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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!

Investment in sustainable packaging firm

Pulpex, a sustainable packaging company, has received £43.5 million from the National Wealth Fund in exchange for an equity share of the business. The Scottish National Investment Bank is also investing £10 million with a further £8.5 million coming from existing investors.

This investment will help Pulpex build its first commercial-scale manufacturing facility near Glasgow. You might wonder why there is so much interest in Pulpex!

Environmentally friendlier packaging

Pulpex has developed a fibre-based bottle that is manufactured from sustainably-sourced wood pulp and that can be recycled just like paper and card. With a lower carbon impact than the glass or plastic packaging that is currently used, this represents a positive contribution to the environment.

The new Glasgow plant will produce 50 million bottles a year and will be the start of the UK's first fibre-bottle supply chain.

To illustrate the potential for growth, 38.5 million plastic bottles are used each day in the UK, and it is estimated that 16 million of these don't end up being recycled.

What's the wider take-home?

In today's world, environmental consciousness is no longer just an ethical choice – it's a strategic advantage.

Here's a run-down of some of the ways that prioritising sustainability can benefit your business.

1. Cost savings and efficiency: Energy-efficient lighting, water conservation measures, and waste reduction initiatives can reduce your utility bills and potentially the cost of operating your business. Tax incentives and grants can also be available for making greener choices. One example would be the use of electric vehicles.
2. Improved brand reputation: Customers are increasingly favouring businesses that demonstrate a commitment to sustainability. A business that is known for its environmentally friendly practices can enhance its brand image and attract more loyal customers. For instance, you could use eco-friendly packaging or support green initiatives to build trust and credibility.

3. Increased competitiveness: Customers that prioritise sustainability are often willing to pay a premium for eco-friendly products and services. So, a further benefit of integrating green practices into your business is that you may be able to differentiate yourself from your competitors and tap into a growing market of environmentally conscious buyers. In fact, failing to adapt might mean you run the risk of losing some of your market share to greener alternatives.
4. Reducing risk: Environmental regulations are becoming stricter, both in the UK and worldwide. By proactively implementing sustainable business practices you can stay ahead of regulations and reduce any legal risks of not complying.
5. Attracting and retaining talent: Employees, particularly those who are younger, prefer working for companies that fit with their values. Committing to environmental responsibility can work in your favour in attracting top talent, improving employee morale and reducing staff turnover rates.
6. Long-term business sustainability: If your business relies on finite resources, it's inevitable that at some point in the future it will face challenges. So, by embracing renewable solutions you will be positioning your business for long-term success. Considering the long-term plans for your business now will help you to keep the change incremental and manageable.
7. Access to new business opportunities: As can be seen by the investment in Pulpex, governments and larger-scale investors are pushing for greener supply chains. This means that businesses with strong sustainability credentials may gain access to new contracts, partnerships and funding opportunities. Many large businesses now require their suppliers to adhere to environmental standards, which makes sustainability a key factor in securing B2B relationships.

Conclusion

News of the investment in Pulpex demonstrates that adopting environmentally conscious practices is not just about corporate responsibility – it's a smart business move. While the possibilities available vary from business to business, thinking about and prioritising sustainability for your business can help you be better positioned for growth and resilience in the future.

If you would like help accessing finance for your business idea, please give us a call. We would be happy to help you.

See: <https://www.gov.uk/government/news/national-wealth-fund-makes-first-investment-in-scotland>

Pressure on chancellor despite government surplus

The latest figures show that the government had a surplus of £15.4 billion in January. This represents the difference between the tax it receives and what it spends.

Although this is the highest level of surplus for a January since records began over 30 years ago, it is lower than the £20.5 billion that was forecast. The Office for Budget Responsibility (OBR) have said that the shortfall was mainly due to tax receipts being lower than expected and debt interest becoming more expensive.

The chancellor has set two fiscal rules: (1) day to day government spending is to be funded by tax income and (2) debt needs to be falling as a share of national income by 2029/30.

Although the OBR said that the measures announced in the Autumn Budget would provide £9.9 billion of headroom, this wriggle room may have been eaten up over the last few months.

This means that speculation continues on whether Rachel Reeves will need to raise taxes or cut spending when she announces her Spring Forecast on 26 March 2025.

We will keep you posted on any developments that come from that announcement. If you would like advice or an estimate on how recent tax changes have affected you, please contact us and we would be happy to help you.

See: <https://www.bbc.co.uk/news/articles/cly4z233zp4o>

Bad weather doubles soil run-off incidents in Devon and Cornwall

The Environment Agency (EA) have reported an increase in soil run-off incidents in Devon and Cornwall during January. There were 25 incidents of heavy rain carrying loose soil running from fields – almost double the number of incidents reported in January 2024.

This can be bad news for farmers as crops, top soil, organic matter and nutrients are lost in run-off incidents. In addition, there are then the costs of recultivating those fields.

It can be difficult to establish crop cover ahead of winter as dry spells in autumn can often be very short. However, according to the EA, using reduced tillage and drilling seed into compacted earth “no longer works in Devon and Cornwall in this changed climate.” They note that winter cereals and cover crops aren’t taking, which leaves bare, compacted soil exposed to the elements allowing for run-off to happen more easily.

Therefore, the Environment Agency have issued advice to farmers on what they can do to prepare for winter weather and prevent soil-run off pollution. They recommend that farmers:

- Dig a hole with a spade and look to see if there is compaction, how deep it goes and then remove it with the correct cultivation kit.

- Have access to a range of cultivation equipment that is capable of working the soil at different depths.
- Risk assess the land using the EA's ALERT system.
- Have a plan B if cover crops and winter cereals don't establish.
- Install measures to prevent run-off from reaching property and watercourses.

Potentially, action can be taken by the EA if a farm breaches the Farming Rules for Water and Environmental Permitting Regulations.

The EA have launched a brand-new printed booklet that contains guidance on water-related agriculture regulations and puts a summary of all water-based regulatory guidance in one place. Farmers can obtain a free copy by emailing enquiries@environment-agency.gov.uk or calling the NCCC on 03708 506 506.

See: <https://www.gov.uk/government/news/devon-and-cornwall-farmers-called-on-to-prevent-run-off-incidents>

Chancellor encourages investment in emerging markets

The Chancellor Rachel Reeves met recently with major financial firms at Canary Wharf, encouraging them to invest in emerging markets to boost Britain's economy.

A key initiative launched at the meeting was the "London Coalition on Sustainable Sovereign Debt," which aims to improve debt financing in developing countries by bringing together private sector and government stakeholders.

This Coalition is expected to strengthen trade ties, promote economic growth and position London as a global leader in development finance.

As a result of this initiative there may be new opportunities for British businesses, particularly in areas such as financial services.

See: <https://www.gov.uk/government/news/chancellor-backs-britains-financial-services-to-drive-development-and-kickstart-economic-growth>

Cultural projects to receive £67 million of funding

10 major culture projects around the UK are set to receive additional funding amounting to more than £67 million.

The projects and their awards are as follows:

- National Railway Museum, York - £15 million
- 'Temple Works', Leeds - £10 million
- International Slavery Museum and Maritime Museum, Liverpool - £10 million
- National Poetry Centre, Leeds - £5 million
- City Centre Cultural Gateway, Coventry - £5 million
- Three cultural projects in Worcester - £2.3 million
- Venue Cymru, Conwy - £10 million

- Newport Transporter Bridge, Wales - £5 million
- Victoria and Albert Museum, Dundee - £2.6 million
- Shore Road Skills Centre, Belfast - £2.2 million

The projects may provide a welcome boost to attracting tourism to these areas, as well as opportunities for local construction and other businesses.

See: <https://www.gov.uk/government/news/regional-growth-to-be-boosted-by-67-million-for-culture-projects>

AI needs a human-centred approach

The Institute of Chartered Accountants in England and Wales (ICAEW) have published an insight piece based on a study carried out by technology market analyst, IDC.

The study indicates that AI could help CFOs with some of their biggest challenges, but only if it is human-centred. Finance teams in businesses need to build practical applications of AI that work along with them instead of replacing them.

The study confirms, as has been seen in the wider press in recent weeks, that over reliance on AI in finance could lead to mistakes. However, having the correct goals and properly understanding workflow processes can help in adopting AI with confidence.

What is the learning point?

While it can be tempting to leave it to those who are more technology-minded (or younger), this leaves a danger of technology leading the way. Instead when business leaders get involved in AI adoption they can steer it in a way that will benefit the business and minimise problems.

See: <https://www.icaew.com/insights/viewpoints-on-the-news/2025/feb-2025/cfos-to-drive-humancentric-ai-fuelled-future-of-work>

Charity investigated over financial controls

The Charity Commission have launched a statutory inquiry into Zlotchiv over concerns about its financial controls.

It appears that irregularities in the charity's financial management include a series of bounced cheques from the charity's bank account alongside payments that appear to be related party payments but were not disclosed by the charity in its annual returns.

A statutory inquiry allows the Charity Commission to formally investigate and use protective powers for benefiting the charity and its beneficiaries, assets, or reputation. Once the extent of risk has been determined, the Commission will decide what action is needed.

The inquiry emphasises the importance of charities maintaining good financial controls. It is also important to respond and cooperate with the Commission in the event of queries to avoid a simple compliance matter escalating to a statutory inquiry.

See: <https://www.gov.uk/government/news/regulator-investigates-charity-over-financial-controls>

Arts Everywhere Fund to provide £270 million of support

The creative industries provide about £124 billion to the UK economy, with the cultural sector supporting 666,000 jobs. However, many arts and culture related venues, museums, libraries and heritage buildings are struggling.

The Arts Everywhere Fund will provide additional financial support to the creative industry, particularly aimed at organisations in urgent need of financial support to stay up and running and to carry out vital infrastructure work.

The government sees the creative sector as having potential for growth and is hoping this support will drive growth and help to create opportunities for young people to learn creative skills and protect jobs.

For further details of how funding will be allocated over the next financial year, see: <https://www.gov.uk/government/news/major-investment-to-boost-growth-and-cement-britains-place-as-cultural-powerhouse>

Gigabit capable internet upgrades coming to rural areas

Rural areas in the Scottish Borders and East Lothian are set to benefit from a new contract between internet provider GoFibre and the UK and Scottish governments.

Once the upgrades are complete, businesses in Athelstaneford and Innerwick in East Lothian and St Abbs, Broughton and Ettrickbridge in the Scottish Borders should be able to enjoy faster and more reliable internet connections.

These areas will be among the first of the areas to be upgraded in a Scotland-wide rollout.

Illustrating the value of good internet, Melrose Rugby Club in the Scottish borders has been able to stream its Melrose Sevens annual tournament. This is the oldest rugby sevens tournament in the world and tens of thousands of fans and expats across the world now watch the tournament.

Melrose Rugby Club Director, Malcolm Changleng said: "Getting full fibre connection has been a game changer for our club. As well as the 10,000 fans attending the event on the day of the tournament, we got about 60,000 people watching games on YouTube and other online platforms."

Improving internet connection speeds will help businesses across Scotland to work more effectively and may provide opportunities to expand.

It is anticipated that further contracts will be signed as the year progresses that will deliver faster internet to businesses and premises in Aberdeenshire, the Morayshire Coast, Fife, Perth, and Kinross, Orkney and Shetland.

See: <https://www.gov.uk/government/news/uk-government-kickstarts-work-with-scottish-government-to-boost-broadband-in-rural-scotland-powering-prime-ministers-plan-for-change>