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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!

Cutting wasteful spending: What your business can learn from the government's crackdown

The government has just announced that thousands of government credit cards will be cancelled as part of a crackdown on wasteful spending. With spending on these cards reportedly increasing fourfold in the last four years, it's a reminder that keeping an eye on expenses is crucial.

While your business is likely much more mindful of costs than a government department - where inefficiencies can go unchecked - this is still a great opportunity to review your own spending and see if there's any waste you can cut out.

Are you spending more than you need to?

Even in a profit-driven business, unnecessary spending can creep in without you realising it. Some common areas where businesses overspend include:

- Subscription services: Are you paying for software or memberships you no longer use? It's easy to forget about recurring costs that add up over time.
- Travel and entertainment expenses: While meetings and networking are important, are you getting real value from every trip or client dinner?
- Office supplies and equipment: Are you making the most of bulk discounts and supplier negotiations, or could you be getting a better deal?
- Consultancy and external services: If you outsource work, are you regularly checking that it's cost-effective, or could an in-house solution save you money?

Simple steps to reduce waste

If you want to tighten up your spending and make sure every pound is working for you, here are some practical steps to take:

1. Review your expenses: Take a look at your spending over the last year and identify anything that isn't delivering real value.
2. Set approval processes: Introduce spending limits and require approvals for larger expenses to keep things under control.

3. Use expense tracking tools: Software can help you see where your money is going in real-time, making it easier to spot savings.

4. Negotiate with suppliers: Regularly review your supplier contracts to make sure you're getting the best price possible.

5. Update employee expense policies: Make sure your team knows what's acceptable to claim and encourage cost-conscious decisions.

6. Compare with industry standards: Benchmark your spending against similar businesses to see where you might be overspending.

How we can help

We're here to help you keep your finances in top shape. We can review your expenses, identify cost-saving opportunities, and help you to make any needed improvements to your financial controls.

If you'd like to make sure your business isn't wasting money unnecessarily, get in touch with us today. Cutting out waste doesn't just protect your bottom line – it also helps your business grow stronger in the long run!

No change to Bank of England base rate

The Bank of England held its regular meeting to discuss interest rates last Thursday.

They voted to hold interest rates at 4.5% as had been widely expected prior to the meeting.

The Bank targets an inflation rate of 2% and has already predicted that inflation will rise this year before dropping at the end of the year. However, inflation for the 12 months to January 2025 increased to 3.0% from 2.5% in December, a much higher and faster increase in inflation than had been expected.

The Bank have been taking a cautious approach to reducing the rate, and more cuts are expected during 2025. However, with the increases in the amount of national insurance paid by employers and national minimum wage rates taking effect in April, the Bank is having to tread a fine line between slowing price rises and risking damaging the economy by having rates too high.

Could online restaurant reviews be used by AI to detect illness outbreaks?

The UK Health Security Agency (UKHSA) is exploring Artificial Intelligence's (AI) ability to help them detect and investigate foodborne illness outbreaks.

UKHSA experts have conducted a study where they have assessed different types of AI on their ability to analyse online restaurant reviews and pick out indications of foodborne gastrointestinal illnesses. They hope that one day this could be used to help them to detect and, where necessary, investigate.

How successful was the study?

There were a number of challenges identified in the study that limit the usefulness of the analysis. These would need to be addressed for this use of AI to become reliable and useful, and include:

- Difficulties accessing real-time data.
- Determining exactly which ingredient or factor has caused the illness.
- Differences in spelling and use of slang by users.
- People not correctly attributing the illness to which meal.

Unsurprisingly, Professor Steven Riley, Chief Data Officer at UKHSA said: "Further work is needed before we adopt these methods into our routine approach to tackling foodborne illness outbreaks."

While this use of AI remains a work-in-progress, efforts to look at ways to use AI to innovate are becoming widespread and leave business owners wondering how AI could benefit their business.

See: https://www.gov.uk/government/news/ai-could-help-detect-and-investigate-foodborne-illness-outbreaks

A week left to submit 2024 packaging data

For affected businesses there is now just a week left to submit their 2024 packaging data under the new extended producer responsibility for packaging (pEPR) scheme.

Requirement to submit data and register

The new legislation came into force on 1st January 2025 and requires data to be submitted by 1 April 2025. Large businesses are expected to submit their July-December 2024 data, whereas small businesses must submit their January-December 2024 data in one annual submission by that date.

All businesses, regardless of size, also need to register with their environmental regulator by 1 April 2025. The fee is set based on the details provided during the registration process.

Failing to register or submit the required data can result in enforcement action.

What is the purpose of pEPR?

The pEPR legislation is moving the costs of dealing with household packaging waste onto the businesses that produce the packaging.

Clearly the fees provide motivation to reduce unnecessary packaging, However, if your business is affected by the legislation, innovating your packaging may take some time to achieve.

If you need help with budgeting for the additional costs or assessing their financial impact, please get in touch and we would be happy to help you!

Where can I get more information?

Guidance on registering can be found here.

If you are not sure whether you need to report packaging data, government guidance on who is affected and what to do can be found here.

Identity verification coming to Companies House

As part of the changes being gradually introduced by the Economic Crime and Corporate Transparency Act (ECCT), identity verification is set to become a Companies House requirement.

This is one of a number of changes that the Act is making to better protect the data held at Companies House.

Who will be affected by identity verification?

Identity verification will ultimately become a compulsory part of incorporation and new appointments for new directors and persons with significant control (PSCs).

All existing directors and PSCs will also need to verify their identity as part of the annual confirmation statement filing, once Companies House make this mandatory. Anyone who files a document will also need to have their identity verified.

Mandatory identity verification is still being prepared for. However, individuals will be able to voluntarily verify their identity from 8 April 2025 using their GOV.UK One Login or via an Authorised Corporate Service Provider (ACSP).

Changes for third party corporate service providers

Last week also saw the introduction of a new service for third party corporate service providers, such as accountancy firms, to apply to register as an ACSP.

Ultimately, third party providers will have to register to be able to file information and confirm they've verified the identities of their clients.

ACSPs have to be:

- Based in the UK
- Register with Companies House
- Be registered with a UK supervisory body for anti-money laundering (AML) services
- Retain records of identity verification checks.

We are pleased to say that we have registered as an ACSP and will be able to continue helping you with any incorporation, identity verification and document filing. If you need any company secretarial support, please feel free to contact us at any time.

See: https://www.gov.uk/government/news/companies-house-launches-registration-of-authorised-corporate-service-providers

Are you ready for April 2025?

The new National Living Wage and National Minimum Wage rates will come into force from 1 April 2025.

There are also changes to the National Insurance employers pay that take effect from 6 April. For many businesses, the April payroll will represent a sizeable step up in labour costs.

As a reminder, here is a quick recap of the changes.

National Minimum Wage rates

The new minimum wage rates are as follows:

	Hourly Rate
National Living Wage (21 and over)	£12.21
18-20 Year Old Rate	£10.00
16-17 Year Old Rate	£7.55
Apprentice Rate	£7.55
Accommodation Offset	£10.66

Employers National Insurance changes

The percentage rate of Employers' National Insurance (NI) that's paid on an employee's earnings increases to 15% (from 13.8%).

The threshold that an employee needs to be earning before any Employers' NI is due drops to £5,000 a year. Previously this was £9,500.

If you use online payroll software, the new Employers' NI rates should be automatically included. However, please check with your payroll software provider if you are not sure.

If you need any help using the new rates or calculating the amount of minimum wage that is due to a worker, please get in touch. We would be happy to help you!

The Growth Agenda: Small businesses putting forward ideas for growth

Goldman Sachs published their "The Growth Agenda" report last week. This is a report that puts forwards the ideas of small business owners that could help to boost the UK economy.

The report looks at issues around several areas that affect small businesses and include ideas that may help to drive growth. The main areas discussed in the report include:

- Access to finance
- Talent and the workforce
- Artificial intelligence
- Taxation & trading
- International markets
- Infrastructure
- Climate transition

For each area, the report includes a summary of the main challenges and then some key ideas that would help to mitigate some of the challenges.

The ideas have then been summarised into a 2-page 'Key Calls to Action' summary. These are split between quick wins (straightforward initiatives that could be introduced relatively easily), momentum builders (initiatives that will require time and investment), and fundamental changes (ambitious ideas and major transformations).

As examples of the ideas included, a suggestion is made to expand R&D credits to include AI implementation and training to incentivise AI implementation. A business rates reform is also proposed to protect sectors that are property-intensive.

Whether these policy ideas are likely to come to fruition remains to be seen. However, the government has confirmed that it will consult on establishing the Business Growth Service it announced in December. This is to be a one-stop shop that will provide government advice and support to small businesses and help with raising finance.

To review the report in full, see: https://www.goldmansachs.com/images/community-impact/10000-small-businesses/uk/news-and-programme-information/generation-growth-the-growth-agenda/Report.pdf

Poultry feed deal has been cleared by CMA

The Competition and Markets Authority (CMA) has announced that it has cleared Boporan's proposed purchase of two feed mill sites. These are located at Burston and Radstock and currently owned by For Farmers.

The inquiry made by CMA had two phases. After the phase 1 investigation the CMA concluded that the purchase of the Radstock did not raise competition concerns and the sale of this mill has already completed.

However, concerns continued around the Burston mill and this was considered in the second phase of the inquiry.

The second phase found that despite the purchase reducing the capacity available to manufacture chicken feed for chicken suppliers in the area around the mill in East Anglia, suppliers will still have choice and the option to switch providers.

As a result, Kirstin Baker, chair of the independent inquiry group, said: "Having assessed the evidence and feedback to our interim report, which suggested that competition would not be harmed, we have given this acquisition clearance to proceed."

See: https://www.gov.uk/government/news/cma-clears-poultry-feed-deal

Chancellor announces Fintech reforms to boost UK capital markets

Chancellor Rachel Reeves met with senior Fintech representatives at No. 11 Downing Street last week to discuss growth opportunities as well as new draft legislation aimed at streamlining financial regulations.

The proposed reforms focus on updating the Markets in Financial Instruments Directive (MiFID) rules inherited from the EU. These changes will empower the Financial Conduct Authority (FCA) to eliminate redundant regulations, creating a more business-friendly regulatory environment that supports economic growth.

This initiative, first announced in the Chancellor's Mansion House speech last November, is a key step in the government's broader plan to reform the UK's wholesale financial markets and enhance the country's global investment appeal.

Chancellor Reeves emphasised that these changes will make the UK's financial rulebook more competitive, enabling firms to grow, invest, and contribute to economic expansion.

See: https://www.gov.uk/government/news/chancellor-and-fintech-bosses-to-slash-duplicative-and-burdensome-rules

How economic challenges in Scotland could impact smaller businesses

Smaller businesses in Scotland are facing increasing financial pressures, with rising costs and declining consumer spending creating tough conditions. Recent insolvency figures highlight the strain on businesses, particularly in sectors like retail, hospitality, and leisure.

Rising costs and lower footfall

Michael Reid, a licensed insolvency practitioner based in Aberdeen has warned that upcoming increases in National Insurance and the minimum wage could make it harder for smaller firms to survive.

Many businesses are already struggling with reduced footfall and higher overheads, making it difficult to maintain profitability.

Business insolvencies: A mixed picture

In February, Scotland saw a 10% rise in company insolvencies compared to the previous year, with 103 businesses closing. However, overall insolvency rates have slightly declined year-on-year, and the total insolvency rate for the 12 months to February 2025 was 51.6 per 10,000 companies, a fall of 1.2% on the previous year.

While this suggests some resilience, insolvency experts caution that economic pressures remain high, and businesses must stay vigilant.

Particularly noteworthy is that of the 617 bankruptcies in 2024-25 Q3, 92.3% of applicants were not required to pay the normal £150 fee. Where a person's assets are less than £2,000 and liabilities are less than £25,000, they qualify for Minimal Asset Process (MAP) and no fee is payable.

This means that the majority of bankruptcies are not large trading businesses, but rather individuals and smaller businesses.

What can you do?

It is vital to carefully manage your business finances.

With costs rising and slow demand, you need to closely monitor your financial performance and take proactive steps to manage your cash flow, cut out unnecessary expenses, and be quick to seek professional advice if your business is getting into difficulties.

Looking ahead

While it's certainly not all bad news, the broader economic picture continues to be uncertain and challenging.

If you're concerned about how these issues might impact your business, we can help you assess your financial health and plan for the future. Get in touch with us today for expert advice tailored to your needs.