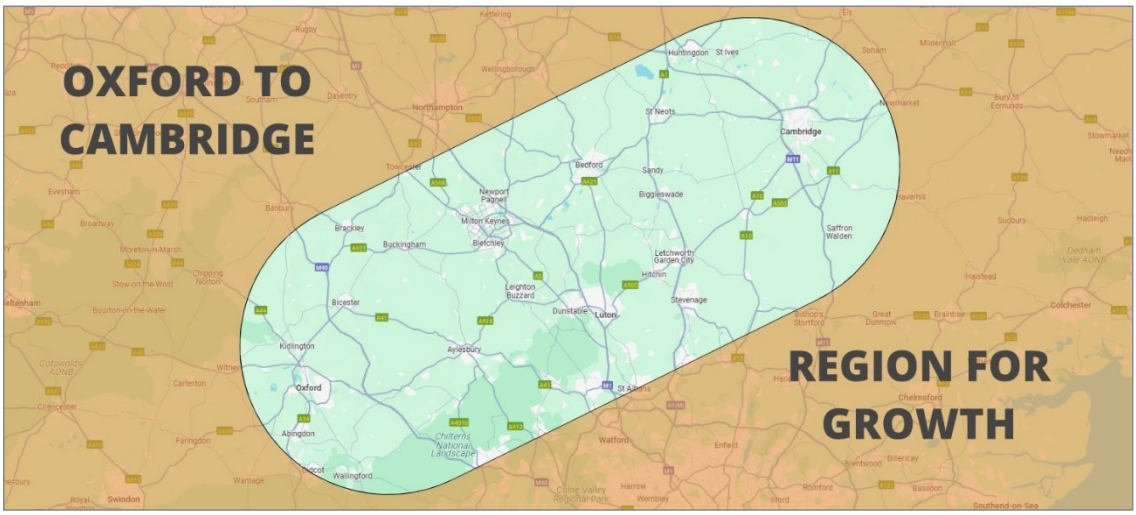
3 February 2025

BUSINESS NEWS – Round up

Welcome to our weekly round up of the latest business news for our clients. Please do contact Cognitor Accountancy to talk with us about how these updates may affect your business. We are here to support you!

Chancellor's speech: An update on economic growth measures



The Chancellor of the Exchequer, Rachel Reeves, delivered a speech last week that served as an update on the government's plans for delivering economic growth.

The plan largely focused on developments proposed around Oxford and Cambridge as well as a third runway at Heathrow. Here are some of the highlights from the speech.

Oxford and Cambridge Growth Corridor

The Chancellor highlighted the potential growth available in the area between Oxford and Cambridge and feels this could become Europe's answer to Silicon Valley. Currently, slow transport links and a lack of affordable housing have been identified as holding this potential back.

Improvements to rail transport links with East-West Rail and making Tempsford a mainline station were announced. There are also plans to upgrade roads between Milton Keynes and Cambridge to improve travel times.

A new Cambridge Cancer Research Hospital is being prioritised, and there are plans for a new Fens Reservoir to serve Cambridge and South East Strategic Reservoir near Oxford.

The Chancellor also announced that the Environment Agency have removed their objections to a new development in Cambridge that will provide 4,500 new homes together with schools and business premises.

A new AI Growth Zone in Culham is intended to speed up planning approvals for rapid build-out of data centres. And Cambridge University are planning a new flagship innovation hub in the centre of Cambridge, partly to attract investment and partly to help with building an innovation-focused community.

Third runway at Heathrow

While a third runway has already been previously approved, plans are stepping up to bring this to reality. The government is inviting proposals to be brought forward by the summer and will then take forward a full assessment through the Airport National Policy Statement.

The Chancellor reported that a third runway could increase GDP by 0.43% and create 100,000 jobs.

Other highlights

The Chancellor mentioned other developments as follows:

- **Approach to trade**: The government will continue to work on building economic relationships with the United States, the EU, and faster-growing economies around the world – China and India were mentioned.
- **Employment system reforms**: The Secretary of State for Work and Pensions will be setting out reforms to the welfare system before the Spring Statement. And an Immigration White Paper will bring forward proposals to bring overall levels of net migration down, while the government also looks at visa routes for very highly skilled people.
- **Pensions system reforms**: A final post-consultations report on the creation of larger consolidated funds will be published in the spring.
- **Regulatory system**: Following discussions with Heads of the largest regulators, an action plan on how they can be more agile and responsive to businesses will be published in March.
- **Planning reforms**: The Planning and Infrastructure Bill, to be introduced this Spring, will reduce environmental requirements placed on developers when they pay into the nature restoration fund. Measures will also make it easier to develop new infrastructure like nuclear power stations, trainlines and windfarms.



- **Investment**: Further investments by the National Wealth Fund in Connected Kerb and Cornish Metals were announced. A refreshed Carbon Budget Delivery Plan is planned for publication later this year as Net Zero is seen as an industrial opportunity.
- **Infrastructure**: Offshore windfarms in areas like East Anglia and Yorkshire could become a reality, and the government plans to work with the private sector to deliver a Lower Thames Crossing that will improve connectivity. Developments to Old Trafford, South Yorkshire Airport and East Midlands Airport were also discussed. The government is also moving forwards with the Wrexham and Flintshire Investment Zone, and the potential of unlocking land around stations is seen as a good way to improve infrastructure in Manchester and Leeds.

To read the Chancellor's speech in full, see:
https://www.gov.uk/government/speeches/chancellor-vows-to-go-further-and-faster-to-kickstart-economic-growth

Rising above the storms: Finding strength in recovery



Severe weather can be an enormous challenge for businesses, and we have seen plenty of it recently. Power outages, property damage, and forced downtime are not just disruptions—they can feel like setbacks that threaten months or years of hard work. If your business has been affected by recent storms, you are not alone, and it's important to remember that resilience is built in moments like these.

While you may already be taking steps to recover and regroup, this article is here to offer encouragement, practical ideas, and a reminder of your strength as you navigate this difficult time.

1. Acknowledge what you've accomplished so far

The immediate aftermath of severe weather is often chaotic, but just reaching this point - whether that means safely evacuating your team, assessing damages, or reopening your doors - deserves recognition. It's easy to focus on what's left to do but take a moment to appreciate the progress you've already made.

2. Lean on your community

This is the time to reach out. Whether it's fellow business owners in your area, local organisations, or your loyal customers, communities often come together after storms to support one another.

Consider sharing your story - be it on social media, with local news outlets, or directly with your customers. People value transparency and are often willing to help, whether that's through donations, purchases, or simply spreading the word about your situation. You might be surprised by the generosity and encouragement you receive when you allow others to step in and help.

3. Focus on small wins

When faced with a long recovery process, it can be daunting to think about everything that needs to be done. Instead, break it down into small, manageable steps.

- Got the power back on? Celebrate that!
- Restored internet or phone lines? Another win!
- Completed an insurance claim or arranged for repairs? That's progress.

Each small step forward is a reminder that you are moving closer to full recovery. Recognising these wins can help sustain your motivation during challenging times.

4. Prioritise what matters most

When everything feels urgent, it's helpful to pause and prioritise. What will have the most immediate impact on your business and your peace of mind?

For some, it might mean getting back in touch with clients to reassure them. For others, it could be addressing critical repairs or setting up temporary solutions to resume operations. There's no "right" way to recover—just the way that makes sense for you, your team, and your customers.

5. Remember your strength

Storms test us, but they also reveal our strength and adaptability. Think back to other challenges your business has faced. Each time, you found a way through, and this time will be no different.

It's okay to feel frustrated or exhausted, but don't let those feelings define your story. Every day you continue to take action is a testament to your resilience.

6. Look ahead with hope

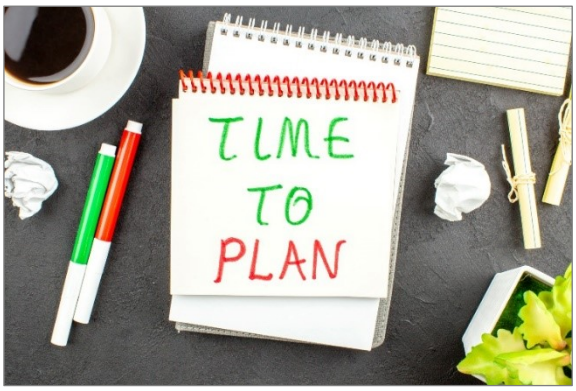
While the present may feel overwhelming, there is a future beyond this storm. Use this moment to think about how your business can grow even stronger in the years to come. Whether it's improving emergency preparedness, forging new relationships in your community, or finding innovative ways to adapt, there could well be opportunity in rebuilding.

A final word of encouragement

If you're reading this and feeling overwhelmed, know that it's okay to take a breath. Getting your business back on track may be more of a marathon than a sprint. However, the work you're doing now is laying the foundation for better days ahead.

The storm may have disrupted your plans, but it hasn't changed your ability to move forward. Keep going - you're doing incredible work, even if it doesn't always feel that way. Your resilience is inspiring, and your business will weather the storms!

Avoiding the last-minute rush: A guide for business owners on preparing next year's tax return



The annual self-assessment tax return deadline has just passed, and for many business owners, the experience may have been a mad scramble to gather documents, double-check figures, and submit their returns and pay the tax on time.

If that was your situation, you were in good company! HM Revenue and Customs said that 3.4 million taxpayers, almost a third, hadn't submitted their tax return yet going into the final week before the deadline.

The stress of last-minute filing may have made you determined to get it all done earlier this year. The good news is that with proactive planning, next year's tax return can be a much smoother process.

Here are some practical steps you can take now to avoid a last-minute rush and enjoy a more relaxed 2025.

1. Review and reflect on this year's process

Start by evaluating what worked well and what didn't during this year's filing. Did you struggle to locate receipts or invoices? Were you unclear about certain tax rules? Taking stock of these challenges now allows you to address them early. Make a list of improvements to implement, such as better record-keeping or seeking professional advice.

2. Organise financial records regularly

Committing to updating your financial records on a regular basis can really help to eliminate last-minute stress. This could involve:

- Digitising receipts and invoices: There are apps and software you can use to scan and store receipts as they come in. Many programs will even categorise expenses automatically, saving you time later.
- Reconciling accounts monthly: Regular reconciliation ensures that your bank statements and your financial records match up. This can really help you to avoid missing something out.
- Maintaining a tax file: You could create a dedicated file (digital or physical) to store documents like business expenses, income records, and correspondence with HMRC. That way everything can easily be found when you need it.

3. Use accounting software



Investing in reliable accounting software can simplify your tax preparation work significantly. Many modern tools will integrate directly with your bank accounts and track your income and expenses. Popular options include Xero, Sage and QuickBooks.

4. Understand tax allowances and deductions

Tax rules can change annually, so it helps to stay informed and up to date. Try to familiarise yourself with the allowable expenses, reliefs, and deductions that are relevant to your business. For example, you may be able to claim for home office expenses, equipment, or professional services.

5. Set up a tax savings account

Noone likes paying tax at the best of times, but a large, unexpected bill can cause a lot of financial strain. To avoid that, you could set aside money regularly for your tax. For instance, you could open a dedicated savings account and deposit a percentage of the income received each month.

6. Plan ahead with a tax calendar

Many find it useful to create a tax calendar that highlights the key dates and deadlines that apply to them. Setting reminders well in advance can help to give you more time to prepare and avoid penalties.

These proactive measures can help you turn filing your tax return from a stressful ordeal into a manageable task. By starting early, staying organised, and making good use of technology you'll save time, reduce stress and allow yourself to focus on growing your business.

If you would like any personalised advice on how to keep your tax records or advice and training on using accounting software, please give us a call and we would be happy to help you!



Lack of competition in the UK cloud services market

A recent investigation by the Competition and Markets Authority's (CMA) independent inquiry group has revealed that competition in the UK cloud services market is not functioning as effectively as it could.

Cloud services form the backbone of modern business operations, supporting industries ranging from financial services and retail to digital start-ups and public services. In 2023, UK businesses and organisations spent £9 billion on cloud services, with this figure growing over 30% annually. However, the inquiry group identified several concerns:

- **Limited provider options**: The market is dominated by two providers: Amazon Web Services (AWS) and Microsoft. These together account for up to 80% of UK cloud spending. Google, which is the third largest provider, has a much smaller share, while other providers struggle to meet the diverse needs of businesses.
- **Barriers to switching providers**: There are technical and commercial challenges that make it difficult for businesses to switch cloud providers or to use multiple providers. This often locks businesses into their initial choices, which may not remain suitable as their needs evolve.
- **High barriers to entry**: The substantial capital investment required to enter the market restricts competition, making it challenging for new providers to compete or grow.
- **Anti-competitive practices**: The inquiry group concluded that Microsoft leverages its dominant position in software to create disadvantages for competitors like AWS and Google. For example, its licensing policies make it harder for businesses using Microsoft software to choose alternative cloud providers.

What is the potential impact on UK businesses?

These findings indicate that limited competition may lead to higher costs, reduced innovation, and lower service quality for businesses. When cloud providers face insufficient pressure from competitors, businesses miss out on better deals and cutting-edge solutions that drive productivity and growth.

Proposed remedies and recommendations

The CMA inquiry group has proposed several measures to address these issues:

- **Strategic Market Status (SMS)**: AWS and Microsoft could be designated with SMS under the Digital Markets, Competition and Consumers Act (DMCCA) 2024. This designation would allow the CMA to impose legally binding requirements to address anti-competitive practices.
- **Potential interventions**: Measures could include ensuring fair software licensing, reducing costs for switching or using multiple providers, and encouraging technical standardisation.

What this means for your business

As a business owner, the outcomes of this investigation could help to reduce the costs you pay for cloud services you use, improve the quality and range of cloud services available, and make it easier to change providers when your business needs this.

The CMA will consult on its provisional findings and recommendations, with a final decision expected by the statutory deadline of 4 August 2025.

If you would like to participate in the consultation, or for more details, see the CMA's cloud services market investigation case page.

See: https://www.gov.uk/government/news/cma-independent-inquiry-group-publishes-provisional-findings-in-cloud-services-market-investigation

Is cash still king?



The new economic secretary to the Treasury, Emma Reynolds, has said that there are no plans to regulate businesses, whether big or small, to compel them to accept cash.

Concern has been raised about various shops and service firms not accepting cash and therefore excluding those who rely on cash to pay for things. While some countries appear to be planning to put rules in place that require essential services to accept cash, the UK does not seem as though it will be following suit.

Cards have been used for many years in the UK, with mobile payments by smartphone now becoming increasingly popular. 72% of 16-24 year olds now regularly use mobile payment services. This increase is reflected across all age groups, with 27% of those aged 45-54 now also regularly using this method.

However, cash still remains a popular choice for making payments. Cash was used in a fifth of shop transactions last year. After decades where use of cash has been shrinking, this is the second year in a row where cash use in shops has increased. It seems that many find that using cash helps them to budget better.

Should you accept cash?

The answer to this question really depends on who your customers are. If your customers are largely older or more value conscious, then it seems that these types of customers are more likely to rely on paying with cash. If you don't accept cash, you may risk losing sales.

On the other hand, if you mainly sell to younger, more digital savvy customers, not accepting cash may have little effect on sales. This may help you save the costs and security issues involved in handling cash.

See: https://www.bbc.co.uk/news/articles/c20gevkx8gyo

Data Protection Day at the ICO: Focus on AI



28 January 2025 was Data Protection Day and the Information Commissioner's Office (ICO) used it to highlight the opportunities and challenges related to AI and data protection.

AI adoption is integral to the government's growth plans, however the ICO are keen to make sure that the opportunities AI brings are taken up in a way that keeps people safe.

The ICO have highlighted some misconceptions about AI, and this contains some good pointers for businesses and organisations considering using AI.

Control over personal data

There is no change to the rights that people have over their personal data. Each person has the right to object to their own personal data being used for AI purposes. The ICO are also stepping in on this issue - as they did recently with LinkedIn and Meta - when they observe incorrect approaches by organisations.

Be transparent

The ICO emphasised that being open and honest with people isn't optional or an afterthought. Businesses that want to use people's data to train AI models need to be transparent about what they are doing. The ICO recently consulted on this and found a lack of transparency across the industry, but feel this matter is central to firms building trust in their AI models.

Intention is irrelevant

While an organisation may not mean to process people's data, intention is irrelevant. It is what happens to the data that matters. This means businesses must be careful about the data they use to train AI models.

AI models have data protection risks

Some have argued that AI models don't store personal data and so data protection doesn't apply. However, some AI models can contain the personal data they have been trained on in a form that allows for people to be identified. The ICO have said they are continuing to improve their understanding of this area.

Data protection and AI go hand in hand

Again, some have argued that data protection law should be lighter touch when it comes to developing AI. However, the ICO are clear that businesses must first consider how they will make sure people's rights and freedoms are protected before using AI in their products and services.

Considering the overall message from the ICO, it seems clear that businesses involved in training AI models or using AI in their products and services need to be careful that they are complying with data protection laws.

See: https://ico.org.uk/about-the-ico/media-centre/news-and-blogs/2025/01/debunking-data-protection-myths-about-ai/

Global growth team appointed

As part of the government's efforts to drive economic growth, the Trade Secretary has appointed a new 'global growth team' of UK Trade Envoys with the goal of driving UK exports and investment.

32 MPs have been assigned target markets across the globe and have been tasked with identifying trade and investment opportunities for businesses as well as championing the UK as the place to invest for investors in those markets.

The markets chosen are all considered to have significant potential for growing UK trade.



Jonathan Reynolds, the Business and Trade Secretary, said the new Trade Envoys "will use their experience, expertise and knowledge to unlock new markets around the world for British businesses, drumming up investment into the UK and ultimately driving economic growth."

See: https://www.gov.uk/government/news/new-global-growth-team-appointed-by-trade-secretary

Reforms to pensions proposed in order to drive growth

The Prime Minister and Chancellor met with business leaders last week and unveiled proposals to give occupational defined pension schemes more flexibility.

Restrictions will be lifted on how well-funded, occupational defined benefit pension funds that are performing well will be able to invest their surplus funds. It is hoped that this will pave the way for future growth across the economy.

Currently, around 75% of such pension schemes are in surplus amounting to £160 billion. However, restrictions have meant that businesses have found it difficult to invest these funds, even when both trustees and sponsors want to do so.

The proposals will allow trustees, if they agree, to share a portion of the scheme surplus with a sponsoring employer. The employer can then choose to invest the funds in its core business and/or provide additional benefits to members of the pension scheme.

Jonathan Lipkin, Director of Policy, Strategy & Innovation at the Investment Association said: "With the right guardrails in place, the government's proposals could help channel more funding into the economy, by enabling schemes to invest more widely and take on greater risk, while allowing for members to receive an uplift to pension benefits."

See: https://www.gov.uk/government/news/pension-reforms-to-go-further-to-unlock-billions-to-drive-growth-and-boost-working-peoples-pension-pots

Deposit return scheme to launch in October 2027

New legislation for England and Northern Ireland has come into force that will allow for a deposit return scheme for drinks containers in England and Northern Ireland. Scotland is also progressing similar regulations.

A deposit return scheme, which more than 50 countries worldwide are now using, gives people a financial incentive for returning empty bottles and cans to a collection point, such as at a supermarket. According to government supplied statistics, the average return rate in Europe is 90% with Germany leading the way at 98%.

The legislation will allow for the appointment of the Deposit Management Organisation, the scheme administrator, in April 2025. The deposit return scheme will then launch in October 2027.



It is estimated that 30 billion single-use drinks containers are bought each year in England, Scotland and Northern Ireland. The deposit return scheme could provide significant help in ensuring more of these materials are recycled rather than being put to waste.

Businesses will no doubt have opportunity to demonstrate their commitment to the environment as these regulations take effect.

See: https://www.gov.uk/government/news/government-to-clean-up-communities-with-deposit-return-scheme-for-plastic-bottles-and-cans

Please do contact us if you would like to talk about any of the articles. We are here to support you and your business!

Written 30 January 2025