

23 January 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!

Remaining resilient in a shrinking economy

Despite a small growth in the economy in November of 0.1%, the UK has been struggling under the weight of high inflation and rising borrowing costs. Most economists are predicting a contraction in the economy in the next six months. Conditions are likely to remain challenging for businesses and individuals alike, so now is a good time to focus on resilience.



Resilience is the process of adapting well in the face of adversity, trauma, tragedy, threats, or significant sources of stress — such as business, workplace, and financial stressors. It means "bouncing back" from difficult experiences.

So what actions can you take now to remain resilient to any downturn in the economy?

Here are a few suggestions to help you think about your business:

- Review your Budgets and set realistic and achievable targets for 2023/24.
- Be careful with 'can't pay' customers and get rid of 'won't pay' customers.

- Review your debtors list and chase up overdue invoices (if appropriate).
- Offer existing debtors extended payment terms and/or discounts (if applicable).
- Make sure your terms of business contain explicit payment terms.
- Assign responsibility to one individual for invoicing and collections.
- Agree extended payment terms with all suppliers in advance (if applicable).
- If appropriate, review banking facilities and discuss future needs.
- Put extra effort into making sure your relationships with your better customers are solid.
- Review and flow-chart the main processes in your business (e.g. Sales processing, order fulfilment, shipping etc) and challenge the need for each step.
- Encourage team members to suggest ways to streamline and simplify processes (e.g. sit down and brainstorm about efficiencies and cost reduction).
- Review your staffing needs over the next few months.
- Review your list of products and services and eliminate those that are unprofitable or not core products/services.

Establish your key performance indicators (KPI's) and measure them on a weekly basis, e.g.:

- Sales Leads generated,
- Orders supplied/fulfilled,
- Cash balance,
- Stock Turnover,
- Debtor Days,
- Gross Profit, and
- Net Profit.

The good news!

The important thing to remember is that the vast majority of people will not lose jobs, the majority of businesses won't fail and, eventually, we'll recover. (*NatWest Bank, Key economic predictions for 2023*).

Talk to us about your business; we have many clients who have changed the way they do things and some really innovative stories to share with you!

Statutory Pay Rates from April 2023

The UK Government has published the proposed statutory rates for maternity pay, paternity pay, shared parental pay, adoption pay, parental bereavement pay, and sick pay from April 2023.

The rates normally increase each April in line with the consumer price index (CPI) and the increase normally occurs on the first Sunday in April, which in 2023 is 2 April.

See: [Benefit and pension rates 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/benefit-and-pension-rates-2023-to-2024)

Research & Development (R&D) Tax Relief Reform Consultation Launched

The UK Government has launched a consultation to simplify the UK's R&D tax relief system.

The 8-week consultation, which runs from 13 January to 13 March 2023, sets out proposals on how a single scheme could be designed and implemented. This would replace the two R&D tax relief schemes currently in place - the Research and Development Expenditure Credit (RDEC) and the small and medium enterprises (SME) R&D relief.

A scheme modelled on the current RDEC for SMEs would also give decision makers in smaller companies clearer information, which will help them set budgets for R&D. In contrast, for those claiming SME tax relief in the current setup, the exact amount of money their firm will receive can only be known with certainty at the end of accounting period.

This is part of the government's ongoing R&D tax reliefs review, and follows changes announced at Autumn Statement 2022 where the generousities of the two R&D tax schemes were broadly aligned, with the Chancellor pledging to work with industry to understand how to provide further support for R&D-intensive SMEs.

Government spending on R&D is aimed at stimulating private sector investment which is why it is increasing investment to £20 billion a year by 2024-25.

See: [R&D Tax Relief Reform Consultation Launched - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/r-d-tax-relief-reform-consultation-launched)

From pensioners to teenagers, HMRC reveals who files a tax return

HMRC has revealed that more pensioners filed a tax return for the 2020 to 2021 tax year compared to young people.

Overall, those aged 65 and over accounted for 16% of individuals who submitted a tax return, whereas 16 to 24 year olds made up 2.7% of total filers.

The new data is part of analysis by HMRC into the demographic data of the Self-Assessment population. The findings also show:

- people aged 45 to 54 were the largest group of filers, accounting for 24% of all tax returns submitted;
- more than 294,000 16 to 24 year olds filed a return; and
- 62% of those who submitted a return last year were men, compared to 38% who were women.

The data also showed that almost 146,000 people submitted their tax return at the earliest opportunity between 6 and 11 April 2021.

More than 12 million people are expected to file a Self-Assessment tax return for the 2021 to 2022 tax year. Anyone yet to submit theirs has until 31 January to complete it, pay any tax owed or set up a payment plan, or risk having to pay a penalty.

See: [From pensioners to teenagers, HMRC reveals who files a tax return - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/from-pensioners-to-teenagers-hmrc-reveals-who-files-a-tax-return)

Innovation Loans Future Economy competition - round 8

Innovate UK is offering up to £25 million in loans to micro, small and medium-sized enterprises (SMEs). Loans are for highly innovative late-stage research and development (R&D) projects with the best potential for the future. There should be a clear route to commercialisation and economic impact.

Your project must lead to new products, processes or services that are significantly ahead of others currently available or propose an innovative use of existing products, processes or services. It can also involve a new or innovative business model.

Innovate UK are particularly interested in projects that focus on the future economy areas included in the [Innovate UK plan for action](#).

You must be able to show that you:

- need public funding,
- can cover interest payments, and
- will be able to repay the loan on time.

You can apply for a loan of between £100,000 and £2 million to fund your project's eligible costs.

Round 8 of this competition closes for applications on Wednesday 8 March 2023 at 11am.

See: [Competition overview - Innovation Loans Future Economy Competition: Round 8 - Innovation Funding Service \(apply-for-innovation-funding.service.gov.uk\)](https://apply-for-innovation-funding.service.gov.uk/competition-overview)

New Landscapes: Catalyst Research & Development Grant Scheme

Applications for the next round of New Landscapes: Catalyst Research & Development Grant Scheme are now open.

The New Landscapes: Fashion, Textiles and Technology Catalyst R&D Grant Scheme will provide five collaborative grants of up to £6,000 cash and up to £15,000 in-kind support to proposals that:

- Grow global networks to enable development of practice, experimentation and testing of sustainable design and production solutions that inspire positive environmental change.
- Support small and medium-sized enterprises (SMEs) to exchange methods of designing and producing in a more sustainable and socially engaged way.
- Support young designers to become advocates for sustainable, ethical and socially engaged fashion, textiles and related technologies.

The closing date to apply is 6 February 2023.

See: [Call for proposals for Fashion, Textiles and Technology partnership with British Council | UAL \(arts.ac.uk\)](#)

Greater control for taxpayers using repayment agents

HM Revenue and Customs (HMRC) is changing the way taxpayers who use a repayment agent can receive overpaid tax to protect them and raise standards among repayment agents.

HMRC will introduce legislation to change the way repayment agents are paid for their services and better protect customers from the unscrupulous tactics used by some operators. This means stopping the use of legally binding 'assignments' as part of claiming an Income Tax repayment, which could only be cancelled if the agent and taxpayer both agreed to do so. This can be challenging for customers who become dissatisfied with their agent, or who simply wish to take over managing their own claim.

Under new arrangements, if a taxpayer chooses to use a repayment agent to reclaim overpaid tax and wants it sent to the agent, they will need to make a nomination, which they can cancel at any time. The new process will make it easier for taxpayers to stay in control of their repayments.

See: [Greater control for taxpayers using repayment agents - GOV.UK \(www.gov.uk\)](#)

Employers should prepare for a warmer future

It might sound strange when we are in the middle of Winter just now, but science shows the planet is getting warmer and the Health and Safety Executive (HSE) is advising businesses to think how they need to adapt to warmer working conditions for their staff.

Employers have a legal obligation under the Management of Health and Safety at Work Regulations to assess risks to the health and safety of workers. They must review the risk controls they have in place and update them if needed. This includes risks from more frequent extreme weather such as heatwaves.

While there is no maximum temperature for workplaces, all workers are entitled to an environment where risks to their health and safety are properly controlled. Heat is classed as a hazard and comes with legal obligations like any other hazard.

The Workplace (Health, Safety and Welfare) Regulations require employers to provide a reasonable temperature in the workplace.

See: [Heat warning: Employers must prepare for a warmer future | HSE Media Centre](#)

The Improving National Workplace Health and Wellbeing Event 2023

Between 2019 and 2021, there has been a 38% increase in reported cases of work-related stress, depression or anxiety, according to the Health and Safety Executive. With the Bank of England predicting a recession at the end of 2022 through to 2023, increased pressure on public services and its workforce is likely. Taking steps to improve staff health and wellbeing is therefore essential to maintaining workforces and continuing to deliver effective public services. This is a key time for professionals across the public sector to come together and share best practice, tips and resources for supporting the wellbeing of public sector employees.

- In 2020/21 there were an estimated 822,000 workers affected by work-related stress, depression or anxiety (Health and Safety Executive).
- In 2021 the Royal Society for Public Health found that people who switched to working from home exercised less (46%) and developed musculoskeletal problems (39%).
- 41% of employees surveyed in 2021 experienced work-related mental health issues last year (BITC).

At The Improving National Workplace Health and Wellbeing Event 2023 you will hear the latest guidance on creating a workplace that promotes the health and wellbeing of all staff. You will be able to engage with best practice case studies on improving work-life balance, developing a whole organisation approach to health and wellbeing, and developing policies to support staff mental health.

The event takes place on the 2nd of February 2023 online.

See: [Improving National Workplace Health and Wellbeing \(healthatwork.uk\)](#)

Ban on single-use plastics in England

A range of polluting single-use plastics will be banned in England, Environment Secretary Thérèse Coffey has announced.

The ban will include single-use plastic plates, trays, bowls, cutlery, balloon sticks, and certain types of polystyrene cups and food containers. This ban will be introduced from October 2023, allowing businesses time to prepare.

According to estimates, England uses 2.7 billion items of single-use cutlery — most of which are plastic — and 721 million single-use plates per year, but only 10% are recycled. If 2.7 billion pieces of cutlery were lined up they would go round the world over eight and a half times (based on a 15cm piece of cutlery).

From October, people won't be able to buy these products from any business - this includes retailers, takeaways, food vendors and the hospitality industry. The government's announcement reveals that over 95% of those who responded to the consultation were in favour of the bans.

See: [Far-reaching ban on single-use plastics in England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/far-reaching-ban-on-single-use-plastics-in-england)

