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Business News England

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!

Back to school – childcare vouchers or tax-free childcare account?

Tax-free childcare accounts will gradually replace childcare voucher schemes as no new schemes could be set up after 4 October 2018. Those within voucher schemes continue to be eligible until their child is aged 16, provided the employer is willing to continue operating the scheme.

Many organisations provided the vouchers by way of salary sacrifice and there were tax and NIC advantages for both employers and employees. Despite the PAYE and NIC advantages, not all employers provided childcare vouchers. Depending upon when they joined the voucher scheme, employees could be provided with vouchers worth up to £55 a week (£2,860 p.a.) free of tax and NICs.

For more details see: Help paying for childcare: Childcare vouchers and other employer schemes - GOV.UK (www.gov.uk)

However, with many employees working from home during the pandemic and with the move to hybrid working, many families found that they were not using all of their vouchers and are choosing to leave the scheme and use the Government's Tax-Free Childcare account instead. Note that that scheme is generally only available to pay for care for children up to age 12.

Which scheme an employee is better off with depends on their personal situation. They can use the Government's childcare calculator to work out which type of support is best for them.

One other major difference between the two schemes is that Tax-Free Childcare accounts are available to the self-employed as well as to employees.

There continues to be poor take-up of the Government's Tax-Free Childcare Accounts which provide a 25% subsidy towards the cost of childcare. The system operates by topping up savings of up to £8,000 per child by 25%, potentially an extra £2,000 from the Government to spend on qualifying childcare. The scheme generally applies to children under 12 and the account can be used to pay nursery fees, breakfast clubs, after-school clubs and registered childminders.

To be eligible, the parent generally needs to be working and earning at least the National Minimum Wage or Living Wage for 16 hours a week on average. In a 3-month period, they need to earn at least £1,976 and will not be eligible if their (or their partner's) adjusted net income is more than £100,000 a year.

Note that the two schemes are mutually exclusive, and employers must stop giving their employees childcare vouchers with income tax and NIC relief if the employee informs them that they've started using the Tax-Free Childcare scheme. Employees must notify their employer within 90 days of their application for a Tax-Free Childcare account. The employer may need to stop or change the employee's salary sacrifice arrangement and must also update the employee's contract and payroll.

Does your company have a shareholders agreement?

For limited companies, when it comes to making decisions, company law states that shareholders who own more than 50% can pass a motion at a company meeting regardless of the views of other shareholders. If a shareholder(s) owns more than 75% of the shares, they control the company outright and can veto the decisions of all other shareholders.

This may not suit all business situations, especially where you have two or more founders holding equal share capital or a group of owners with varying amounts of capital, some of whom are directors and some who are not, but who are all working together for the company's success.

A shareholders' agreement is entered into between all or some of the shareholders in a company. It regulates the relationship between the shareholders and the management of the company, ownership of the shares and the protection of the shareholders. They also govern the way in which the company is run.

The agreement can help define how a business makes decisions for the benefit of all owners, and is recommended where:

- A small number of owners want to reach collective and fair decisions for the benefit of all.

- Some owners may want to be able to influence decisions that are particularly relevant to them.

- Some shareholders may not be directors and cannot influence operations on a day-to-day basis.

Typically, it is seeking to deal with the three “D’s” of death, disability and disagreement. It may also cover a variety of other significant areas, for example, retirement and buyback of shares.

Key areas for any shareholder agreement

This is not a comprehensive list as each situation is different, but it may help you collect the thoughts of all shareholders before you draw up an agreement.

1. Company details including structure, directors and officers
2. Purpose and aims of the company
3. Equity split of shareholders
4. Parties to the agreement
5. Shareholders' rights, obligations and commitments
6. Decision-making processes on major issues, required voting majorities and day-to-day operating decisions
7. Restrictions on the sale of shares
8. Rights of first refusal and pre-emptive rights to acquire shares on leaving, retirement, death or disability
9. Death, disability and other retirement compensation payments
10. Management contracts, director approval and remuneration amounts
11. Insurance and other protective requirements
12. Professional advisers and change of professional advisers
13. Dispute resolution
14. Changes to and termination of the agreement
15. Buy out provisions for leaving shareholders
16. Valuation of shares on changes and valuations of the business

Our view is that a shareholders agreement is an essential document for any limited company and an equitably drafted agreement should provide comfort to all parties.

Please talk to us if you need help in planning for an agreement, especially where there are several shareholders, a new company is being formed, a shareholder wants to sell their shares or pass them to their children, someone is nearing retirement, or the company has borrowed money from a shareholder. We can help with share and company valuations and put the shareholders' wishes into an agreement with a local solicitor.

Support and manage disability and health at work

Many employers are currently facing challenges in recruiting the people they need to help their businesses survive and prosper. It has never been more important for those employers to keep and develop the people they already have. It's therefore crucial that businesses have the tools they need to prevent long-term absence and avoidable job loss because of ill health or disability.

The UK Government is testing a new online service for employers, which provides advice and guidance on managing health and disability in the workplace and also explains your legal obligations and good practice.

This may be particularly helpful for smaller businesses without an in-house HR function or access to an occupational health service.

By taking part, you will receive free information and guidance on disability and health-related employment issues. You could use it to help manage a current case, or simply take a look around the site to see what's useful and identify improvements.

See: Support and manage disabled employees and employees with health conditions at work – Support and manage disabled employees and employees with health conditions at work – GOV.UK (dwp.gov.uk)

Employers should prepare for a warmer future

The Health and Safety Executive (HSE) is advising businesses to think about how they need to adapt to warmer working conditions for their staff.

After last month's record-breaking temperatures and with more hot weather this month, HSE is asking employers to ensure extreme heat becomes part of their long-term planning.

With temperatures reaching 40ºC in some parts of the UK in July, adapting to climate change is something all businesses will need to consider as warmer weather becomes more frequent.

Employers have a legal obligation under the Management of Health and Safety at Work Regulations to assess risks to the health and safety of their 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.

John Rowe, HSE's Acting Head of Operational Strategy, said:

"We expect employers to take this recent weather event as the prompt to review how they assess the risk of high temperatures in their workplace and identify now those changes that will future proof them."

"All workplaces need to acknowledge that the working environment is changing. There are low-cost adaptations to the structure of work, but things like improved ventilation and air conditioning should also be considered, which will involve investment in the workplace."

"Extreme heat that we have witnessed of late isn't going to stop and we want employers to plan and respond to this now."

Here, you can find more guidance on taking practical steps to work safely in hot conditions:

Temperature at work

Temperature: employees guide

Temperature: What the Law says

Temperature: Outdoor working

Workers' health and safety

See: Heat warning: Employers must prepare for a warmer future | HSE Media Centre

Apply for funding from the UK Seafood Fund

The UK Seafood Fund is a £100 million fund set up to support the long-term future and sustainability of the UK fisheries and seafood sector. The fund is managed by the Department for Environment, Food and Rural Affairs (Defra).

The fund's objectives are to:

- Reform and modernise infrastructure to level up and bring economic growth to coastal communities.
- Ensure the best science, research and technology are used in fisheries management.
- Encourage new entrants to the industry and upskill the existing workforce.
- Enable an environmentally sustainable fishing industry that gives the most value for money and reflects the long-term needs of the sector.
- Boost UK seafood exports to new and existing markets.

The UK Seafood Fund consists of a number of schemes that come under 3 areas of funding:

- Science and innovation
- Infrastructure
- Skills and training
- Exports support

See: UK Seafood Fund - GOV.UK (www.gov.uk)

Future of Air Mobility Accelerator 2022

Connected Places Catapult has partnered with the Future Flight Challenge from UK Research and Innovation (UKRI) to launch the second iteration of the Future of Air Mobility Accelerator (FoAM).

They will select up to 12 small and medium-sized businesses (SMEs) to join a six-month programme to receive support from a consortium of industry, academic and regulatory partners on the trial and testing of their disruptive innovative solutions.

The challenge areas for FoAM 2022 are:

- Future airport and vertiport operations
- Aviation sustainability
- Future air and space traffic management
- Enabling end-to-end mobility

Applications close on 11 September 2022.

See: Connected Places Catapult Community Platform

Music Export Growth Scheme is open for applications

The Music Export Growth Scheme offers grants ranging from £5,000 to £50,000 to UK-registered independent music companies to assist them with marketing campaigns when looking to introduce successful UK music projects overseas.

The scheme is targeted at artists/projects that have achieved reasonable levels of impact in the UK and are now looking to break internationally.

See: Music Export Growth Scheme - bpi

Hydrogen Business Model and Net Zero Hydrogen Fund Electrolytic Allocation Round

The Department for Business, Energy & Industrial Strategy (BEIS) has launched a call for submissions to the 2022 Hydrogen Business Model and Net Zero Hydrogen Fund Electrolytic Allocation Round.

The UK is aiming to develop up to 10 gigawatts of low-carbon hydrogen generation by 2030. This is subject to affordability and value for money, with the intention that at least half of this will be from electrolytic hydrogen, drawing on the scale-up of UK offshore wind, other renewables, and new nuclear.

The Energy Security Strategy sets out the ambition to support up to 1GW of electrolytic hydrogen being in construction or operational by 2025. BEIS aims to run yearly electrolytic allocation rounds for the Hydrogen Business Model (HBM) and move to price-competitive allocations by 2025, as soon as market conditions and legislation allow.

BEIS hopes to support at least 250 megawatts via this first allocation round. BEIS proposes that projects can apply for HBM revenue support only, or they can apply for joint HBM revenue support and capital expenditure support through the Net Zero Hydrogen Fund (NZHF).

See: [Hydrogen Business Model and Net Zero Hydrogen Fund: Electrolytic Allocation Round 2022 - GOV.UK (www.gov.uk)]