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Dealing with inflation

With continuing inflation in the UK, many of us and our businesses have been put “off track” in the short to medium term.

The Bank of England recently increased interest rates by a quarter of a percentage point to 5.25 per cent.

The rise was as expected by economists in view of the latest data showing annual inflation at 7.9 per cent in June which is four times higher than the Bank of England’s 2 per cent target.



Inflation is a problem for most of us. Savers find that the value of their cash is being rapidly eroded. At 10% inflation, the £100 you save today will only buy £90 worth of goods in a year’s time.

Many people are finding that their household budgets are stressed.

What can you do to protect your long-term finances and combat inflation?

1. Protect your retirement income

Inflation has an enormous impact on how long retirement savings will last. The income that seems more than adequate when you start your golden years can look less than generous after 10 years of inflation, and a recipe for misery after 20. A *basic level annuity* will

mean having the buying power of your income eroded every year. An *inflation-linked annuity* will start off providing a much smaller income, but one that keeps increasing over time. A *drawdown pension*, where your pension pot remains invested, and you draw down an income as you need it, is more flexible – but you will still need to take care to avoid running out of cash.

2. Avoid locking your cash savings away

Savers should benefit when higher inflation leads to the Bank of England increasing the Bank Rate, but beware; although the rates offered by savings providers are rising, they have not yet done so enough to come anywhere near inflation.

However, with the Bank Rate forecast to rise further and with savings deals forecast to follow, there could be better deals to be had over the next few months. Shop around for the best deal – and avoid locking your savings into a long-term deal, because it could mean missing out on much better rates in the near future.

3. Look at your investment strategy

In an inflationary world, *investing – where your cash is used to buy something which could appreciate in price* – could be more rewarding than saving.

While inflation erodes the value of cash savings, it actually works to boost the value of some investments. *But how should you invest? Bond investment* becomes

less attractive in times of inflation, as the income provided by bonds is subject to inflation.

Investors can protect themselves by buying *index-linked bonds*, where the interest paid rises in line with inflation. Some business sectors will suffer during inflationary periods. Oil and mining companies tend to do well as rising commodity prices are good for their bottom lines. Utility groups often pay dividends linked to inflation. However, inflation could be bad for others such as retailers and supermarkets, which may lack the ability to increase prices. Luxury goods may be shunned when households tighten their belts.

4. Secure a low-rate mortgage before rates rise

Inflation has already triggered rate rises, and *mortgages are substantially more expensive than they were last year*. This process could continue – the Bank of England has hinted as much. To avoid increasing interest costs which could mean that buying your home becomes difficult or even impossible, it makes sense to try and secure the lowest rate you can for your mortgage, fixed for the longest possible period.

5. Get some expert help.

Managing money in inflationary times can be challenging – but the challenges can be much more manageable if you have an expert to call on, so talk to your financial adviser. If you don’t have one, see: [Choosing a financial adviser | MoneyHelper](#)

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Preparing your business for emergencies

The UK government has a webpage with guidance to help businesses identify and prepare for the hazards and threats that may disrupt their operations.

Being more prepared and resilient could give a competitive advantage to your business. The actions you take to make your business resilient will depend on your circumstances and the risks you are comfortable taking. Having assessed these, only you can decide how much time, and possibly money, you want to invest in increasing your resilience.

These suggested actions will help you get started:

- Do a **business resilience health check** to help you understand how to make your company prepared for emergencies by using the weblink below.
- Talk to neighbours, businesses, and customers about your plans and how you could support each other.
- Test your plan and adjust it where necessary to avoid complications in an emergency.
- Make sure all your staff have copies of your plan and that they know their responsibilities in an emergency.
- Read the guidance for preparing your businesses for flooding and for preparing your premises.

See: [Preparing for emergencies - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/preparing-for-emergencies)

Tripling of fines for those supporting illegal migrants

Fines are to be more than tripled for employers and landlords who allow illegal migrants to work for them or rent their properties, in the biggest shake up of civil penalties since 2014, the Home Secretary announced last week.

The civil penalty for employers, which was last increased in 2014, will be raised to up to £45,000 per illegal worker for a first breach from £15,000, and up to £60,000 for repeat breaches from £20,000.

For landlords, the fines will increase from £80 per lodger and £1,000 per occupier for a first breach to up to £5,000 per lodger and £10,000 per occupier. Repeat breaches will be up to £10,000 per lodger and £20,000 per occupier, up from £500 and £3,000 respectively. The higher penalties will come in at the start of 2024.

Later this year, the Home Office will consult on options to strengthen action against licensed businesses who are employing illegal workers.

Since the start of 2018, almost 5,000 civil penalties have been issued to employers with a total value of £88.4 million. Meanwhile, landlords have been hit with over 320 civil penalties worth a total of £215,500 in the same period.

See: [Tripling of fines for those supporting illegal migrants - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/tripling-of-fines-for-those-supporting-illegal-migrants)

DVLA launches new online account for motorists.

Motorists can opt for digital vehicle tax reminders rather than

having to wait for a paper reminder to drop through their letter box.

The change comes as part of DVLA's new [Driver and vehicles account](https://www.gov.uk/guidance/dvla-driver-and-vehicles-account) service, which was launched on GOV.UK last week.



The new service, which allows motorists to easily access their driver and vehicle information in one place, has been launched as a public beta and DVLA are asking motorists to provide feedback to help develop the service.

The Driver and vehicles account is easy-to-use, secure, and it takes around 5 minutes to sign up. Once an account has been set up, motorists can simply sign in using their email and password, and will be able to:

- view their driving licence information, including endorsements and penalty points.
- view vehicles that are registered to them, including tax and MOT status.
- change their contact preferences.
- set up vehicle tax reminders by email and for the first time by SMS text.
- choose to stop getting vehicle tax reminders by post.

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See: [Driver and vehicles account: sign in or set up - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/sign-in-or-set-up)

Additional information required for Research & Development (R&D) claims.

The latest Finance Act includes two changes that will affect all R&D claims:

1. A requirement to provide additional information before an R&D claim is made.
2. A requirement for certain companies to make a claim notification within six months after the end of the accounting period for which they want to claim R&D relief.

When a limited company intends to make a claim for research and development (R&D) tax relief, from 8 August 2023 onwards it will need to provide detailed information to HMRC in advance.

You will need to set out details of the R&D project(s) undertaken, including the scientific or technical uncertainty that the work was seeking to overcome, along with details of the work done to resolve that uncertainty.

For accounting periods beginning on or after 1 April 2023, there is also a new R&D claim notification form which must be submitted within the 'claim notification period', which ends six months after the end of the accounting period for which the company wants to claim R&D relief.

Broadly, new claimants or those who haven't claimed for three years will need to complete this claim notification form for

accounting periods beginning on or after 1 April 2023.

Talk to us; we can assist you in preparing the notification or prepare it on your behalf.

See: [Submit detailed information before you claim Research and Development \(R&D\) tax relief - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/submit-detailed-information-before-you-claim-research-and-development-r-d-tax-relief)

HMRC late payment interest rates to be revised after Bank of England increases base rate.

The Bank of England Monetary Policy Committee announced an increase to the Bank of England base rate from 5.00% to 5.25% on 3 August 2023.

HMRC interest rates are linked to the Bank of England base rate.

Because the base rate has changed, HMRC interest rates for late payment and repayment will increase.

These changes will come into effect on:

- 14 August 2023 for quarterly instalment payments; and
- 22 August 2023 for non-quarterly instalments payments.

See: [HMRC late payment interest rates to be revised after Bank of England increases base rate - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/hmrc-late-payment-interest-rates-to-be-revised-after-bank-of-england-increases-base-rate)

Latest Health and Safety Executive (HSE) updates

The Health and Safety Executive (HSE) regularly issues safety updates, some of the latest are listed below -

[Improving general ventilation in the workplace](#)

Employers must make sure there is adequate ventilation in enclosed areas of their workplace.

[Help bust the myths on portable appliance testing](#)

Portable appliance testing (PAT) is the examination of electrical appliances and equipment to make sure they are safe to use.

[HSE's Dust Kills campaign continues](#)

HSE's *Dust Kills campaign* urges employers and those working in construction to be aware of the risks from exposure to silica and wood dust.

For updated safety alerts and notices see: [HSE: Latest news on health and safety at work](#)

UK Technology Fast 50 Awards 2023

Nominations for 2023's *Fast 50 technology* awards are now open and will be closing at midnight on 1 September 2023.

The awards highlight the 50 fastest growing tech companies in the UK.

The UK Technology Fast 50 programme has four categories:

- The UK Technology Fast 50,
- Fast 50 Women in Leadership,
- Regional Winners, and
- Rising Stars.

See: [Home | UK Technology Fast 50 | Deloitte UK](#)

Latest HMRC tax webinars for the self-employed

Listed below are a number of live HMRC webinars that will give the

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self-employed an understanding of key taxes that affect them.

The webinars are free and last around an hour.

[Capital Allowances for the self-employed](#)

Tue 15 Aug at 11:45am

[Record keeping for the self-employed](#)

Tue 15 Aug at 1:45pm

[Residential property income for individuals - an introduction](#)

Tue 22 Aug at 9:45am

[Construction Industry Scheme for contractors](#)

Tue 22 Aug at 11:45am

[Residential property income for individuals - expenses, and deductions](#)

Tue 22 Aug at 1:45pm

[Car expenses for the self-employed](#)

Wed 23 Aug at 9:45am

[Construction Industry Scheme for subcontractors](#)

Wed 23 Aug at 11:45am

[Business expenses for the self-employed](#)

Wed 23 Aug at 1:45pm

[Company directors - payroll and you](#)

Mon 18 Sep at 11:45am

[Capital allowances and vehicles](#)

Thu 21 Sep at 11:45am

[UK Space Agency funding for technologies to monitor the Earth.](#)

The £15 million UK Space Agency funding will support the research and experimental development of space-based instruments, aimed at supporting a range of

environmental services, which could include meteorology, climate monitoring, environmental management, agriculture, and urban planning, and improving scientific knowledge.

The UK government considers the UK to be a world leader in Earth Observation (EO) tools, technologies, and data use.

This funding will help to accelerate the development of promising UK EO technologies which could be flown on satellites in the next few years.

The [National Space Strategy in Action](#) report, published in July, set out the government's plans for how the UK will remain at the forefront of EO technology and know-how for commercial and public services.

See: [UK Space Agency funding for technologies to monitor the Earth - GOV.UK \(www.gov.uk\)](#)

[Workplace Charging Scheme](#)

The Workplace Charging Scheme (WCS) is a voucher-based scheme that provides eligible businesses with support towards the upfront costs of the purchase and installation of electric vehicle (EV) chargepoints.

All businesses can use it to help provision chargepoints for their staff or fleets. Charities and small accommodation businesses can further use it to provision chargepoints for their guests or visitors.

The grant covers up to 75% of the total costs of the purchase and installation of EV chargepoints

(inclusive of VAT), capped at a maximum of:

- £350 per socket or
- 40 sockets across all sites per applicant – for instance, if you would like to install them in 40 sites, you will have 1 socket available per site.

Closing date: 31 March 2024.

See: [Workplace Charging Scheme - GOV-UK Find a grant \(find-government-grants.service.gov.uk\)](#)

[New Taskforce to build UK nuclear skills.](#)

The nuclear industry underpins hundreds of thousands of jobs across the UK, both directly and through the extended supply chain, and is growing rapidly.

Nuclear has a wide variety of roles ranging from technical scientific and engineering roles through to logistics, project management, commercial and finance – with a range of apprentice and graduate opportunities.

Chaired by Sir Simon Bollom – former Chief Executive Officer of *Defence Equipment and Support* – the Taskforce will address how the UK continues to build nuclear skills across its defence and civil workforce.

See: [New Taskforce to build UK nuclear skills - GOV.UK \(www.gov.uk\)](#)

[£40 million fund launched for 5G across the UK.](#)

The UK government has launched a £40 million fund to spark local digital revolutions and unlock 5G benefits across the UK.

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Local and regional authorities can apply for a share of the multi-million-pound fund, designed to accelerate innovation in sectors such as advanced manufacturing, transport, agriculture, and public services, helping to create better connected places across the UK.

The cash boost will create 5G Innovation Regions by awarding funding to areas that can demonstrate how they will drive the development and adoption of 5G and other technologies. This will make sure communities in towns, cities and rural areas across the UK take full advantage of the benefits advanced wireless connectivity and digital technologies can provide, as well as attract commercial investment to grow the economy.

Applications of the technology could include connecting sensors that analyse and help to improve air quality by better managing traffic, and deploying 5G-enabled drones that can scan fields and crops, collecting data on weather and environmental conditions.

The deadline for receipt of applications is 10 September 2023.

See: [5G Innovation Regions: open for applications - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/5g-innovation-regions-open-for-applications)

Northeast could benefit from new funding for hydrogen transport

An £8 million government competition to support hydrogen-powered transport in the Northeast has been launched.

The Transport Secretary recently announced [2 winning projects of the second phase of the](https://www.gov.uk/government/news/2-winning-projects-of-the-second-phase-of-the)

[competition](https://www.gov.uk/government/news/2-winning-projects-of-the-second-phase-of-the), encouraging more businesses and innovators to develop new technology that uses hydrogen fuel to accelerate transport decarbonisation.

One project led by ULEMCo, receiving a share of the £8 million funding, will develop hydrogen-powered airport ground-based support vehicles, such as tow trucks for aeroplanes and sweepers to clean runways. This will be based at Teesside international airport, which will help the airport reach its goal of being net zero by 2030.

Another of the winning projects led by Element 2 aims to create new hydrogen refuelling stations, helping to provide the infrastructure needed to scale up the use of hydrogen as a fuel. This funding will create 4 new publicly accessible hydrogen refuelling stations, increasing the number of refuelling stations in the UK by 50%. These will be used to fuel a range of vehicles, from airside vehicles to heavy goods vehicles (HGVs), including supermarket delivery trucks.

The announcement also confirmed £300,000 delivered directly to colleges in the area to support upskilling the local workforce and foster a specialised skills base and pipeline of talent, further cementing the Tees Valley's status as the home of hydrogen.

See: [North East to benefit from new funding for hydrogen transport - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/north-east-to-benefit-from-new-funding-for-hydrogen-transport)

Autumn Covid-19 booster programme

People at greatest risk of serious illness from Covid, including care

home residents, over 65s and frontline health and social care workers, are eligible for an autumn vaccine booster.

See: [Health and Social Care Secretary statement on autumn booster programme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/health-and-social-care-secretary-statement-on-autumn-booster-programme)