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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!

State Pension Set for Rise - But More Retirees May Face Tax

From April, people drawing the state pension may see an increase of more than £500 a year, thanks to the government's triple lock guarantee. The policy means the pension rises each year by whichever is higher: 2.5%, inflation, or average wage growth.

The latest figures from the Office for National Statistics suggest that the average earnings growth of 4.7% will be the measure used.

For those on the new state pension (anyone reaching state pension age after April 2016), the weekly amount for a full entitlement is expected to increase to £241.05, or £12,534.60 a year. That's a rise of £561.60 compared with now.

For those on the old basic state pension, the increase is expected to take the full weekly payment to £184.75, or £9,607 a year, an annual rise of £431.60.

Tax Implications

While this is welcome news for pensioners' incomes, there's another angle to consider. The personal income tax allowance - the amount you can earn tax-free each year - is set to remain frozen at £12,570 until 2028. With the new state pension edging ever closer to this level, many pensioners who rely mainly on the state pension could find themselves paying tax for the first time by 2027.

While many pensioners already pay income tax due to other sources of retirement income, this freeze, combined with steady increases in the state pension, will pull more people into the tax net over the next few years.

What This Means for You

Any rise in the state pension will provide some welcome relief against the continuing increases in the cost of living. However, with frozen tax thresholds, the effect on your disposable income may be less than you would first think.

If you would like personalised advice on how your tax position may be affected, please feel free to call us. We would be happy to help you!

See: <https://www.bbc.co.uk/news/articles/c62lnzdndkeo>

No Change for Inflation and Interest Rates

The Office for National Statistics (ONS) reported last week that the annual inflation rate for August 2025 was 3.8%, unchanged from July.

Airfare costs rose at a slower rate over the year; however, food costs continue to increase, reaching 5.1% in August. This is putting pressure on households and hospitality businesses alike.

UK inflation higher than in Europe

Interestingly, the ONS noted that UK inflation seems to be “significantly higher” than in France (0.8%) and Germany (2.1%).

The increase in employers’ National Insurance contributions is thought to be a factor in the disparity, with businesses passing these additional costs onto their customers.

No change in interest rate

The Bank of England’s Monetary Policy Committee (MPC) also met last week to review the current bank rate. With inflation remaining above the 2% target rate, the MPC voted to leave interest rates unchanged.

Takeaways

For businesses, the inflation figures show that costs are still rising. Higher food prices and the knock-on effects of National Insurance are keeping pressure on margins.

The fact that inflation has not climbed further is good news, and European inflation figures suggest there is potential for a lower inflation rate, but it may take some time before there is a real sense of stability.

Careful cashflow planning and regularly reviewing your financials remain key to ensuring that your business continues to grow and thrive.

If you would like advice on how to make your business grow, please get in touch. We are always happy to help you!

See: <https://www.bbc.co.uk/news/articles/cderznjj4r7o>

Employment Rights Bill Moves a Step Closer

The government’s Employment Rights Bill has returned to the House of Commons, moving another step towards becoming law.

The House of Lords has tabled some amendments in its review of the Bill. However, these include amendments seen as weakening day one protection from unfair dismissal and limiting those who can benefit from the ban on exploitative zero-hour contracts.

Such amendments seem likely to be overturned as the Bill passes back through the House of Commons.

Following the House of Commons' consideration of amendments, the next stage for the Bill will be Royal Assent.

We'll continue to update you as the Bill makes its way through Parliament. For now, it's another reminder to start thinking ahead about how your employment contracts and HR processes may need to adapt.

See: <https://www.gov.uk/government/news/biggest-upgrade-to-workers-rights-in-a-generation-comes-one-step-closer>

Government Signals Further Reform to Business Rates

Small businesses looking to expand premises could soon find it easier following new government commitments to make business rates fairer. An interim report from the Treasury says that the Chancellor will examine ways to tackle "cliff edges" in the system - sudden jumps in rates that can discourage investment.

Currently, if a small business opens a second property, it immediately loses all entitlement to Small Business Rates Relief (SBRR). The government now says it will review how SBRR can support business growth.

The report also confirms that from April 2026, permanently lower tax rates will be introduced for shops, pubs, restaurants, and other retail, hospitality, and leisure businesses with a rateable value below £500,000.

Changes to how business rates are calculated are also under review

Business groups have been advocating for changes in the way business rates are calculated. They welcomed the report's confirmation that the government will also consider moving from the current "slab" model (where the whole property is taxed at the highest rate) to a "slice" model (where tax gradually increases with value).

What happens next

This is an interim report. An update will be provided at the Autumn Budget on 26 November 2025.

If you are looking to expand your business into new premises, business rates are not the only factor to consider. If you would like help formulating or assessing plans for business expansion, why not contact us? We would be happy to help you!

See: <https://www.gov.uk/government/news/chancellor-commits-to-explore-pro-growth-tax-reforms-to-support-small-businesses-opening-new-premises>

What Does It Take to Be a Great Employer?

Companies House has recently been recognised with the highest-level accreditation from Investors in People for its approach to staff wellbeing.

Their Platinum award reflects their efforts to support employees' social, physical, and psychological wellbeing, and was achieved following detailed assessments such as staff surveys, interviews, and observations of workplace culture.

So, what can other businesses take away from this achievement? Even if you don't have the resources of Companies House, there are practical steps you might be able to consider in improving staff wellbeing - and often at low cost.

1. Listen to Staff Feedback

Staff who feel listened to often feel valued. For a smaller business, this could simply mean having regular one-to-one check-ins.

Other options might include running short anonymous surveys using free online tools or creating a scheme for staff to suggest improvements. The key is to show that you're listening and acting on feedback where possible.

2. Support Physical Wellbeing

This doesn't have to mean gym memberships or large-scale health programmes. Practical, affordable options might include encouraging regular breaks away from screens or providing some fresh fruit or healthy snacks in staff areas.

3. Look After Mental Wellbeing

Small businesses can support mental health in the workplace by promoting an open culture where it's okay to talk about challenges.

Managers can be trained to spot early signs of stress or burnout. It may also be helpful to signpost free resources such as Mind, ACAS or NHS wellbeing services.

4. Build a Positive Culture

Wellbeing often comes down to workplace culture. Recognition, respect, and flexibility can make a big difference to employees at all levels.

- Could you consider celebrating achievements, however small? Sincerely acknowledging the contributions employees make can help build a positive atmosphere.
- When changes are needed in the business, being transparent about them can help staff feel respected and give them the opportunity to get on board.
- Allowing flexibility in working hours can help staff balance their work and life commitments and let them feel more positive about their job.

Looking After Staff Can Improve the Business

A focus on staff wellbeing isn't just about being "nice to have." Even if your business is at a very different scale to Companies House, the principle is the same: investing time and thought into your team's wellbeing can bring real benefits.

It can help retain good people at a time when recruitment is costly, reducing absence, boosting productivity, and building loyalty and trust in your team. These are all things that support long-term success in your business.

Inspections Reveal Major Gaps in Workplace Hearing Protection

A new Health and Safety Executive (HSE) inspection campaign has found serious failings in how workplaces manage hearing protection, raising concerns about the safety of employees in noisy environments.

One in four workplaces inspected had noise levels making mandatory hearing protection legally required. But despite this, inspections uncovered widespread shortcomings in both employee training and equipment management.

Key findings

- Over 75% of workers in high-noise workplaces lacked basic knowledge on storing, checking, or reporting issues with hearing protection equipment.
- 63% had not received guidance on how hearing protection must be worn continuously during exposure to harmful noise levels.
- 80% received no training on how to wear equipment correctly - for example, ensuring earmuffs fit properly around hair, hats, or other PPE.
- 95% of employers failed to check whether workers could still hear vital warning signals, such as fire alarms or reversing vehicle alerts, while wearing hearing protection.

Do you use the CUFF system?

To support improvement, HSE is promoting the CUFF checking system, a simple four-step check for hearing protection:

- Condition - Is the equipment in good working order?
- Use - Is it being used whenever required?
- Fit the ear - Is it being worn properly?
- Fit for purpose - Is the protection suitable for the workplace and task?

Specialist inspectors will also be delivering webinars and attending industry events to provide practical advice on how businesses can strengthen their hearing protection programmes and use the CUFF system.

See: <https://press.hse.gov.uk/2025/09/10/serious-gaps-found-in-protecting-workers-from-excessive-noise/>

US Tech Giants Invest in UK's AI Sector

Last week, a so-called Tech Prosperity Deal was signed between the UK government and several US tech giants as part of Donald Trump's state visit to the UK.

Google's parent company, Alphabet, confirmed a £5bn investment in UK artificial intelligence (AI) over the next two years. In addition, Microsoft confirmed it is investing £22bn, with Nvidia also investing up to £11bn in the UK.

The investments will be directed towards AI infrastructure and advanced scientific research. During the week, the Chancellor opened a new £735m data centre in Hertfordshire as part of Google's investment, and Microsoft is confirmed as now being involved in the creation of a powerful new supercomputer in Essex.

Opportunities

Alphabet's president Ruth Porat described the UK as offering "profound opportunities" in science and technology, adding that the investment reflects a "special US-UK technology relationship."

Chancellor Rachel Reeves called the announcement "a powerful vote of confidence in the UK economy."

The fields of healthcare, public services and business productivity are particularly seen as areas where AI can bring potential benefits.

Challenges

There is widespread concern about the effect AI will have on jobs. Talking about this, Ms Porat said: "It would be naïve to assume there isn't a downside." However, she continued to stress that AI will create opportunities, even new industries.

Microsoft CEO Satya Nadella acknowledged that changes in technology are affecting Microsoft, with thousands of staff being laid off this year despite record sales and profits. He said it was "the hard process of renewal." He felt, though, that ultimately AI will bring about new products, new systems and new infrastructure.

The high energy requirements of data centres have also raised environmental concerns. However, tech companies argue that the potential benefits make it worthwhile. Google has signed a deal so that its UK investments will run on 95% carbon-free energy and the heat created by the data centres will be captured and redeployed to heat schools and homes.

Will it affect me?

For local businesses in the UK, the headline figures of these investments might feel a world away. However, the changes they signal could have impacts across the board.

There could be opportunities. For instance, the development of new AI tools could open up smarter ways of working - from managing stock to dealing with customers.

There will also be challenges, including pressure on certain jobs and the cost and effort of keeping up with new technology.

The key takeaway is to stay alert - keep an eye on how AI tools are becoming available and think about whether they could help your business grow.

See: <https://www.bbc.co.uk/news/articles/c7016ljre03o>

Rugby Council to Use New Powers on Empty Shops

Rugby Borough Council is set to be one of the first councils in the country to make use of new powers that allow councils to auction off leases on long-term vacant retail units. The step comes after figures showed nearly one in four units in Rugby town centre are empty, compared to the national average of one in seven.

Under the scheme, any privately-owned shop left empty for more than a year within a two-year period could be subject to a lease auction. Landlords will have an eight-week window to find a tenant themselves or to appeal the decision. If no agreement is reached, the Council can step in and invite bids from businesses to take over the unit. To support this, the council has set up a vacancy register, with access to government funding of up to £75,000 per property to help bring empty units back into use.

Council leaders describe the measure as a “legislative hammer” to tackle derelict high street properties. While it may only bring a handful of shops back into use initially, the aim is to signal intent and restore confidence in the town centre.

For businesses, this could present new opportunities. Lease auctions may provide a way for start-ups or expanding businesses to secure premises that might otherwise have been out of reach. At the same time, reducing the number of boarded-up shops could help to improve footfall and the overall shopping environment for all businesses.

Although this initiative is starting in Rugby, other councils may follow if the approach proves successful.

See: <https://www.bbc.co.uk/news/articles/c4g9385p063o>