

Written by 10 June 2024

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!

How a general election can affect your business

The news is currently full of reports on the general election, so much so that you may be inclined to switch off rather than hear any more about it!

Of course, we have no wish to take sides or promote the views of one party over another. However, regardless of what happens and who eventually wins, a general election represents a significant event that can shape the economic landscape of a country. For your business, these elections bring about a period of uncertainty and potential change.

Let's pick apart some of the factors it is worth looking out for so that you can be prepared for any potential changes.

Economic Policies and Regulation

One of the most direct ways a general election affects businesses is through changes in economic policies and regulations. When talking about economic policies we're usually referring to tax and government spending.

Broadly speaking, policies that favour lower business taxes and deregulation can often boost business investment and growth. Conversely, policies that focus on increasing tax and bringing in more stringent regulations may mean higher costs for businesses but increase government spending that may benefit the economy and your business in a different way.

Key Considerations:

- **Taxation:** Changes in the company tax rates will directly affect a company's profitability. Lower taxes generally increase net income, while higher taxes reduce it.
- **Regulations:** Alterations in employment laws, environmental regulations, and industry-specific standards could make it easier or more complicated to run your business.

Market and Consumer Confidence

General elections can significantly influence market and consumer confidence. The period leading up to an election often brings uncertainty, so businesses and consumers delay spending money while they wait to see what the outcome is.

Key Considerations:

- **Investment:** Businesses might delay major investments or signing off on purchase orders until after the election. Once they have a clearer picture of what future policies are likely to be, they may revisit spending and investment decisions that haven't been committed to yet.
- **Consumer Spending:** Consumers may become more cautious, reducing their spending. This can particularly impact retail and service-related businesses.

Currency and Financial Markets

Elections can also impact financial markets and currency values. Investors react to the anticipated and actual outcomes of elections, which can lead to volatility in stock markets and fluctuations in currency exchange rates. For businesses, especially those involved in international trade, such volatility can affect profit margins and pricing strategies.

Key Considerations:

- **Stock Markets:** Election outcomes perceived as business-friendly may lead to market rallies, while those seen as unfavourable could cause market declines.
- **Currency Values:** Changes in government policies on trade, fiscal stimulus, and economic management can lead to currency appreciation or depreciation.

Public Spending and Infrastructure

Government spending priorities can shift significantly with a change in administration. A new government may prioritize different sectors for public spending, impacting businesses associated with those sectors. For example, increased spending on infrastructure can benefit construction companies, while cuts in public services might adversely affect healthcare providers.

Key Considerations:

- **Infrastructure Projects:** Businesses in construction and related industries may see new opportunities open up to them.
- **Public Services:** Businesses providing services to the government may experience changes in demand based on shifts in public spending priorities.

Employment Market

The employment market is another area where general elections can have a profound impact. Policies on minimum wage, worker rights, and immigration can affect costs and your ability to recruit the right workers for jobs.

Key Considerations:

- **Wage Policies:** While a further imminent increase seems unlikely, changes in the policies around minimum wage laws could increase employment costs for businesses. Businesses in low-margin industries can be particularly sensitive to these changes.

- Immigration Policies: Adjustments in immigration laws can affect the availability of skilled and unskilled labour, with knock-ons to your recruitment strategies and employment costs.

Conclusion

General elections are pivotal events that can have wide-ranging effects on businesses. However, by understanding the potential effects on your business you are better able to proactively plan and make adjustments so that your business continues to grow and enjoy stability.

If you have questions about how any proposed policy could affect your business or tax situation, please do not hesitate to call us. We will be happy to help you!

Advice for charities to concentrate on their positive work

The Charity Commission has recently concluded its regulatory compliance case into the Actors' Benevolent Fund and has drawn out some lessons that can benefit all charities.

The case was opened in February 2022 over concerns about how the Fund was being governed and its financial controls. There were significant disagreements about how trustees were appointed to the charity's board as well as how they were removed or retired from it. Needless to say, these disagreements have been very disruptive to the charity and its ability to deliver on its charitable aims.

As a result, the Charity Commission are advising trustees of all charities to consider how they can avoid disputes over trusteeship and, where they do arise, how a disagreement can be handled while minimising the impact on the charity.

They have advised trustees to:

- Check that the charity's governing document is fit for purpose and not open to differing interpretations. It should particularly be clear on how to appoint trustees and honorary roles. The Charity Commission provides guidance that will allow trustees to do this.
- Ensure good practice on governance essentials. This includes running effective meetings and being clear on how to appoint or elect trustees in line with the charity's governing document.
- Ensure trustees are regularly rotated. The Charity Governance Code recommends a rigorous review of the reappointment of any trustee who has served for nine or more years.
- Ensure that decision-making and governance processes are transparent. Taking minutes at meetings helps to protect a charity when there's an internal dispute or external critics on a decision made.

The Charity Commission has acknowledged that disagreements can occur but encourages trustees to never lose sight of the best interests of the charity as a whole or the good work it does for those that rely on it.

As implied by the points made above, the Commission found that the Actors' Benevolent Fund had an unclear governing document and had insufficient financial policies which had contributed to the dispute. The charity's governing document has since been updated and a new board of trustees was appointed by election in January this year.

While the Charity Commission cannot referee differences of opinion between trustees, this case demonstrates that they can step in and appoint trustees where they feel it's required.

The wider lesson then is not to allow a disagreement to spoil a good thing!

See: <https://www.gov.uk/government/news/dont-allow-disagreements-to-overshadow-your-charitys-positive-work-says-regulator>

More indicators of a cut in interest rates to come

The Bank of Canada announced a cut of a quarter of a percentage point to its key interest rate last week, bringing the rate down to 4.75%.

Canada is the first country in the G-7 to cut rates following the moves in recent years to increase rates throughout the worldwide economy. Canada has been increasing rates since March 2022 to deal with inflation.

The Canada central bank felt confident that inflation is moving towards its target of 2% and so were willing to make the cut.

Economists are predicting that this will start a move across the G-7 economies to cut interest rates. This would be good news for UK businesses. The International Monetary Fund (IMF) have also recommended that UK interest rates could be cut to 3.5% by the end of the year.

See: <https://www.bbc.co.uk/news/articles/cldd6x6gglxo>

Choosing passwords: the three random words method

With our personal and work lives now requiring us to have so many passwords, it is difficult to keep coming up with new passwords.

The National Cyber Security Centre (NCSC) have been championing the three random words method as a strategy to help with this problem. This method involves choosing three words at random and combining them to make a password, for example: *paperhumbleconnect*.

Weak passwords can be easily cracked, but the longer and more unusual your password is, the more difficult it is for a cybercriminal to crack it.

In recent years much advice has been given about using long, complex passwords that contain random letters, numbers and symbols. However, generating, remembering, and entering this kind of password is impractical for most of us.

So, faced with yet another password to choose we may be tempted to opt for a variation of a familiar word, name or date, or perhaps reuse a password we use elsewhere. Common tactics include substituting numbers for letters.

Of course, the problem then is that tactics are familiar to cyber criminals who adjust their approach to match.

While a random password created by a password manager may be the strongest option, NCSC note that take-up of password managers remains very low. And security that is not usable for people doesn't work.

The three random words method is considered to be long enough and strong enough for most purposes and is easy enough for most people to understand and use.

NCSC also say that if you want to write your password down, that's ok, as long as you keep your written note somewhere safe.

See: <https://www.ncsc.gov.uk/collection/top-tips-for-staying-secure-online/three-random-words>

Cutting edge technology coming to fishing industry

The UK government has announced a new initiative to enhance the sustainability of fish stocks through the implementation of Remote Electronic Monitoring (REM) technology in English waters. This technology includes cameras, gear sensors, and GPS units to ensure accurate recording of catches and prevent unlawful discarding of fish. The data collected will help manage fish stocks sustainably and increase confidence in the sustainability of UK fish among retailers and consumers.

Starting this summer, volunteers from five priority fisheries will begin using REM systems. Their feedback will refine the UK's monitoring objectives and ensure the technology is effective for fishers. Once these objectives are met and the technology is proven effective, REM systems will become mandatory for all vessels in those fisheries, including non-UK vessels.

The use of REM is expected to support the long-term profitability of the fishing industry and enhance the UK's food resilience and security. Fisheries Minister Mark Spencer highlighted that leaving the EU has provided an opportunity to adopt a new fisheries management approach that benefits the UK fishing industry, future generations, and the marine environment.

Additionally, a new approach to managing discards will be implemented in England. From 2025, both landings and discards will be counted against quota allocations, with the quota used to cover discards varying based on vessel and gear types. Discard reduction schemes will be established to minimize unwanted catch, working

collaboratively with regulators and the industry to overcome barriers to using improved gear.

For clients in the fishing industry, this initiative offers several benefits. It promotes sustainable fishing practices, ensuring long-term profitability and market confidence in sustainably sourced fish. The new monitoring and discard management approaches can lead to more efficient quota usage and reduced waste, further supporting the industry's economic viability and environmental responsibility.

See: <https://www.gov.uk/government/news/uk-fishing-industry-to-benefit-from-cutting-edge-technology-to-help-manage-fish-stocks>

Dental group commits to take on 12,000 new NHS patients in 2024

The dental group, Clyde Munro, have committed to taking on 12,000 new NHS patients during 2024.

The British Dental Association (BDA) say that almost 82% of NHS dentists in Scotland are no longer accepting new NHS patients, and 83% plan to reduce their number of NHS patients.

This is in spite of the fact that the reformed payment system, working since 1 November 2023, provides increased funding for NHS dentists.

Clyde Munro's move is significant in view of the ongoing crisis affecting NHS dentistry, reflects a commitment to Scottish people who rely on NHS services, and they clearly feel it is a worthwhile expansion for their business.

The group is also innovating when it comes to recruitment and use of technology, and their progress is worth watching for areas that may benefit dentistry as a whole.

See: <https://scottishbusinessnews.net/one-of-scotlands-largest-dental-groups-commits-to-12000-new-nhs-patients/>