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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!

### **When is Diversification a Good Business Strategy?**

It's long been said that putting all your eggs in one basket is risky. Many small business owners may fear that risk of becoming a reality.

Take the UK's farming sector as an example. Faced with extreme weather, policy shifts and volatile prices, farmers have increasingly turned to other sources of income to keep their businesses viable. According to a recent BBC news article, nearly three-quarters now run at least one non-farming enterprise - anything from glamping to beauty salons to wedding venues.

It's not just farming where this lesson applies: when your main income stream becomes unpredictable or limited, diversification can help stabilise your business.

#### What does diversification look like?

In business terms, diversification means creating additional income streams that don't rely on your core product or service. That could include:

- Renting out underused space or equipment
- Offering a new service that fits your customer base
- Using your skills in a new market
- Turning a hobby or interest into a side income
- Creating online or subscription-based offerings

At its best, diversification adds resilience. It spreads your risk and gives you more ways to grow. But it's not just a fallback - it can also uncover new markets and help your business grow in a way that may not have been possible otherwise.

#### When is the right time to diversify?

Here are a few signs that it might be worth considering:

- Income is unpredictable or seasonal: If your sales swing wildly month to month, a secondary income stream can even things out.
- You have unused assets: This might be space, equipment or even skills going to waste. For example, as some farmers have found, letting out buildings or land can be a smart use of what's already there.

- Customer habits are shifting: If demand for your core product or service is declining, diversification can help you adapt before things dip further.
- You're seeing unmet demand in your area or industry: If customers keep asking for something you don't currently offer, that could be a sign there's an idea worth exploring.
- You're relying too heavily on one client or sector: Many businesses felt this during the pandemic; when one client or industry struggles, it can take you with it.

### A few things to keep in mind

It's usually best to start small. You don't need to go all in. You could try testing a new idea alongside your main business to see what works.

Try to build on what you already do or have. It's usually easier, more cost-effective, and more likely to succeed than starting something completely new from scratch.

It's important to be realistic about the time and costs that will be involved. Any new venture will need your attention. Make sure it's worth the effort and doesn't distract from what's already working for you.

### Final thought

Diversification isn't just about chasing trends. It's about making your business more adaptable and more resilient. For some businesses, diversifying is not just a bolt-on. In a changing economy, it can be what keeps the whole business afloat.

If you're considering your business strategy, why not give us a call? We would be happy to help you review and appraise the options available to your business.

## **IMF Upgrades UK Growth Forecast: Steadier Ground Ahead?**

The International Monetary Fund (IMF) has released its annual review of the UK economy and the message this year is more positive than many might have expected. The IMF has upgraded its forecast for UK growth in 2025 to 1.2%, noting that "an economic recovery is underway."

While this may not be headline-grabbing growth, it's a step up from earlier projections and a shift in tone from what has often been a cautious outlook.

### Putting Things in Perspective

While the growth upgrade is welcome, it's worth keeping in perspective. A forecast of 1.2% for 2025 is still relatively modest, and there are ongoing pressures to consider. These include inflation, which came in above expectations at 3.5% in April.

However, the IMF have expressed support for the government's fiscal strategy, describing it as striking "a good balance between supporting growth and safeguarding fiscal sustainability."

The IMF also noted that weak productivity continues to be a problem, but they feel the government's Growth Mission stands a good chance of reversing this trend.

### What Businesses Might Take from This

Growth forecasts matter for confidence. Even modest upgrades in official forecasts can shape investor sentiment, lending conditions, and customer demand.

Greater confidence could translate into more sales opportunities for your business.

### Looking Ahead

The full IMF report will be published later this summer. In the meantime, the latest update is a reminder that despite ongoing challenges, the outlook for 2025 could improve.

If you'd like help reviewing your financial plans and forecasts, please get in touch. We're always happy to talk things through and help you achieve a positive 2025.

See: <https://www.imf.org/en/News/Articles/2025/05/27/cs-uk-aiv-2025>

## **FSB Updates Guidance on Employers' Liability Insurance**

The Federation of Small Businesses (FSB) has recently updated its guidance on Employers' Liability insurance - a useful reminder of the rules and risks around a business insurance that is legally required in the UK.

The guidance explains that if you employ anyone - including part-time, temporary, or even volunteer staff - you are likely required by law to have this cover in place. It's there to protect businesses should an employee become ill or injured because of their work and the employer is found legally responsible.

### What the FSB Highlights

The updated guidance gives practical examples of when this insurance might apply, such as:

- A worker being injured while using machinery
- An office employee developing repetitive strain injury
- A fall on a construction site leading to time off work

The costs of such claims can be significant. As the FSB notes, legal fees and compensation payments can run into tens of thousands of pounds, potentially enough to put a small business under real pressure.

The guidance also clarifies:

- The legal minimum cover is £5 million (though most insurers offer £10 million as standard)
- Fines can reach £2,500 per day if a business is found not to have the required cover
- The insurance certificate must be displayed or made accessible to staff – failure to do so can result in a £1,000 fine

### Exemptions and Edge Cases

The FSB outlines a few cases where the cover may not be required: for example, some family businesses or sole traders without staff. But these are quite limited and the guidance suggests most businesses with paid staff will need the insurance.

### Worth Reviewing

The FSB guidance could serve as a useful prompt for you to review your insurance arrangements, particularly if your staffing or business structure has changed recently.

You can find the [full guidance on the FSB website](#).

## **Bonus as Salary or Dividend: Which Pays Off?**

If you run your own company, you might have the option to take a bonus either as salary or as a dividend. But which one leaves you better off?

The answer depends on several factors: how much profit your company has, your existing income, the current rates of tax and National Insurance, and whether you're taking advantage of available allowances.

### Salary: Pros and Cons

Taking a bonus as salary means it's taxed through PAYE, with income tax and National Insurance deducted at source. It can boost your pension contributions and improve borrowing power (e.g. for mortgages), but it may also push you into a higher tax band.

### Dividend: Pros and Cons

Dividends aren't subject to National Insurance and are often a more tax-efficient way of taking money out of a company. However, they can only be paid from company profits after corporation tax. Also, the tax-free dividend allowance has now been reduced to £500, so more of the dividend is now taxable than in the past.

### So, which is better?

It depends. Sometimes it makes sense to mix both to strike the right balance between tax efficiency and personal financial goals.

We use tailored calculations and up-to-date tools to help clients compare the actual take-home pay of different options. What works best for one director-shareholder might not be right for another.

If you're thinking about taking a bonus, we can help you work out the most tax-efficient way to do it, based on your company's situation and your personal plans.

Get in touch if you'd like us to run the numbers for you.

### **Why You Shouldn't Ignore Old Tech: New Guidance from the NCSC**

The National Cyber Security Centre (NCSC) has released new guidance on how to properly retire old digital systems and devices – a process known as decommissioning. The guidance is aimed at IT teams, but there are useful takeaways for any small business that uses computers, software or online systems.

#### Why this matters

With so many demands on our time, it can be easy to leave old laptops or devices lying around when they're no longer needed. But old tech can quietly become a security risk. It might still hold sensitive information or give someone a way into your systems without you realising it.

The NCSC says that getting rid of old systems safely is just as important as setting them up in the first place.

#### What should you do?

Here are some key tips from the guidance:

- Don't wait until the end: Plan ahead. If you're buying new systems or changing software, think about how and when you'll stop using the old one.
- Keep track of what you use: Make a basic list of your computers, software and devices. This helps you stay in control, especially if you've tried out different tools over the years.
- Back up your data: Before getting rid of any computer or online service, save a full copy of the important data. This includes documents, emails, passwords, and anything you might need to recover later.
- Wipe data properly: If you're planning to sell, donate, or throw away an old device, make sure you clear all data first. A factory reset often isn't enough. Look up how to securely wipe a device or ask someone to do it for you.

- Check it's really gone: If you've used someone else to help dispose of a device, ask for proof it was wiped properly. If you've done it yourself, keep a note of what you did and when – that may help if you encounter problems in the future.

### Final thought

You don't need to be a tech expert to take simple steps that protect your business. The NCSC's guidance is a good reminder that old systems aren't just clutter – they can be a risk if they're not dealt with properly.

If you're not sure where to start, make a list of the tech you use now, and think about what's no longer needed. That's often the first and most important step.

You can find [more detail on the NCSC website](#) if you'd like to explore further.

### **£30 Million Boost to HLS Payments: What It Means for Your Farm**

Thousands of farmers in England are set to benefit from a £30 million uplift to Higher Level Stewardship (HLS) payments from January 2025. This could mean more money in your pocket for the work you're already doing to protect the environment and maintain the countryside.

From 1 January 2025, payment rates will rise for 157 different HLS options.

The aim is to better recognise the work farmers do in protecting rare species, restoring habitats and maintaining traditional countryside features. The uplift also aims to bring these payments more closely in line with those offered under Environmental Land Management (ELM) schemes.

If you're already in an HLS agreement, you don't need to do anything. The increase will be automatic, with payments starting to land from December 2025.

If you're unsure how this change might affect your current agreement or you want to explore entering an environmental scheme, please give us a call and we would be happy to help you.

For a full list of HLS payment rates from 1 January 2025, see [here](#).

See: <https://www.gov.uk/government/news/30m-boost-for-farmers-leading-the-way-in-nature-restoration>

### **Changes to Planning Rules Could Make Life Easier for Small Housebuilders**

The government has set out new plans aimed at helping small and medium-sized housebuilders get projects moving faster and with fewer hurdles. For housebuilders that have found themselves stuck in a slow, expensive planning process for a small site, these changes might be of interest.

## What's Changing?

Right now, building a site of 10 homes can involve the same level of planning red tape as a site with 100. That's long been a frustration for smaller developers, and it's one of the things this package of reforms is trying to fix.

The proposals include plans for small developments (up to nine homes) to benefit from faster decisions made by planning officers, rather than going through a full planning committee. Some of the biodiversity requirements will also be simplified, which should reduce costs and paperwork.

For slightly bigger sites (10 to 49 homes), there's a new middle category being proposed. These 'medium' sites may be exempt from things like the Building Safety Levy and will face more straightforward rules around biodiversity and other requirements.

## What Else Is on Offer?

The government has also announced further support it intends to provide to make it easier for smaller firms to access land and finance. Plans include:

- More land being released specifically for small and medium builders through Homes England.
- A new National Housing Delivery Fund to support long-term finance options.
- £100 million in SME Accelerator Loans from the Home Building Fund, aimed at helping small firms grow and invest.
- A pilot project in Bristol, Sheffield and Lewisham to unlock small, awkward bits of land that often get overlooked, with a focus on delivering affordable homes.

There's also extra funding for councils to speed up environmental assessments and to support innovation in small site delivery, and a consultation on reforming planning committees has also been announced.

## What Does This Mean for You?

If you're running a small building firm or planning a development on a modest site, you may be able to look forward to:

- Applications going through more quickly, especially for smaller projects.
- Some costs and regulatory barriers easing, particularly around biodiversity and safety levies.
- More realistic opportunities to bring smaller or trickier plots into use, including ones that previously didn't stack up financially.

Of course, a lot still depends on how these changes are rolled out locally and whether the promised funding and support are easy to access in practice.

## What You Might Want to Do Next

It could be a good time to review any sites you've written off in the past – some may become more viable if planning becomes less of a slog.

Take a look at where you currently stand financially, particularly in terms of your access to finance for development projects. You might want to:

- Review your existing borrowing or credit arrangements.
- Assess whether you'll need additional finance to get a project moving.
- Look at your eligibility and readiness to apply for schemes like the SME Accelerator Loans.

The idea is to make sure you're in a good position to move quickly as and when funding opportunities open up – for example, by having updated accounts, a clear business plan, or some potentially viable sites in mind. The new funding routes may move fast or be competitive, so being prepared could make a difference.

If you'd like a second opinion on how these changes might affect your business or some help reviewing your financial position, feel free to get in touch and we'd be happy to have a chat.

See: <https://www.gov.uk/government/news/government-backs-sme-builders-to-get-britain-building>