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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 news: Public spending cuts likely

News reported last week said that the Chancellor has put together draft plans for spending cuts to welfare and other government departments.

At the time of the 2024 Autumn Budget, the Office for Budget Responsibility (OBR) said that there was a £9.9 billion buffer available against the Chancellor's own self-imposed borrowing rules.

However, the OBR's spring forecast seems likely to show that this buffer has disappeared due to the events of the last few months, including trade tariffs, the war in Ukraine and higher inflation and borrowing costs.

It could be argued that an alternative strategy would be for the Chancellor to amend her borrowing rules. However, to do so would risk losing credibility with the financial markets and the Chancellor has described her rules as "non-negotiable." So, it seems that spending cuts are now likely, mainly to welfare payments.

How could welfare cuts affect my business?

Such cuts are likely to have ripple effects on small businesses, impacting both their customers and employees. Here are some key ways that these cuts could affect your business:

1. Reduced consumer spending: If welfare payments are reduced, lower-income households will have less disposable income, leading to decreased sales for businesses that depend on everyday spending, such as shops, cafes, and tradespeople. It can also lead to less demand for non-essential goods and services, such as entertainment, beauty treatments, and leisure activities.
2. Workforce challenges: Employees who may also rely on welfare support, such as Universal Credit top-ups or childcare subsidies, could be affected by cuts. This could lead to increased financial strain for them that leads to reduced productivity, higher stress levels, and even absenteeism. It may also mean difficulties in retaining staff if they seek higher wages elsewhere or struggle to afford travel and childcare costs.
3. Higher pressure on business owners: Less support may be available for self-employed individuals who rely on welfare payments during periods of fluctuating income. There may also be increased pressure to raise wages for affected employees, potentially squeezing already tight margins.

4. Local economy knock-ons: Local economies shrink when people have less money to spend. For businesses that rely on strong community support, particularly in areas with high welfare dependency, this can present challenges.
5. Impact on Business-to-Business (B2B) services: If welfare cuts lead to a slowdown in consumer spending, other small businesses that provide services to local companies (such as marketing, IT, and consulting) could also suffer as their clients tighten budgets.

What can you do?

Some basic steps you could consider include:

- Diversifying your customer base to reduce reliance on low-income consumers.
- Explore alternative revenue streams, such as online sales or subscriptions.
- Support employees through flexible working arrangements or other benefits to help offset financial strain.

While government decisions on welfare are often made with national budgets in mind, businesses are often on the front line of these changes. While this can create uncertainty, with the right planning and business strategy, you can take proactive steps to protect and even strengthen your business during challenging times.

Staying ahead of economic shifts is key to long-term success. If you'd like expert guidance on how to navigate the impact of welfare spending cuts on your business, get in touch with us today. We'd be happy to help you!

See: <https://www.bbc.co.uk/news/articles/c1lpjgg2mp5o>

Public Procurement Act to give more opportunities to small businesses

The Public Procurement Act 2023, originally set for implementation on 28 October 2024, has now officially come into force. This legislation introduces new rules designed to make it easier for smaller businesses to compete for and win public sector contracts.

Key changes under the Act

The Act establishes clear rules that all public bodies must follow when buying goods and services. One of the most significant updates is the introduction of a Central Digital Platform. This is now available and allows businesses to register their details and access all potential bidding opportunities in one place.

An end to late payments

A particularly welcome change is the introduction of a mandate of 30-day terms for all public sector contracts. This measure is expected to improve cash flow for smaller businesses, which often struggle with delayed payments.

Cabinet Office Minister Georgia Gould highlighted the benefits of the new legislation, stating that the new Procurement Act will “tear down barriers that stop small businesses from winning government work, giving them greater opportunity to access the £400 billion spent on public procurement every year.”

New powers to deal with poor suppliers

The Act also introduces new powers to investigate and take action against poorly performing suppliers or those that pose security risks to supply chains. The Procurement Review Unit (PRU) and National Security Unit for Procurement (NSUP) will oversee these investigations. Underperforming suppliers could face exclusion from future contracts or even debarment.

A boost for small businesses

Public sector spending is significant, and this legislation marks a significant step towards creating more opportunities for smaller businesses. By reducing bureaucratic hurdles, ensuring fairer payment terms, and increasing transparency, the Act provides SMEs with a greater chance to secure valuable government contracts.

For small business owners, now is the time to explore these new opportunities and take advantage of the changes aimed at levelling the playing field in public procurement.

See: <https://www.gov.uk/government/news/new-public-procurement-rules-to-drive-growth-opportunities-for-small-businesses-and-exclude-suppliers-that-fail-to-deliver>

Plug-in van grant extended for another year

The Future of Roads Minister, Lillian Greenwood, has confirmed that the plug-in van grant will be extended for another year.

The plug-in grant means that businesses can obtain grants of up to £2,500 when buying an eligible small van up to 2.5 tonnes and up to £5,000 for an eligible larger van up to 4.25 tonnes.

The grant is made available through the dealer or manufacturer as a discount on the purchase price when the van is purchased. So, there is no need for each purchaser having to go through a grant application themselves.

The government is also removing the requirement for additional training that is currently required for zero emission vans but not petrol or diesel ones.

Zero emission vehicles also carry some attractive tax advantages. If you are looking at replacing vehicles and would like help to know what the end costs are for you, please get in touch. We would be happy to help you!

See: <https://www.gov.uk/government/news/120-million-to-roll-out-more-electric-vans-taxis-and-motorbikes>

New contract agreed for GPs

A new deal for GPs has been agreed between the government and the British Medical Association (BMA).

Proposed reforms that were accepted by the BMA include an overall funding uplift of £889 million for the 2025/26 GMS contract. This represents a 7.2% boost to the contract, which is higher than the increase to the NHS budget as a whole. However, the BMA's acceptance of the funding uplift was given on the proviso that the government commits to renegotiating a completely new national contract within this parliament. They are looking for confirmation of this in writing by mid March 2025.

The increase includes:

- Almost £800 million national funding into the 'Global Sum' to help cover the rising costs of staff, premises and patient list growth.
- The Primary Care Network rules will be relaxed, allowing individual practices to decide which roles to hire using their additional staff budgets rather than having this decided centrally.
- An increase to routine childhood vaccination fees.

In addition to the £889 million uplift, there will also be an £80 million investment for a new Enhanced Service that compensates GPs for advice and guidance requests when unsure about making a referral to hospital. This funding will allow doctors to liaise with specialist consultants and help to avoid people being added to waiting lists unnecessarily.

The BMA sees the new contract as an important first step for GPs as they aim to address underfunding over the next few years.

See: <https://www.bma.org.uk/bma-media-centre/bma-accepts-202526-contract-for-gps-in-england-as-a-starting-point>

Boost for rural businesses: Government announces £38 million investment

The UK government has announced a major funding boost for rural areas, with up to £38 million allocated to support infrastructure, essential services, and business growth in the countryside. The aim is that the funding will help to create jobs and drive economic growth while improving quality of life for rural communities.

Rural England Prosperity Fund given £33 million

A significant portion of this investment, up to £33 million, will be directed to the Rural England Prosperity Fund (REPF). The fund's goal is to strengthen the rural economy and is designed to improve local infrastructure and essential services while supporting rural businesses to expand and diversify.

What kind of projects will be funded?

Businesses and community organisations in rural areas will be able to apply for funding for projects that help stimulate economic growth and enhance local facilities. Some of the key initiatives that will be eligible for REPF funding include:

- Rural business hubs: Development of shared workspaces and networking spaces to support rural entrepreneurs and small businesses.
- Business diversification: Funding to help rural businesses create new products, facilities, or convert building to expand beyond traditional agriculture.
- Community greenspaces: Creation of community gardens and green spaces to improve wellbeing and local biodiversity.
- Visitor trails and footpaths: Investment in new footpaths and local trails to boost tourism and accessibility.
- Community hub improvements: Funding to upgrade kitchens in community spaces and enhance facilities used by volunteer organisations such as youth charities and carers' groups.

Additional £5 million to support rural services

In addition to the REPF, a further £5 million has been allocated to support essential services. The key areas of investment this fund will make include:

- Rural community assets fund: Providing capital for the refurbishment and development of community-owned assets such as village halls and community centres.
- Affordable rural housing: Supporting Rural Housing Enablers to identify and bring forward sites for affordable housing.

What happens next?

Funding allocations for local authorities will be published soon. If you're a business owner or community leader in a rural area, keep an eye on local authority announcements to see how you can benefit from this funding.

Need advice on how this might impact your business? Get in touch, and we'll help you navigate the opportunities ahead!

See: <https://www.gov.uk/government/news/government-funding-for-rural-communities-set-out>

Farming reforms to boost profitability

The government has announced its plans for new policies that it expects will make farming more profitable.

The new policies include:

- Seasonal Worker visa route to be extended for another 5 years.
- New requirements for government catering contracts that aim for at least 50% of food supplied coming from British producers or those certified to higher environmental standards.
- Funding for technology investment.
- Protecting farmers in future trade deals.
- Setting up a new National Biosecurity Centre that will upgrade the Animal and Plant Health Agency animal health facility at Weybridge and help to improve resilience against animal disease.

Steve Reed, the Secretary of State for Environment, Food and Rural Affairs, said: “The underlying problem is that farmers do not make enough money for the hard work and commitment they put in.” He went on to say that his focus “is on ensuring farming becomes more profitable.”

The announcement is positive news for farmers, and we look forward to seeing whether this translates to an uplift in profitability for our farmers!

See: <https://www.gov.uk/government/news/government-announces-raft-of-new-policies-and-major-investment-to-boost-profits-for-farmers>

Health and Safety: Lessons from Tamworth Snowdome

A tragic incident at the Tamworth Snowdome has highlighted the critical need for businesses to properly assess and manage health and safety risks.

The incident

Twelve-year-old Louis Watkiss tragically lost his life during a tobogganing birthday party at the indoor skiing venue on 24 September 2021. While descending the main ski slope, his toboggan collided with a staff member conducting a slope walk. The impact caused the staff member to fall backward onto Louis, resulting in fatal head injuries.

Following an investigation by the Health and Safety Executive (HSE), Snowdome Limited was found to have failed in its duty to ensure customer safety and was fined £100,000 for breaching health and safety laws.

What went wrong?

The HSE investigation revealed significant failings in Snowdome Limited's risk assessment procedures. Specifically, the company:

- Did not conduct a suitable and sufficient risk assessment for tobogganing activities.
- Failed to consider all individuals present on the slope, including staff and customers.
- Lacked a safe system of work to manage collision risks between toboggans and pedestrians.
- Did not provide adequate information, instruction, training, or supervision to ensure safe operations.

These shortcomings meant that crucial safety measures were not in place, leading to a preventable tragedy.

Legal and regulatory responsibilities

Under Section 3(1) of the Health and Safety at Work etc. Act 1974, employers must take reasonable steps to protect not only their employees but also other individuals who may be affected by their operations. This applies across all industries, from construction sites to entertainment venues like indoor ski slopes.

Nathan Cook, Senior Enforcement Lawyer for HSE, emphasised: "Louis went to a friend's birthday party at the Snowdome and should have returned home safely to his family after an enjoyable occasion. Tragically, due to the failings of Snowdome Limited, this did not happen."

He added that the tragedy could have been avoided if the company had implemented adequate risk assessments and safety controls.

What businesses can learn

It is difficult to imagine what Louis' family have gone through since the tragedy. No business would want to be in the position of Tamworth Snowdome and this case serves as a stark reminder that all businesses—regardless of industry—must take health and safety seriously.

To prevent similar incidents, businesses should:

1. Conduct comprehensive risk assessments: Identify hazards and implement measures to mitigate them.
2. Establish clear safety procedures: Ensure employees and customers are aware of potential risks and how to avoid them.

3. Provide adequate training and supervision: Employees should receive ongoing training to recognise and manage risks effectively.
4. Regularly review safety policies: Work environments and operations change over time, making it essential to keep safety policies updated.

Final thoughts

The £100,000 fine imposed on Snowdome Limited serves as a reminder that failure to uphold safety standards can have devastating consequences. Beyond financial penalties, businesses risk irreparable harm to their reputation and, more importantly, endangering lives.

Businesses should take proactive steps to assess risks, implement safeguards, and foster a culture of safety in the workplace. Health and safety should never be an afterthought: it is a fundamental responsibility that protects lives.

See: <https://press.hse.gov.uk/2025/02/26/skiing-company-fined-after-boy-was-killed-at-friends-birthday-party/>

Guidance on maintaining secure networks

The National Cyber Security Centre have published new guidance for organisations on network security fundamentals. Using networks has become fundamental to many businesses, ensuring they continue to operate and stay secure.

The guidance splits into the following 8 sections:

1. Identifying your assets
2. Understanding the threat
3. Restricting access
4. Designing network architecture
5. Protecting data in transit
6. Securing network perimeters
7. Updating systems
8. Monitoring networks

The guidance provides an overview in each area as well as further reading that can help you ensure that your network is as secure as possible.

See: <https://www.ncsc.gov.uk/guidance/network-security-fundamentals>

Gaelic broadcasting gets £1.8 million boost following success of An t-Eilean

Following the success of BBC Alba's hit crime thriller An t-Eilean, the Scottish Government has announced an additional £1.8 million investment in Gaelic language broadcasting.

This increase, included in the 2025/26 Budget, raises total funding for MG ALBA (the Gaelic Media Service) to £14.8 million for the upcoming financial year.

Boosting Gaelic media and Scotland's economy

According to independent research, Gaelic media generates £1.34 for every £1 invested and supports 340 jobs across Scotland, including 160 jobs in the islands. This highlights the wider economic benefits of investing in Gaelic broadcasting beyond its cultural significance.

Deputy First Minister and Gaelic Secretary Kate Forbes announced the funding during a World Gaelic Week visit to BBC studios in Glasgow..

A global success for Gaelic TV

The crime drama An t-Eilean has attracted record audiences since its debut on BBC Alba and BBC iPlayer on 14 January. Its success has extended beyond Scotland, with the show already sold to broadcasters in other European countries.

Kate Forbes praised the show's impact, stating: "An t-Eilean's success demonstrates how supporting a thriving Gaelic broadcasting sector can bring international interest to Scotland. The programme marks a new era of Gaelic TV which could draw tourists into Scotland to support jobs and economic opportunities in the country's island communities."

She also emphasised the Scottish Government's broader commitment to Gaelic, including the Scottish Languages Bill and £35.7 million investment in Gaelic initiatives for 2025-26.

A bright future for Gaelic drama

Meredith Brook, one of the stars of An t-Eilean, expressed enthusiasm about the show's impact: "The making of An t-Eilean has set an exciting precedent for the future of Gaelic drama on BBC ALBA, telling engaging stories in the Gaelic language with a universal reach. As one of the Gaelic actors in this series, I'm proud to have played such a pivotal role in sharing the language I'm so proud of with the world."

The future of Gaelic broadcasting

With increased investment, MG ALBA and BBC Alba will be able to expand high-quality Gaelic content, attract new audiences, and further elevate the international profile of Gaelic broadcasting. This commitment ensures that Gaelic-language media continues to thrive, creating economic opportunities while celebrating Scotland's rich linguistic and cultural heritage.

See: <https://www.gov.scot/news/boost-for-gaelic-broadcasting/>