

26 September 2022

## Business News Wales

### New approach for a new era?

Last week, the Bank of England (BOE) raised interest rates to 2.25%, the highest level since 2008. They believe the UK economy has shrunk by 0.1% between July and September and, for the seventh time in a row, has made the increase to interest rates in an attempt to halt soaring prices. Inflation is at its highest since the 1980s and prices are expected to rise further in October, with inflation peaking at just under 11%.

We will have more insight in November when the BOE will work out the effect of the government's recent interventions to bring down inflation and ease the cost-of-living crisis, albeit with vastly increased borrowing.

On Friday the Chancellor Kwasi Kwarteng announced a series of "growth" measures that the government thinks will help businesses and households get through this winter and beyond.



The chancellor announced:

- The 1.25% percentage point rise in National Insurance contributions will be reversed from 6 November 2022 and the government will not go ahead with the planned April 2023 levy to fund health and social care.
- The planned increase in corporation tax from 1 April 2023 will not happen and it will remain at 19%, irrespective of the level of company profits.
- The basic rate of income tax will be cut from 20% to 19% from April 2023.
- Dividend tax rates will reduce by 1.25 percentage points from April 2023.

- The 45% and 39.35% 'additional rates' of income tax that apply to income over £150,000 will be abolished from 6 April 2023.
- The annual investment allowance, allowing 100% tax relief on certain capital expenditure including computer equipment and vans, will remain at £1million beyond April 2023, when a reduction had been planned.
- From April 2023, workers providing services via an intermediary will once again be responsible for determining their employment status and paying the correct amount of tax and National Insurance contributions under the IR35 rules. The complex 'off-payroll' working rules for larger employers will be repealed.
- New 'Investment Zones' are to be established across England, with the Government currently in discussions with 38 local authorities. In Scotland, Wales and Northern Ireland, Investment Zones will be delivered in partnership with Devolved Administrations and local partners.
- A possible future extension to the tax-advantaged Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCT). In relation to the Seed Enterprise Investment Scheme (SEIS), there will be a widening of the criteria, allowing companies to raise £250,000 under the scheme, 66% more funding than previously.
- Enhancements to the tax advantaged Company Share Option Plan (CSOP) scheme. The maximum employee share option limit will be increased from £30,000 to £60,000 for any new options granted from 6 April 2023. There will also be increased flexibility for share options granted from 6 April 2023 due to a removal of conditions around the class of shares used.
- Modifications will be made to the Universal Credit regime, to support claimants to secure more or better paid work.
- VAT-free shopping for overseas visitors is to be introduced as soon as possible.
- A package of measures to help households and businesses with energy bills.

## **UK Government outlines plans to help households and businesses with energy bills**

### For households

To provide immediate support for households, an **Energy Price Guarantee (EPG)** will cap the unit price that consumers pay for electricity and gas. This will mean the average household will pay no more than £2,500 per year for a period of two years from October 2022, and is expected to save at least £1,000 a year, although savings for individual households will vary according to their energy use. The discount is automatic and there is no need to apply or contact energy suppliers.

The EPG is in addition to the £400 support all households will receive from the Energy Bills Support Scheme (EBSS) over the coming winter.

The government will also provide an additional payment of £100 to compensate for the rising costs of alternative heating fuels for UK households not able to receive support for heating costs through the EPG, for example if they are living in an area of the UK that is not served by the gas grid.

See: [Energy Bills Support Factsheet - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/factsheets/energy-bills-support-factsheet)

### For businesses

Through a new **Energy Bill Relief Scheme (EBRS)**, the government will provide a discount on wholesale gas and electricity prices for all non-domestic customers (including UK businesses, voluntary sector organisations like charities and public sector organisations such as schools and hospitals) whose current gas and electricity prices have been significantly inflated in light of global energy prices. This support will be equivalent to the EPG put in place for households.

It will apply to fixed price contracts agreed on or after 1 April 2022, as well as to deemed, variable and flexible tariffs and contracts. It will initially apply to energy usage from 1 October 2022 to 31 March 2023, before a review is undertaken to inform decisions on future support. The savings will be first seen in October bills, which are typically received in November.

As with the EPG for households, customers do not need to take action or apply to the scheme to access the support. Discounts will automatically be applied to bills.

See: [Energy Bill Relief Scheme: help for businesses and other non-domestic customers - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/factsheets/energy-bill-relief-scheme-help-for-businesses-and-other-non-domestic-customers)

### **UK intellectual property protection abroad**

To protect your intellectual property outside of the UK, you usually need to apply in each country you want protection in.

Intellectual property (IP) rights are territorial. They only give protection in the countries where they are granted or registered. If you only have UK protection, others may be allowed to use your IP abroad without infringing your rights.

If you are thinking about trading abroad then you should consider registering your IP rights abroad.

Some countries may allow you to extend your UK protection, and accept it as protected in that country after completing certain local formalities.

See: [Protecting your UK intellectual property abroad - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/factsheets/protecting-your-uk-intellectual-property-abroad)

## **New Small Business Research Initiative (SBRI) to fund social ventures with the ability to scale and deliver social impact**

Organisations can apply for a share of up to £3 million to scale products and services to support healthy ageing.

Innovate UK, part of UK Research and Innovation, is funding a new SBRI to fund social ventures with the ability to scale and deliver social impact.

The competition aims to enable businesses with a social purpose to scale up existing innovative products, processes and services where the innovation element is at a Technology Readiness Level (TRL) between 3 and 7.

To be eligible to apply to this competition, you must address one or more of the seven themes identified by the [Healthy Ageing Challenge Framework](#) to support people as they age:

- Living well with cognitive impairment
- Sustaining physical activity
- Maintaining health at work and work in later life
- Managing the common complaints of ageing
- Design for age-friendly homes
- Creating healthy active places
- Supporting social connections

You must also identify a clear route to market, scalability and sustainability for your product or service, and have a validated business plan to scale your product or service and plan to scale by at least 25% of the current baseline.

See: [Competition overview - SBRI: Healthy Ageing scaling social ventures - Innovation Funding Service \(apply-for-innovation-funding.service.gov.uk\)](#)

## **Innovation in professional and financial services competition**

Innovate UK is investing up to £7 million to support digital innovation within professional and financial services.

This competition aims to advance the professional and financial services sectors by supporting them in the creation and adoption of digital approaches and new digitally supported services.

To be eligible, projects must focus on one or more of the following:

- Legal services
- Accountancy and audit

- Insurance
- Open finance innovation
- Financial planning and support for consumers and SMEs
- Financial regulatory compliance and financial crime prevention (such as fraud and anti-money laundering)
- Payments and transactions

Proposals must also show how they will help the professional and financial services sectors:

- Deliver better products and services.
- Increase access to these services.
- Make these services more effective for their customers.

This competition is split into two strands - both strands will close for applications at 11:00am on Wednesday 9 November 2022.

See: [Innovation in Professional and Financial Services – collaboration](#)

See: [Innovation in Professional and Financial Services – single applicants](#)

### **Rising Stars 5.0 applications are now open**

Tech Nation has opened applications for their Rising Stars 5.0 competition, which looks for the best, most exciting early-stage technology businesses in the UK.

The competition offers a chance to raise your profile on a local, regional and national level, and pitch your business in front of leading investors, influencers and corporates.

Entrants are supported throughout the application process and during each stage of the competition to enable them to compete to their best ability and deliver the perfect pitch.

This year, Rising Stars will choose City Winners - the most exciting innovative businesses on a local level at tech community events across the UK. The City Winners will then go on to pitch at a regional final to get a spot as a regional winner progressing to the semi-finals.

The competition will culminate by celebrating the top 20 finalists, who will be showcased and promoted to a curated audience of investors, corporates and key ecosystem players at the national final event.

Finally, the judges then will select ten companies that will be named this year's Rising Stars, who will feature in a high-profile celebration and be given additional tailored support through the Tech Nation network.

See: [Rising Stars - UK pitch competition for early-stage tech startups - Tech Nation](#)

## **Industrial Energy Transformation Fund Phase 2 Autumn 2022**

The Department for Business, Energy & Industrial Strategy (BEIS) has launched the Industrial Energy Transformation Fund (IETF) Phase 2: Autumn 2022.

This support will provide up to £70 million of grant funding for the following project types:

- Studies - feasibility and engineering studies to enable companies to investigate identified energy efficiency and decarbonisation projects before making an investment decision
- Energy efficiency - deployment of technologies to reduce industrial energy consumption
- Deep decarbonisation - deployment of technologies to achieve industrial emissions savings

In this application window, the IETF will also support projects that improve energy efficiency and/or reduce emissions of non-road mobile machinery. The machinery must be necessary to, and a part of, the industrial process located within the boundary of the eligible site.

Your business must operate an existing site which falls into one of the following categories:

- Mining and quarrying
- Manufacturing
- Recovery and recycling of materials
- Data centre

See: [Industrial Energy Transformation Fund \(IETF\) Phase 2: Autumn 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/industrial-energy-transformation-fund-iETF-phase-2-autumn-2022)

## **Trade Survey for Wales**

The Welsh Government has invited 8000 businesses with operations in Wales to participate in the fourth Trade Survey for Wales.

Most businesses invited to participate employ more than 20 people. Ultimately, every response to the Trade Survey for Wales can help kick-start our economic recovery and build a better Wales.

This is the only survey that focuses on trade activity in Wales. Findings feed directly into Welsh Government trade policy and strengthen the evidence base behind business support. It provides important insight and information on trade not otherwise available. This helps the government develop effective policies and put in place the right packages of support that reflect the genuine needs of businesses in Wales.

The survey will be open until early December 2022 so there is plenty of time to participate.

See: [Trade Survey for Wales | GOV.WALES](#)

### **New legislation to ban single-use plastics in Wales**

The Welsh Government is determined to be at the forefront of action on plastic with Wales set to become the first part of the UK to legislate against such a comprehensive list of single-use plastics.

The Environmental Protection (Single-use Plastic Products) (Wales) Bill will make it an offence to supply or offer to supply littered and unnecessary disposable single-use plastic products to consumers in Wales.

It provides local authorities with powers to enforce the offence, and includes:

- Cutlery
- Plates
- Stirrers
- Drinking straws – this product has an exemption for health needs
- Plastic stemmed cotton buds
- Balloon sticks
- Expanded and foamed extruded polystyrene fast-food containers
- Expanded and foamed extruded polystyrene cups
- Polystyrene lids for all cups and fast-food containers
- Thin plastic single-use carrier bags
- All products made of oxo-degradable plastic

The decision to include these products follows a consultation in 2020, with all having non-plastic or reusable alternatives.

Importantly, the Bill will also give Ministers the power, with the support of the Senedd, to add or remove products, placing Wales in the driving seat for future action.

The Welsh Government will also continue to work with industry, businesses, third sector bodies, academia, and others to help develop future policies.

See: [Ground-breaking Bill to ban single-use plastics in Wales and avoid leaving a 'toxic legacy' for future generations | GOV.WALES](#)

### **Visitor Levy Consultation**

Rebecca Evans MS, the Minister for finance and local government, outlined last week a public consultation on enabling local authorities to raise a visitor levy.

She stated: “the launch of a public consultation on enabling local authorities to raise a visitor levy. The proposals set out in the consultation have been developed with Plaid Cymru as part of the co-operation agreement. Our collective ambition is to grow tourism for the good of Wales with economic growth, environmental sustainability and social and cultural well-being at the heart of that ambition. We are working together to ensure our local communities are given the support and the tools that they need to thrive.

Wales is not alone in pursuing this approach. Over 40 countries have visitor levies in place, including Greece, the Netherlands, France and New Zealand. Many of us will have paid a levy when travelling abroad, and some will have done so without even noticing. Across the world, more and more destinations are opting to use visitor levies to enhance local services and infrastructure. These taxes can enable a more sustainable form of tourism. Following a call for public ideas for new taxes in 2017, it was suggested that a visitor levy be considered. We are now taking forward this idea through our programme for government commitment.

Local taxes support the funding of local infrastructure and services, from keeping beaches, footpaths and coastlines clean to providing local transport infrastructure and maintaining areas of natural beauty. These are vital ingredients for successful tourism destinations. Is it not fair that visitors should make a small contribution to these costs? This is an increasingly common and well-understood approach, which more and more places are looking to adopt. Revenues raised from a levy could provide additional funds to safeguard local areas for future generations. Within the UK, Wales might be one of the first places to introduce a visitor levy, but I doubt it will be the last. Other parts of the UK have actively called for similar powers to be introduced, recognising the benefits a levy can bring to local areas.

In publishing this consultation document, I want to be clear about our intentions. This policy is consistent with our long-standing support for Wales’s tourism industry. Tourism-related expenditure in Wales was estimated to be over £5 billion in 2019 and we want to continue to see a thriving tourism industry in Wales as part of a strong recovery following the impact of COVID-19. It is well known that public services and infrastructure are integral to the visitor experience, and a levy will help encourage their continued investment.”

See: [Plenary 20/09/2022 - Welsh Parliament \(senedd.wales\)](#)