

20 March 2023

Business News

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!

UK Budget Summary

Last week, Jeremy Hunt, Chancellor of the Exchequer, revealed his first Spring Budget. There was a focus on managing inflation and government debt, encouraging those who have left their jobs to return to the workforce, and increasing business investment.



Here are some of the key measures announced in the Spring Budget that will affect businesses and individuals across the UK:

- The Main rate of corporation tax, paid by businesses on taxable profits over £250,000 has been confirmed to increase from 19% to 25%. Companies with profits below £50,000 will pay at 19% and companies with profits between £50,000 and £250,000 will pay at an effective marginal rate that is between 19% and 25% from 1 April 2023.
- There are changes to Research and Development Expenditure Credit (RDEC) available and, for non-SME companies, RDEC will be increased from 13% to

20%. For many SME companies, the R&D tax relief enhancement will be reduced from 230% to 186%.

- The Annual Investment Allowance (AIA), giving 100% tax relief to unincorporated businesses and companies investing in qualifying plant and machinery, is now permanently set at £1million. The super-deduction, which gives enhanced 130% relief for new qualifying plant and machinery acquired by companies, will end on 31 March 2023.
- From 1 April, companies can fully deduct investment in new qualifying plant and machinery to lower their taxable profits. In addition, a 50% first year allowance will be available for integral features.
- From 6 April 2023, the Company Share Option Plan (CSOP) employee share options limit will increase from £30,000 to £60,000. Additionally, restrictions on the types of shares eligible for CSOP options will be lifted.
- The Government will establish 12 'Investment Zones' across the UK, including a promise to have at least one each in Scotland, Northern Ireland, and Wales.
- The Government is increasing the availability of the Seed Enterprise Investment Scheme for start-up companies. The amount of investment that companies will be able to raise under the scheme will increase from £150,000 to £250,000. The gross asset limit will be increased from £200,000 to £350,000 and the investment must be made within 3 years (increased from 2 years) of trade commencing. In a bid to support these changes, the annual investor limit will be doubled to £200,000. The changes take effect from 6th April 2023.
- Fuel duty freeze – A freeze on fuel duty and the 5p reduction will remain in place for another year.
- Alcohol taxes are to rise in line with inflation from August, with new reliefs for beer, cider and wine sold in pubs.
- Pension tax reform – The pensions annual tax-free allowance will increase from £40,000 to £60,000 and the Lifetime Allowance will be abolished to encourage highly skilled individuals to continue working for longer.
- The Energy Price Guarantee which caps how much suppliers can charge per unit of energy used will stay in place until June 2023.
- 30 hours of free childcare to be provided for one and two-year-olds to help parents in England return to work, this will eventually cover all children from the age of nine months. This will be rolled out in stages from April 2024.

Combined with the many mini-budgets and statements made towards the end of 2022, this Budget brings change; good, bad, and often to be determined with time. What is clear is that 2023 remains a year of opportunity and we are here to work alongside you and help you grow!

For further details please see our more detailed Budget Summary released last week and please talk to us if you need guidance on any of the changes announced last week.

New UK Version of GDPR

New data laws to cut down paperwork for businesses and reduce cookie pops-up have been introduced by the UK government.

The Data Protection and Digital Information Bill was first introduced last Summer and paused in September 2022 so ministers could engage in a co-design process with business leaders and data experts, ensuring that the new regime builds on the UK's high standards for data protection and privacy and seeks to ensure data adequacy while moving away from the 'one-size-fits-all' approach of the European Union's GDPR.

Data is fundamental to fuelling economic growth in all areas of society, from unlocking medical breakthroughs to helping people travel, manage their finances, and shop online. It is vital to the development and use of innovative technologies such as artificial intelligence.

Data-driven trade generated 85 per cent of the UK's total service exports and contributed an estimated £259 billion to the economy in 2021.

The bill will:

- Introduce a simple, clear and business-friendly framework that will not be difficult or costly to implement – taking the best elements of GDPR and providing businesses with more flexibility about how they comply with the new data laws;
- Ensure the new regime maintains data adequacy with the EU, and wider international confidence in the UK's comprehensive data protection standards;
- Reduce the amount of paperwork organisations need to complete to demonstrate compliance;
- Support international trade without creating extra costs for businesses if they are already compliant with current data regulation;
- Provide organisations with greater confidence about when they can process personal data without consent; and
- Increase public and business confidence in AI technologies by clarifying the circumstances in which robust safeguards apply to automated decision-making.

See: [British Businesses to Save Billions Under New UK Version of GDPR - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/british-businesses-to-save-billions-under-new-uk-version-of-gdpr)

Building business resilience

The British Business Bank's Guide to building business resilience contains impartial, practical, and actionable information and support to help smaller businesses manage their costs, boost their long-term profitability, and increase their resilience.



There is guidance on everything from energy efficiency to investing in technology, included to help make your business more innovative and resilient.

Other topics covered in the guide include:

- Foundations for growth,
- Managing business costs,
- Securing funds and controlling debt,
- Focusing on customers,
- Optimising your supply chain, and
- Controlling staff overheads.

See: [Guide to building business resilience - British Business Bank \(british-business-bank.co.uk\)](https://www.british-business-bank.co.uk)

Government and Bank of England facilitate sale of Silicon Valley Bank UK

Silicon Valley Bank (UK) Ltd (SVB UK) was sold last week to HSBC for a symbolic £1. HSBC is headquartered in London, is the largest bank in Europe and is one of the world's largest banking and financial services institutions, serving 39 million customers globally. Customers of SVB UK are now able to access their deposits and banking services as normal.

This transaction has been facilitated by the Bank of England, in consultation with the Treasury, using powers granted by the Banking Act 2009. The deal makes use of post-crisis banking reforms, which introduced powers to safely manage the failure of banks.

See: [Government and Bank of England facilitate sale of Silicon Valley Bank UK - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

The recent Global bank stocks slump has implications for all businesses

Following the collapse of Silicon Valley and Signature banks, bank shares in Asia and Europe have slumped, despite the reassurances from Joe Biden. The volatility has led to speculation that the Federal Reserve will pause plans to raise interest rates, designed to halt inflation.

We should remember that post 2008 there was a focus on reforming banks considered “too big to fail” and the issues right now mainly focus on medium to smaller sized banks. There is a clear message about the failure of Silicon Valley and Signature banks in that they were mainly concentrated in one sector, and they came under pressure as the rise in interest rates affected asset values.

Understanding who your most valuable customers are helps focus your efforts to increase sales, but diversification is also important. Even if you have many customers, it's risky if they are too similar and could be affected by a similar change in business or the market. For example, if your three largest customers are based in the US, an unfavourable change in the exchange rate could see them all drastically reduce their orders.

If you run a business, then the message is: “Diversify your customer base”. Here are some thoughts:

- increase your market share by widening your customer base in your existing markets,
- use information to understand your competitors and take advantage of any gaps in the market,
- grow through product and service development,
- grow through strategic partnering with other businesses, and
- grow through international trade.

The key question is: "Do you have a Marketing Plan?"

Successful businesses all have two things in common: a thorough understanding of customer needs and a total dedication to their customers.

The logic is that you gather information about your business and get an insight into the way customers and prospective customers think and make ‘buy’ decisions. So, take a day out to work on your marketing plan and set some targets.

By the end, you should be in a position to:

- Have gathered information about existing and potential customers needs and wants;
- Have facilitated a discussion about the marketing actions the company should take;
- Know the unique selling points that your business has and how to take advantage of these;

- Understand how to differentiate the business from competitors; and
- Produce a marketing plan.

A marketing plan sets out how you are going to put your business strategy into practice. The marketing plan ensures that everyone in the business knows what you are trying to do and what they need to do to make it happen.

Please talk to us – we can provide you with a marketing template to get your thoughts into a plan so you can take action and grow your business!

Faraday Battery Challenge

Innovate UK, part of UK Research and Innovation, will work with the Faraday Battery Challenge to invest up to £1.5 million in innovation scale-up projects.

The aims of this competition are to:

- support an SME's research and development for the scale-up of battery technologies within the UK;
- support an SME to access the UK Battery Industrialisation Centre (UKBIC) and demonstrate technologies at suitable scales to customers;
- increase engagement with UKBIC;
- move UK battery innovations from technological potential towards commercial capability; and
- develop and secure material and manufacturing supply chains for battery technologies in the UK.

The competition closes at 11am on 4 April 2023.

See: [Competition overview - UK Battery Industrialisation Centre SME Credit Round 1 - Innovation Funding Service \(apply-for-innovation-funding.service.gov.uk\)](https://apply-for-innovation-funding.service.gov.uk)

The King's Awards for Enterprise

Businesses will soon be invited to apply for the UK's most prestigious business award when applications open in May.



The Queen's Award for Enterprise has been renamed following the Accession of King Charles III. The Awards will become The King's Award for Enterprise. The King's Awards for Enterprise recognise and encourage the outstanding achievements of UK businesses in the fields of:

- international trade,
- innovation,
- sustainable development, and
- promoting opportunity through social mobility.

Businesses of all sizes and from all sectors can apply. The awards are free to enter, and you can apply for more than one award. To be eligible, your organisation must:

- be based in the UK (including the Channel Islands and the Isle of Man);
- have a good compliance record with HM Revenue and Customs (HMRC) - for example, showing you pay the right amount of tax on time;
- be a self-contained enterprise that markets its own products or services and is under its own management;
- have at least two full-time UK employees or part-time equivalents; and
- demonstrate strong corporate social responsibility.

Your organisation can be a business or a non-profit organisation. Each of the award categories has additional entry criteria.

The awards are valid for five years. Previous winners have reported benefiting from worldwide recognition, increased commercial value, excellent marketing opportunities and press coverage and a boost to staff morale.

See: [The King's Awards for Enterprise: About the awards - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/awards/the-king-s-award-for-enterprise)

