28 October 2024

BUSINESS NEWS - ENGLAND

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

Having trouble with your banking?

A strong relationship with your bank is a crucial part of the success and stability of your business. You may rely on them for tailored financial solutions, ranging from short-term credit facilities to long-term loans, to support your growth plans or manage cash flow fluctuations.



At the same time, we can sometimes feel that the bank is calling all the shots, and it is difficult to get any redress when something goes wrong. If you are in that position, then the Business Banking Resolution Service (BBRS) may be able to help you.

While the service is wholly funded by the participating banks, the BBRS has been set up as a free and independent service for SME customers of banks that can help to resolve disputes. However, the service, which first opened in 2021, is scheduled to close to new registrations on 13 December 2024, so there is limited time available to start a claim.

The BBRS website provides an eligibility checker so you can check whether you are able to make a claim.

Broadly speaking, you need to have been a business banking customer of one of the participating banks, and your complaint needs to be about a banking service. The incident must have happened on or after 1 April 2019.

You need to have already made a complaint to your bank and your business would need to have had less than £10 million turnover at the time you complained to your bank.

The BBRS may also be able to look at complaints that may appear to be ineligible, so it is worth taking the time to get their advice.

If you are having problems with your bank and would like some advice or help in contacting the BBRS, please feel free to get in touch with us at any time and we would be happy to help. Remember the BBRS service will close for new registrations on 13 December 2024.

See: https://thebbrs.org/

Employment Rights Bill progresses and consultations are launched

Following the release of the Employment Rights Bill, its Impact Assessment was published last week showing that the new Bill will have a "positive direct impact on economic growth."

The Bill received a majority vote at its second reading in the House of Commons last week, and now goes to committee stage, where it will be given a detailed examination.

The government has now launched consultations on 4 areas of the proposed legislation, which will become part of amendments that will be made to the Bill in the early part of 2025.

The consultations are as follows:

1. Strengthening Statutory Sick Pay (SSP)

The Bill will remove the waiting period for SSP as well as the Lower Earnings Limit, so that all employees, regardless of how much they earn, will have SSP available from day one of their employment.

The consultation is considering what the percentage replacement rate should be for those who earn below the current rate.

The consultation, which will close on 4 December 2024, can be found here.

2. Application of zero hours contracts measures to agency workers

This consultation is looking for views on how the zero hours contracts measures in the Employment Rights Bill can best be applied to agency workers without causing unintended consequences. It will close on 2 December 2024.

The consultation can be viewed here.

3. Creating a modern framework for industrial relations

The government is consulting on various specific measures to modernise the legislative framework that underpins trade unions. This consultation will also close on 2 December 2024 and can be viewed here.

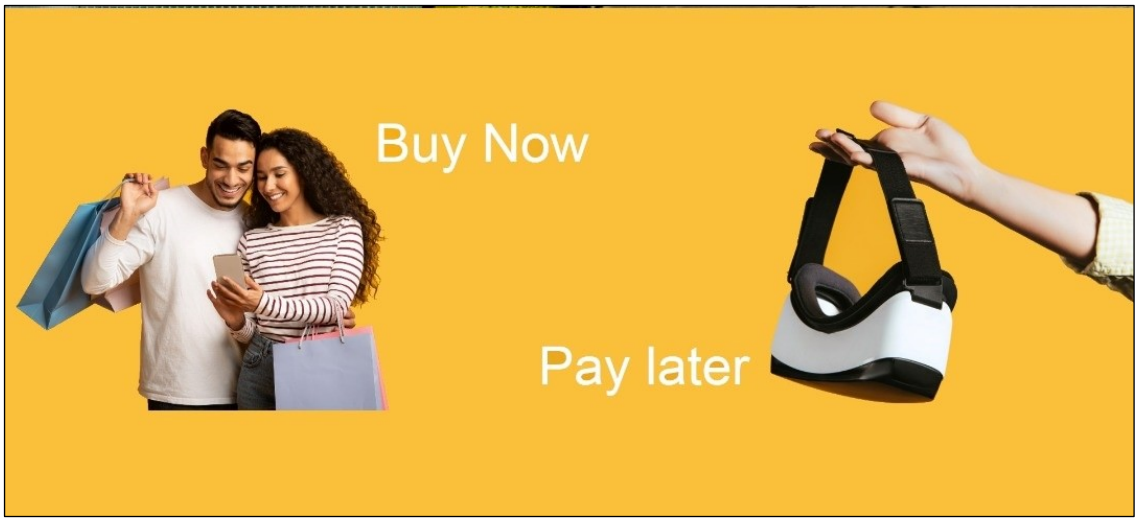
4. Collective redundancy and fire and rehire

This fourth consultation is looking for views on measures to strengthen the collective redundancy framework and protections for employees against fire and rehire practices. The consultation closes on 2 December 2024 and can be viewed here.



See:
https://www.gov.uk/government/news/up-to-600-cash-boost-for-britains-lowest-paid-to-help-kickstart-the-economy

New regulations of Buy-Now, Pay-Later proposed



The UK government has announced a consultation on new legislations designed to regulate Buy-Now, Pay-Later (BNPL) products. The forthcoming rules, which will bring BNPL products under the supervision of the Financial Conduct Authority (FCA), are designed to provide the same key protections for BNPL as exist for other consumer credit products.

If you offer BNPL, what do you need to know?

Affordability checks and responsible lending

Under the new rules, BNPL providers will be required to perform affordability assessments to ensure that borrowers can afford repayments. This measure addresses concerns that consumers are at risk of accumulating unsustainable debt through easy access to BNPL products. For businesses offering these services, this will mean integrating new procedures to assess customers' financial circumstances before approving BNPL transactions.

These checks are expected to be in line with those required for other consumer credit products, such as credit cards and loans, and will help to prevent customers from borrowing beyond their means.

Clearer information and consumer rights

The upcoming rules will require BNPL providers to offer clear, accessible information to users upfront, ensuring they can make informed decisions. Businesses that offer BNPL should anticipate needing to provide more detailed and user-friendly loan terms in their online interfaces.

Additionally, consumers will gain stronger rights if they experience issues with their purchases. Protections under Section 75 of the Consumer Credit Act will be extended to BNPL users, allowing customers to seek refunds from their lender if something goes wrong with a purchase.

Access to the Financial Ombudsman Service will also provide a clear avenue for complaints and dispute resolution. Affected businesses may need to look at beefing up their customer service teams to handle any increased demand for support or redress.

Timeline and next steps

The government's consultation on the new rules is only open for a short period until 29 November. Legislation is expected to be laid in early 2025. Once passed, the FCA will finalise the rules, which are anticipated to come into force in 2026.

The consultation can be accessed here.

In the meantime, affected businesses should closely monitor updates on the legislation's progress and consider consulting legal or financial advisers to ensure compliance.

For those already offering BNPL, this period presents an opportunity to review and enhance your credit-assessment systems, customer communications, and support structures, ensuring your business is prepared for a smoother transition once the rules take effect.

See: https://www.gov.uk/government/news/millions-of-shoppers-to-be-protected-by-new-buy-now-pay-later-rules

How to handle communications in a cyber incident

If a cyber incident affects your business, the way you communicate with your staff, stakeholders, customers and perhaps the media, can make a huge difference in the way your business is perceived.



In an incident, attention tends to focus on the technical aspects of putting things right and communication may be left as a secondary concern. With this in mind, the National Cyber Security Centre has published some guidance on how to manage your communication strategy.

Core principles

The guidance outlines three core principles to follow:

1. Prepare your communications strategy in advance.
2. Communicate clearly with different parties, and tailor your messaging where necessary.
3. Manage the aftermath in the medium and long term.

The guidance breaks down these core principles and provides ideas for procedures you could put in place in your business.

To review the guidance, see: https://www.ncsc.gov.uk/guidance/effective-communications-in-a-cyber-incident

Construction firm director disqualified for eight years

Samantha Fairweather, the director of Essex-based Fairweather Construction Ltd, has been disqualified from serving as a company director for eight years, after it was discovered that the firm took in excess of £300,000 in deposits for home improvement projects it failed to deliver.

Fairweather, 53, had been the sole director of the company since its incorporation in 2014. Her firm, which marketed itself as a specialist in residential building projects such as window installations and conservatories, ceased operations in September 2022, owing creditors more than £700,000, including over £100,000 in unpaid taxes to HMRC.

Financial mismanagement and unfinished projects

Despite seeking advice from an insolvency practitioner in April 2022, when the company's financial difficulties first became apparent, Fairweather Construction continued to accept payments from customers for new work it was unable to complete.

At the time of seeking advice, the company had already received more than £150,000 in deposits for incomplete projects. Nevertheless, a further £177,900 was collected from homeowners between April and the company's liquidation later that year.

Insolvency Service investigation

The case was brought to light following an investigation by the Insolvency Service.

Neil North, Chief Investigator, said: "Samantha Fairweather knew, or ought to have known, that the company she was a director of had unpaid debts to HMRC and had been unable to fulfil its obligations to existing customers."



The investigation also revealed Fairweather's misuse of a £50,000 loan under the government's Bounce Back Loan Scheme, which was introduced to support small businesses during the Covid-19 pandemic. Of the sum received, £11,000 was used to repay a director's loan, a clear breach of the scheme's guidelines, which required funds to be applied solely for the economic benefit of the business.

Disqualification

Fairweather's disqualification, effective from 21 October 2023, prevents her from forming, promoting, or managing any company without the permission of the court until October 2032.

The case provides a reminder to thoroughly vet suppliers before paying over deposits. It also emphasises that directors are responsible for knowing the up-to-date financial position of their company, and must particularly take care about the actions they take when the company looks to be becoming insolvent.

If you are concerned about the financial health of your business, or you need help obtaining up-to-date financial information on your business, **please feel free to get in touch with us**. We would be happy to help you.

Cyber security for the legal profession

Law practices hold sensitive information and can often be the target of cyber attacks. The National Cyber Security Centre (NCSC) has published some specific cyber security tips to help barristers, solicitors and legal professionals in firms of all sizes protect themselves.

The tips they provide are good practice for businesses of all types. Here's a summary of what NCSC suggests.

Backups are important



Regularly taking backups, and testing that you can restore them, allows you to be able to recover and access your client or customer data even if you are the victim of a computer virus or ransomware attack.

Update software

Software and operating system updates are important because they contain protection from viruses and other malware. Turning on 'automatic updates' on devices also removes the chance that you will forget to apply an update.

Encryption

Windows, Apple and Android devices all include free encryption that will stop a thief being able to access your sensitive data. Windows' BitLocker, MacOS's FileVault, and iOS's advanced data protection for iCloud should all be switched on.

Use strong passwords and 2-step verification

Strong passwords are a must, and it's particularly important to protect your email, banking and social media accounts. The three random words method or a password manager can help you create strong passwords. 2-step verification, also known as multi-factor authentication is also strongly recommended.

Use screen locks

Mobile devices should have their screen lock facility turned on, and you should use a passcode or fingerprint/face recognition to be able to access the device. Laptops and computers should also be locked when you're not at your desk.

Firewall

When you use the internet or public networks, your device can be seen by others who are connected to the network. You should use a firewall to prevent any unwanted connections. Windows and macOS both include free firewalls.

Limit administration accounts

Administrator accounts will carry full access rights to make changes and access files. If a user doesn't need these rights, then it is often better not to give them administrator access. Limiting the number of administrator accounts reduces the opportunity a cyber criminal has to access a user account and gain full access.

Antivirus

Make sure your antivirus software is turned on.

Track lost or stolen devices

Most devices come with the ability to remotely delete the data on the device if it is stolen or lost. Make sure this is set up properly.

Privacy permissions

Some apps will ask for permissions to access other apps, data, or system features. This may be a necessary part of the app's function; however, it could be exploited by a criminal. Therefore, make sure that staff only have access to the apps they need to carry out their work and avoid having redundant apps to minimise a potential problem.

To review the guidance in full, see: https://www.ncsc.gov.uk/guidance/cyber-security-tips-for-barristers-solicitors-and-legal-professionals

Devon and Cornwall farmers warned about heavier rainfall

During the Environment Agency's Flood Action Week, which ran from 14 to 20 October, they issued a press release urging farmers in Devon and Cornwall not to take chances and gamble high-risk crops against a changing climate.

The Environment Agency is concerned about the effect heavy and prolonged rainfall is having on the farmland in Devon and Cornwall, especially in areas with steep slopes.

The wet year has delayed harvest time for some farmers. This has left less time available for planting cover crops that will act to bind the soil and reduce runoff during the winter's wet weather.



When bare, compacted land is left after the harvest, heavy rain can mean runoff that will erode soil, pollute watercourses and flood roads and neighbouring properties.

Farmers are being asked to consider rethinking when planning their cropping for next year because of the changing weather climate, for instance, avoiding growing high-risk crops on fields that tend to be naturally wet and where compaction is inevitable and difficult to remove late in the year.

The Environment Agency have also encouraged using cover crops to avoid leaving compacted and bare soils over winter.

For full details on the recommendations made, see: https://www.gov.uk/government/news/devon-and-cornwall-farmers-urged-to-plan-for-heavier-rainfall

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 24 October 2024