advice on costs and budgeting for the new requirements, please give us a call. We would be happy to help you!

To review the detailed government guidance, see:

<https://www.gov.uk/government/publications/general-product-safety-regulations-northern-ireland/eu-regulation-2023988-on-general-product-safety-detailed-guidance>

Royal Mail secures new ownership deal amid promises of stability and modernisation

The UK government has struck a deal with Czech billionaire Daniel Křetínský's EP Group to secure the future of Royal Mail, a move that could have significant implications for the postal service in the UK.

The agreement, announced on 16 December, includes legally binding commitments aimed at maintaining Royal Mail's services, workforce protections, and its headquarters in Britain.

Protecting jobs and services

Under the agreement, Royal Mail will remain headquartered and taxed in the UK, preserving thousands of jobs and ensuring that tax revenues continue to support public finances. A government-held "Golden Share" ensures these measures cannot be overturned without approval, even if Royal Mail changes hands again in the future.

The deal also safeguards Royal Mail's role as the universal service provider and maintaining the "one-price-goes-anywhere" service, with first-class letters delivered six-days a week.

Modernising the service

EP Group Chairman Daniel Křetínský said: "EP Group is a long term and committed investor with a mission to make Royal Mail a successful modern postal operator with high quality service and products for its customers."

EP Group have committed to achieve net zero by 2040, including by modernising and electrifying its fleet and cutting emissions.

What the deal means for businesses

For small businesses, Royal Mail's stability is critical. Many rely on the postal service for affordable and reliable delivery of goods, particularly those in rural areas where other providers are less active. The government and EP Group have highlighted their commitment to supporting these services, but the real test will be whether Royal Mail can deliver consistent performance improvements while managing the costs related to modernising.

The government has framed the deal as a move to kickstart economic growth by providing stability to a national institution that strengthens the foundations of the

UK's supply chain and delivers better public services. However, business owners will likely be watching closely to see whether promises of investment will translate into tangible improvements.

Will the change in ownership bring success?

The commitments made to environmental goals and improved infrastructure are ambitious and will require careful management by Royal Mail's new owners.

For now, businesses that depend on Royal Mail can take some comfort in the agreement's promises of continuity and investment. However, the long-term success of the deal will depend on the new owner's ability to help Royal Mail adapt to changing market conditions while meeting the needs of its diverse customer base.

See: <https://www.gov.uk/government/news/royal-mail-remains-based-in-uk-in-deal-to-bolster-key-services>

Consultation on protection from unfair trading provisions

The Competition and Markets Authority (CMA) has started a consultation on draft guidance on the protection from unfair trading provisions in the Digital Markets, Competition and Consumers (DMCC) Act 2024.

Chapter 1 of Part 4 of the DMCC Act includes provisions on unfair commercial practices that replace and update the Consumer Protection from Unfair Trading Regulations 2008.

The DMCC Act was passed by Parliament on 24 May 2024. However, the unfair commercial practices provisions will not come into force until the government sets a date by means of a statutory instrument. The new provisions will only relate to acts or omissions that take place on or after that date.

The CMA has now produced draft guidance on the new provisions. Once it is finalised, this will replace the current guidance.

The draft guidance illustrates how the unfair commercial practice provisions may apply in practice. For instance, it includes explanations and examples of commercial practices that will be prohibited in all circumstances. This includes prohibiting 'drip pricing' of mandatory charges and banning fake consumer reviews.

The CMA is consulting on the draft guidance with the consultation closing on 22 January 2025.

Once the consultation is complete, the CMA will consider the feedback it receives and then publish its final guidance.

To see the draft guidance and participate in the consultation, see:

<https://www.gov.uk/government/consultations/unfair-commercial-practices-guidance>

New controls to protect Britain's sheep and goats from PPR

Additional import controls have been introduced to protect UK sheep and goats against 'peste des petits ruminants (PPR)'. As from 18 December 2024, commercially produced and packaged sheep and goat milk and milk products are not permitted from Bulgaria. This is because of an outbreak of PPR in Bulgaria last month.

This is an update to import controls that were introduced in August to safeguard Britain's sheep and goat populations from outbreaks of PPR that have occurred in mainland Europe.

PPR does not pose a risk to human health but is a highly contagious disease that affects goats and sheep.

Unpackaged sheep and goat meat and meat products or unpackaged sheep and goat milk and milk products cannot be brought in from the European Union (EU), European Free Trade Association States, Greenland and Faroe Islands. In addition, commercially produced and packaged sheep and goat milk and milk products are not permitted from Greece and Romania. Bulgaria now joins that list.

Besides avoiding bringing or importing affected goat and sheep products into the UK, the government have also issued reminders to be careful about disposing leftovers or food waste in secure bins that sheep, goats, or wildlife cannot access.

Farmers should continue to practice high biosecurity standards, including never feeding catering waste, kitchen scraps or meat or milk products to sheep and goats.

See: <https://www.gov.uk/government/news/new-controls-on-sheep-and-goat-products-to-protect-against-peste-des-petits-ruminants-ppr#full-publication-update-history>

Changes to international trade mark rules

Domestic trade marks can now be partially replaced by international registrations. Even where only some of the goods and services are listed in the domestic registration, this will still be possible.

Previously, the regulations only allowed replacement when the international registration covered all the goods and services listed in the domestic registration.

This change is a result of Rule 21 of the Madrid Protocol Regulations. Obligations that these create come into force on 1 February 2025. The UK has moved to update its regulations early, and the amendments to the Trade Marks (International Registration) Order 2008 are implemented from 21 November 2024.

How does this affect trade mark holders?

The rule changes mean that if you are a trade mark holder you will now be able to:

- Replace your UK trade mark registration with an international registration that covers fewer goods and services.
- Maintain protection for those goods and services that are not covered by your international registration via your existing UK registration.

See: <https://www.gov.uk/government/news/uk-amends-international-trade-mark-rules-to-allow-partial-replacement>

UK joins CPTPP in bid to boost economy

Last week, the UK joined the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in a move designed to grow the UK economy. Estimates suggest that it could add £2 billion to the economy in the long run.

The CPTPP is a trade bloc that includes Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. The UK joining brings the combined GDP of the bloc to £12 trillion.

The UK government believes joining the CPTPP will benefit businesses in Scotland, Wales and Northern Ireland as well as all regions of England.

Joining the bloc means that all UK businesses now face lower tariffs and fewer barriers when selling to other countries within the bloc. Businesses in financial services, manufacturing and food and drink are particularly expected to be able to benefit.

New guidance has been published for SME businesses that you can review [here](#).

See: <https://www.gov.uk/government/news/2-billion-boost-to-growth-as-uk-joins-major-trade-group>

Call for more training and development by employers

According to the latest data provided by international recruitment expert, Robert Half, Scottish workers are looking for training and development, but failing to find support for it from their employer.

The recruitment firm's 2025 salary guide shows that in Scotland, 45% of employees have access to in-house training, with 31% being granted time off to participate in external learning and development programmes.

On the other hand, it seems that 68% of Scottish workers feel that skills-based training will help their job performance more than a formal degree. 73% indicated that they view job-specific training as crucial for their career advancement.

The data could give Scottish employers food for thought. The figures suggest that workers are willing to train and reskill, but employers may be overlooking training as a way of developing their workforce to fill skills gaps.

See: <https://scottishbusinessnews.net/scottish-staff-crying-out-for-re-training-but-employers-arent-listening/>