

Written by 12 December 2022

## 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!

### Ministers to review late payments to small businesses

Earlier this month, the business secretary Grant Schnapps announced a government review into tackling late payments for small businesses, while also urging large companies to pay their smaller suppliers promptly.

Small businesses routinely suffer from late payments from businesses they supply, which can lead to cash flow problems, putting their firms at risk and preventing them from growing. The majority of small businesses do not have large balance sheets and cannot accommodate long payment terms or delays to receiving payment within their cash flow cycle. Significant time and resources are spent on chasing late payments.



The Payment and Cash Flow review will scrutinise existing payment practices and the measures in place to make sure small firms are not ripped off by their larger clients – with over £23.4 billion currently owed in outstanding invoices to UK businesses.

**Please contact a member of our team if you would like to discuss any of the issues raised.**

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The review will consider the progress made in specific sectors of the economy in combatting late payment and will also include an in-depth examination of current payment reporting regulations and the Prompt Payment Code.

In addition, the statutory review of the Small Business Commissioner will help to ensure that the UK has the right arrangements in place to support small businesses.

See: [Business Secretary launches review to prevent small firms from being ripped off by larger companies - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/business-secretary-launches-review-to-prevent-small-firms-from-being-ripped-off-by-larger-companies)

If you are concerned about the future of your cash flows, then take some time to reflect on where you are and what could happen in the next few months. It is now vitally important for all businesses to plan ahead for a range of scenarios. Cash flow and business planning in these uncertain times may appear difficult but there are some practical steps you can take to minimise potential disruption to your business.

- Review your Budgets and set realistic and achievable targets for 2023.
- Get your employees involved in a discussion of likely trading conditions and get their input on reducing costs and maintaining revenues.
- Review and flowchart the main processes in your business (e.g. Sales processing, order fulfilment, shipping etc.) and challenge the need for each step.
- Put extra effort into making sure your relationships with your customers are solid.
- Review your list of products and services and eliminate those that are unprofitable or not core products/services.
- Pull everyone together to explain the business strategy and get their buy-in.

We specialise in helping our clients manage their cash flow. We do this by preparing and updating detailed cash flow forecasts, using the latest and most powerful software. We can also help you negotiate or renegotiate overdraft facilities and find specific funding to help you grow!

Please talk to us about cash flow planning for the next few months, we can help with a template so you can do this yourself or work together to produce estimates for a variety of scenarios.

## **Tax Free Christmas Gifts To Staff**

This is a timely reminder that employers may make small tax-free gifts to employees and directors if all of the following conditions apply:

- The cost to the employer is £50 or less
- It is not cash or a cash voucher
- It is not a reward for their work or performance

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- There is no contractual entitlement
- It is not provided as part of a salary sacrifice arrangement

This is known as the 'trivial benefit' exemption. Employers do not need to pay tax or National Insurance or let HMRC know, however, they need to keep a record of the gifts should HMRC request the details.

The gift could, for example, be a Christmas Turkey, hamper or a few bottles of wine. Many employers provide vouchers from retailers such as Marks and Spencer or John Lewis so that their staff can choose their own gifts. These are regarded as non-cash vouchers and would fit within the exemption. If the cost to the employer exceeds £50 then the whole amount is taxable.

Note that directors of 'close' companies can't receive trivial benefits worth more than £300 in total per tax year. A 'close' company is a limited company that, broadly, is run by 5 or fewer shareholders or any number of directors.

### **Staff Christmas Parties**

For the last couple of years during the Covid-19 pandemic many businesses put on "virtual" Christmas parties for their employees and HMRC agreed that would be acceptable and that the exemption from tax would continue to apply.

There continues to be no taxable benefit for employees provided that all staff are invited, and the cost does not exceed £150 a head, inclusive of VAT.

The £150 per head limit applies to a tax year, so if you have also had an annual summer event then provided the combined cost of the two events is no more than £150 a head there would be no taxable benefit in kind. If however the summer event cost £80 a head and the Christmas party £100 a head only one event would qualify for the exemption.

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## Employees to be able to request flexible working on day one of employment

Millions of employees will be able to request flexible working from day one of their employment, under new government plans to make flexible working the default.



Flexible working doesn't just mean a combination of working from home and in the office – it can mean employees making use of job-sharing, flexitime, and working compressed, annualised, or staggered hours.

The new measures will give employees greater access to flexibility over where, when, and how they work, and the government hopes will lead to happier, more productive staff. Flexible working has been found to help employees balance their work and home life, especially supporting those who have commitments or responsibilities such as caring for children or vulnerable people.

Last week's announcement came alongside new laws coming into effect that will allow Britain's lowest paid workers to work more flexibly and boost their income through extra work.

The measures the government is committing to will:

- remove the 26-week qualifying period before employees can request flexible working, making it a day-one right;
- require employers to consult with their employees, as a means of exploring the available options, before rejecting a flexible working request;
- allow employees to make 2 flexible working requests in any 12-month period;
- require employers to respond to requests within 2 months, down from 3; and
- remove the requirement for employees to set out how the effects of their flexible working request might be dealt with by their employer.

The day one right to request flexible working will be delivered through secondary legislation, with the other policies being introduced in the Employment Relations (Flexible Working) Bill.

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The government will also commit to non-legislative action: developing guidance to raise awareness and understanding of how to make and administer temporary requests for flexible working; and launching a call for evidence to better understand how informal flexible working operates in practice.

See: [Millions of Britons to be able to request flexible working on day one of employment - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/millions-of-britons-to-be-able-to-request-flexible-working-on-day-one-of-employment)

## **Cyber laws updated to increase UK's resilience against online attacks**

In response to a public consultation earlier this year, the government has confirmed that the Network and Information Systems (NIS) Regulations will be strengthened to protect essential and digital services against increasingly sophisticated and frequent cyber-attacks, both now and in the future.

The UK NIS Regulations came into force in 2018 to improve the cyber security of companies providing critical services. Organisations which fail to put in place effective cyber security measures can be fined as much as £17 million for non-compliance.

But high profile attacks such as Operation CloudHopper, which targeted managed service providers and compromised thousands of organisations at the same time, show the UK's cyber laws need to be strengthened so that they can continue to protect vital services and the supply chains that they rely on.

Managed Service Providers (MSPs) provide IT services such as security monitoring and digital billing and can have privileged access to their customer's IT networks. This makes them an attractive target for cyber criminals who can exploit MSP software vulnerabilities to compromise a wide range of clients.

Under the new changes, MSPs, which are key to the functioning of essential services that keep the UK economy running, will be brought into scope of the regulations to keep digital supply chains secure.

The updates to the NIS regulations will be made as soon as parliamentary time allows and will apply to critical service providers, like energy companies and the NHS, as well as important digital services like providers of cloud computing and online search engines.

Other changes include requiring essential and digital services to improve cyber incident reporting to regulators such as Ofcom, Ofgem and the Information Commissioner's Office. This includes notifying regulators of a wider range of incidents that disrupt service, or which could have a high risk or impact to their service, even if they don't immediately cause disruption.

The updated rules will allow regulators to establish a cost recovery system for enforcing the NIS regulations that is more transparent and takes into account the wider regulatory burdens, company size, and other factors to reduce taxpayer burden.

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The Information Commissioner will be able to take a more risk-based approach to regulating digital services under the updated cyber laws and will be allowed to take into account how critical providers are to supporting the resilience of the UK's essential services.

See: [Cyber laws updated to boost UK's resilience against online attacks - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/cyber-laws-updated-to-boost-uk-s-resilience-against-online-attacks)

### **Packaging waste: prepare for extended producer responsibility**

The way in which UK organisations responsible for packaging must carry out their recycling responsibilities is changing.

If you are affected by the new [Extended Producer Responsibility](https://www.gov.uk/government/news/extended-producer-responsibility) (EPR) for packaging (including reforms to the Packaging Recycling Note (PRN) system), you need to start to collect the correct packaging data from 1 January 2023.

Collection of your packaging data won't become mandatory until March 2023, and you will need to start reporting this data from July 2023.

These regulations will apply to larger organisations that handle and supply packaging to businesses and consumers. This may also include products imported from outside the UK and online marketplaces.

See: [How to collect your packaging data for extended producer responsibility - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/how-to-collect-your-packaging-data-for-extended-producer-responsibility)

### **Plan around expected Royal Mail strike action**

Businesses that use Royal Mail's services are urged to plan ahead as strike action is expected to take place this winter.



If you use Royal Mail to deliver your goods you should be aware of planned industrial action that is due to take place on:

- Wednesday 14 December 2022
- Thursday 15 December 2022

Royal Mail's services will be affected by delays to mail posted the day before, during, or in the days after any strike action.

See: [Royal Mail strike updates | Royal Mail Group Ltd](https://www.royalmail.com/news/updates)

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## **Green Home Finance Accelerator (GHFA)**

The Green Home Finance Accelerator (GHFA), part of the UK Government's [Net Zero Innovation Portfolio \(NZIP\)](#) will provide up to £20 million grant funding to support the design, development and piloting of a range of finance propositions which encourage domestic energy efficiency and low carbon heating retrofits in the owner-occupied and private rented sectors.

The UK Department for Business, Energy & Industrial Strategy (BEIS) wants as many UK homes as possible to reach Energy Performance Certificate (EPC) C by 2035. Private investment, alongside government support, will be essential to meet this target – and the green finance market can play a crucial role in helping homeowners decarbonise their properties.

The GHFA encourages banks, building societies and companies working with those in the finance industry to team up to create more green finance products that will help homeowners strengthen the energy efficiency of their homes and reduce energy-related carbon emissions.

The grant competition closes at 12pm on 14 December 2022.

See: [Home - GHFA \(carbontrust.com\)](#)

## **The Resource Efficiency for Materials and Manufacture Programme**

The Resource Efficiency for Materials and Manufacture (REforMM) programme aims for the UK to lead in resource efficiency with organisations understanding the environmental, social and economic impact of the full product lifecycle.

Innovate UK is investing up to £15 million in the REforMM programme, with UK-registered organisations being able to apply for a share of up to £1 million for feasibility study projects.

The programme focuses on five core areas:

- materials for the future economy,
- smart design,
- resilient supply chains,
- world-class production, and
- longer in use and reuse.

The competition closes at 11am on 21 December 2022.

See: [Resource efficiency for materials and manufacturing \(REforMM\) - Innovate UK KTN \(ktn-uk.org\)](#)

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## Farm Resilience Programme

The Prince's Countryside Fund Farm Resilience Programme (FRP) offers free business skills training to family farmers across the UK. The programme is open to dairy and livestock family farm businesses and takes a whole-farm and whole-family approach.

Workshops include:

- Business Health Check,
- Benchmarking,
- Practical cost management,
- Getting to know your finances,
- Managing your farmed environment,
- Planning your future, and
- Business planning and managing change.

See: [Farm Resilience Programme - The Prince's Countryside Fund \(princescountrysidefund.org.uk\)](https://princescountrysidefund.org.uk)

## Creative Catalyst 2023

Creative Catalyst, run by Innovate UK, provides end-to-end innovation support for high-potential businesses in the creative sector. The first £10 million funding call opened on the 5 December 2022.

UK registered micro and small businesses in the creative industries sector will be able to apply for funding up to £50,000 with a package of support to grow their business.

To be eligible, proposals must:

- be from the creative industries or support the creative industries;
- demonstrate clear benefits for the UK creative industry and the wider UK economy;
- focus on a clear opportunity and the proposed innovation which addresses it; and
- demonstrate the impact funding and support can have to your business growth plan.

If your proposal is successful, you must work with an adviser from Innovate UK EDGE to maximise the impact of your project.

See: [Competition overview - Creative Catalyst 2023 - Innovation Funding Service \(apply-for-innovation-funding.service.gov.uk\)](https://apply-for-innovation-funding.service.gov.uk)

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