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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!

UK Inflation Falls to 2.6% – But What's Next for Your Business?

In a small bit of good news, March's inflation figures have been released showing a drop to 2.6% from 2.8% in February. The main reason? Lower petrol prices, which has offered some relief for households and businesses alike.

However, April has brought fresh challenges. Wage costs and energy prices have already increased, and that's expected to feed into higher costs in the coming months. The Bank of England's last forecast showed that they expect inflation to rise again - potentially reaching 3.7% - and to stay above its 2% target until the end of 2027.

The next big date for your diary is 8 May 2025, when the Bank of England will announce whether interest rates are going up, down, or staying put. What does all of this mean for your business planning?

What to watch as a business owner

Even though inflation dipped in March, the picture ahead is more uncertain. Here are a few ways to stay on the front foot:

<u>1. Rising costs could squeeze margins</u>

Now could be a good time to:

- Look into fixed-rate energy deals if they are available.
- Consider if there are any ways that you could be more energy efficient.
- Speak with suppliers or landlords about cost-sharing opportunities.

<u>2. Customers may be price-sensitive</u>

If your costs are rising, many of your customers will be feeling the squeeze too. A smart pricing strategy will help you stay competitive without undercutting your margins:

- Consider tiered pricing or flexible packages.
- Emphasise the value of your products or services rather than just the price.
- Keep communication open with your customer base so you understand their needs. This will help you to know how to respond.

3. Interest rates remain a key factor

While there was an expectation that interest rates would see more cuts during 2025, this is now uncertain. Therefore, you should continue to monitor your borrowing costs, and factor potential interest rate changes into any investment decisions you are planning.

4. Staffing and wages

With living costs staying high, staff who did not receive the increase for minimum wage workers may begin looking for pay rises. If you're not in a position to match inflation, consider other ways you can support and keep your staff. For instance, you may be able to:

- Offer flexible hours or hybrid working options.
- Provide training or upskilling opportunities.
- Show appreciation through small perks or recognition.

Stay agile, stay informed

While the dip in March inflation is welcome, it’s not a signal that everything’s cooling down. With inflation likely to rise again, it's wise to build flexibility into your business plans.

Keep an eye on the Bank of England’s interest rate decision on 8 May. It could offer more clues about where the economy - and your costs - are headed next.

If you'd like tailored advice for your business or help adapting your plans, just shout. We’re here to help however we can.

Over 1,000 Company Directors Banned

The Insolvency Service has published its latest enforcement outcomes report for 2024-25, and it carries an important message for business owners. More than 1,000 company directors were disqualified over the year, with the majority of cases linked to abuse of Covid support loans.

Of the 1,036 directors banned, 736 were disqualified for misusing Bounce Back Loans. The average length of a ban was eight years. The report also showed that there have been 131 bankruptcy restriction orders.

Misuse of the Bounceback Loan scheme - such as inflating turnover to claim more money, or using funds for non-business purposes - has been a key focus of enforcement efforts.

Other reasons for disqualification included failing to maintain adequate accounting records, not paying tax or VAT owed to HMRC, and acting as a director while already banned.

When a director is disqualified, they are legally prohibited from managing, forming, or promoting any UK company, or any overseas company with links to the UK. This can last anywhere up to 15 years. Breaking a disqualification order can result in a fine or even a prison sentence.

Are there any take-home lessons?

For business owners, this report is a timely reminder of the responsibilities that come with being a director. Ensuring proper record-keeping, staying on top of taxes, and using financial support appropriately are not just good business practices - they're legal obligations.

If you're unsure about any aspect of your duties as a director, it's always worth seeking advice early. A proactive approach can help avoid problems down the line and protect both your business and your reputation.

To view the Insolvency Service's outcome report, see: https://www.gov.uk/government/publications/insolvency-service-enforcement-outcomes-management-information

Cuts to import tariffs

Amidst all the news about increased tariffs in the US, the UK government has announced a cut to zero in import tariffs on a range of 89 foreign products.

Plywood and plastics, as well as pasta, fruit juices, coconut oil, pine nuts, agave syrup and plant bulbs are all included. Construction, food and hospitality, and garden-related businesses could all benefit from reduced costs as a result.

The changes relate to goods where the UK Global Tariff applies, i.e. where the goods entering the UK don't qualify for preferential treatment under, for example, a free trade agreement. The government anticipates that businesses will save at least £17 million because of these cuts.

The suspension to the import tariffs on these products will last until July 2027.

See: https://www.gov.uk/government/news/government-cuts-price-of-everyday-items-and-summer-essentials

£45 Million Tech Boost Aims to Help Farmers Increase Profits and Productivity

Farmers across the UK could soon benefit from a major new investment in agricultural technology, with the government announcing £45.6 million in funding to support innovations that boost food production, improve profitability, and protect the natural environment.

Announced on 14 April, the funding will support a wide range of technologies. These include fruit-picking robots, livestock health monitoring systems, and irrigation systems that maximise water use. The goal is to move these solutions from research labs to real farms, making them accessible and practical for everyday farming operations.

Support at every stage of development

The funding is spread across three special funds and will help at different stages of innovation, from early research to on-farm trials.

The first opportunity is the new Accelerating Development of Practices and Technologies (ADOPT) competition, opening on 28 April. This programme will commit up to £20.6 million in 2025-26 to help farmers test new technologies on their own farms. It's aimed at bridging the gap between new ideas and real-world applications.

To support farmers through the process, the ADOPT Support Hub will provide guidance and a £2,500 support grant to help with applications and trial setup.

Two more competitions open in May

From 5 May, two further funding rounds will launch under the Farming Innovation Programme (FIP).

The first will provide £12.5 million for collaborative research into reducing emissions from farms, supporting sustainability and climate resilience. The second also offers £12.5 million and will fund research into precision-bred crops to improve yields, reduce the need for chemical inputs, and strengthen resistance to disease. This builds on the opportunities created by the Genetic Technology (Precision Breeding) Act 2023.

What this means for farmers

These funding opportunities could help farms of all sizes adopt technology that improves efficiency, reduces emissions, or opens up new income streams.

The ADOPT Support Hub can be found here.

Delay to Consultation on the Tax Treatment of Predevelopment Costs

At Autumn Budget 2024, we were promised a consultation on the tax treatment of predevelopment costs. However, following the Court of Appeal's decision on a recent case, the government is postponing publication of the consultation while it considers the implications of the decision.

The case, which is known as *Orsted West of Duddon Sands (UK) Ltd and others v HMRC [2025] EWCA Civ 279*, marked a victory for taxpayers and provides clarity on how capital allowances are treated on pre-construction development costs.

Capital allowances are a form of tax relief that businesses can claim when they pay out on capital expenditures. This particular case arose because of a capital allowances claim for expenditure on pre-construction development work in the years before the resulting buildings became operational. H M Revenue & Customs (HMRC) contended that this expenditure did not fit within the legal definition of what can qualify as a capital allowance and so denied the claim.

The Court of Appeal, however ruled that HMRC's view was too narrow and upheld the taxpayer's claim. The Court developed a 'three-limb' test for whether expenditure can qualify, as follows:

1. The taxpayer can demonstrate that the expenditure informed the design or installation of the asset in question.
2. The asset in question was actually acquired or constructed.
3. The expenditure wasn't because of the particular circumstances of the taxpayer. This would, for instance, rule out financing costs.

The decision meant that costs for environmental impact assessments, geophysical and geotechnical studies and other design and installation work could qualify for capital allowances.

Is this the end of matters?

Possibly not. HMRC may appeal the case to the Supreme Court. However, the government has committed to looking at how to provide greater clarity on what qualifies for different capital allowances and simplifying the law and tax treatment of predevelopment costs.

Therefore, once the government has digested the results of the decision, they may move to adjust the legislation rather than continue to pursue the matter through the courts.

If you need any advice on how the appeal decision may affect predevelopment expenditure you have made or are planning to make, please get in touch. We would be happy to help you!

See: https://www.gov.uk/government/news/tax-treatment-of-predevelopment-costs-update-on-consultation

£60,000 Fine for Law Firm Offers Key Lessons in Cybersecurity for All Businesses

A recent £60,000 fine issued to Merseyside-based law firm DPP Law Ltd (DPP) by the Information Commissioner's Office (ICO) has highlighted the serious consequences businesses can face when cybersecurity measures fall short. The fine followed a major cyber attack in 2022 that resulted in highly sensitive and confidential client information being stolen and later published on the dark web.

While DPP operates in particularly sensitive legal areas - such as crime, military, family fraud, sexual offences and actions against the police - the lessons from this incident apply broadly to any organisation that handles personal data.

What went wrong?

The Information Commissioner's Office (ICO) found that DPP failed to implement appropriate security measures to safeguard electronic data. The attackers gained access via a little-used administrator account that did not have multi-factor authentication (MFA) enabled. From there, they were able to move across the firm's network and exfiltrate over 32GB of data.

DPP became aware of the breach when the National Crime Agency informed them that stolen client data had surfaced on the dark web. However, they did not consider it to amount to a personal data breach and so did not report the incident to ICO until 43 days after they became aware of it. The law requires breaches to be reported within 72 hours of awareness in most cases.

Lessons for all organisations

This case serves as a clear reminder that data protection is a legal obligation - not a technical afterthought. According to the ICO's interim Director of Enforcement and Investigations, Andy Curry:

"Our investigation revealed lapses in DPP's security practices that left information vulnerable to unauthorised access… This penalty should serve as a clear message: failure to protect the information people entrust to you carries serious monetary and reputational consequences."

There are several key lessons organisations can take from this incident:

1. Multi-Factor Authentication (MFA) is essential – Especially for administrator or privileged accounts. It adds an extra layer of security that could prevent unauthorised access even if passwords are compromised.

2. Legacy systems need regular attention – Even if systems are infrequently used, they still pose a risk if left unpatched or unsecured.

3. Monitor for unusual access or activity – Regular security scans and alerts can help spot intrusion attempts early.

4. Know your breach reporting obligations – If there is a risk to individuals' rights or freedoms, breaches must usually be reported to the ICO within 72 hours.

5. Cybersecurity is an ongoing responsibility – The law expects organisations to proactively assess and update their cybersecurity measures.

Are there any resources available to help?

The ICO provides guidance to help organisations of all sizes understand their responsibilities around data security. You might find it helpful to look at their cyber report: Learning from the mistakes of others.

See: https://ico.org.uk/about-the-ico/media-centre/news-and-blogs/2025/04/law-firm-fined-60-000-following-cyber-attack/

Do You Employ Workers in the Gig Economy?

If so, there are now new legal requirements to carry out checks confirming that anyone working in their name is eligible to work in the UK. Previously, these requirements did not apply to 'gig economy' and zero-hour workers.

The gig economy refers to short-term, flexible or freelance jobs where workers are paid per "gig" or task, rather than receiving a regular salary or long-term employment contract. These arrangements are often popular in the construction, food delivery, beauty salon and courier service sectors.

Businesses hiring workers in the gig economy will need to ensure they have systems in place to check the status of workers they hire. Failing to comply could result in fines of up to £60,000 per worker, business closures, director disqualifications and potential prison sentences of up to 5 years.

See: https://www.gov.uk/government/news/crackdown-on-illegal-working-and-rogue-employers-in-gig-economy

Personal Meat Import Ban Now Extended to Cover All EU Countries

As concern over foot and mouth disease (FMD) cases in Europe continues to grow, travellers are now banned from bringing cattle, sheep, goat and pig meat as well as dairy products from EU countries into Great Britain for personal use.

The ban includes sandwiches, cheese, cured meats, raw meats and milk whether packed or packaged or bought at duty free.

The new restrictions extend those already in place for personal imports from Germany, Hungary, Slovakia and Austria because of outbreaks in those countries.

While FMD does not pose a risk to humans, the effect on animals and the agricultural sector can be significant.

The government as confirmed that there are currently no cases of FMD in the UK, however the UK Chief Veterinary Officer is urging livestock keepers to remain vigilant.

See: https://www.gov.uk/government/news/government-extends-ban-on-personal-meat-imports-to-protect-farmers-from-foot-and-mouth