

Creating value through innovation

Innovation has generally been recognised as essential for value creation, both for individual companies and for the UK economy as a whole.

The development of new ideas, processes, and technologies and their flow across different sectors is a significant driver of economic growth and productivity.

Recently, innovation has also been identified as crucial to the transition of the economy away from fossil fuels and carbon-intensive business activities.



There are many factors that affect whether and how businesses innovate, for example the availability of skills and capital and government policy measures such as tax incentives.

However, none are more important than the company's own culture, capabilities, and internal systems – all of which are aspects of its governance.

Unless companies are governed in a way that is conducive to innovation, they are unlikely to be in a position to take advantage of new opportunities.

Our most innovative clients share some key characteristics:

- They invest in activities with uncertain outcomes for which the likely commercial return is difficult to quantify and the risk of failure is higher than normal.
- They benefit from the availability of company-specific skills, which may be highly specialised.
- They have a culture which encourages flexibility, experimentation, and a high level of individual decision making.
- They require a longer-term time investment horizon than many other kinds of business activity.

Research and Development (R & D) is the process of taking an idea and transforming it into a fully-fledged product or procedure.

R & D tax credits are a government incentive designed to encourage innovation across multiple industries.

This is an opportunity for you to reduce your corporation tax bill or receive a refund from HMRC based upon the number of working hours and relevant costs your business dedicates to Research & Development.

Under the scheme, SME's can claim back up to 33% of the costs associated with R & D.

If you are looking for long term finance to support innovation then you will need to ensure your management accounts are up to date, you make available current detailed lists of debtors and

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creditors, and you might need up to date projections before an expert will consider your application.

UK Manufacturing Climbs to 8th in World Rankings

The UK's manufacturing sector has climbed one place to eighth in the world rankings, overtaking France in the process, according to analysis of the latest official data published by Make UK.



The figures are contained in the latest annual 'Manufacturing – The Facts' which contains a wide variety of data about the contribution of manufacturing to the economy, including [exports](#), sectoral breakdown, how the UK compares to other nations and salary levels.

The data shows that in 2021 (the latest year for which global comparisons are available), UK manufacturing output was worth some \$272bn, compared to \$262bn for France, but behind Italy (\$314bn).

To put this data in context, China is the largest manufacturing nation worth \$4.9tn, followed by the United States \$2.5tn and Japan \$995bn.

Germany, the fourth highest, remains the largest European manufacturing country at \$803bn.

According to Make UK, while the climb up the rankings is encouraging, it is strongly

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cautioned that it is only the third time since 2002 that the UK has ranked above France and cannot be attributed to any post Brexit bounce or other specific factor.

Separate data for 2022 from the ONS places UK manufacturing output at £224bn and Make UK believes that, if the Government commits to its call for a manufacturing target of 15% of GDP, (which Make UK estimates would add £142bn to the UK economy) then the sector could aim to match seventh-ranked Italy.

With many competitor nations having their own versions of an Industrial Strategy, Make UK has also repeated its calls for a long-term, modern, and robust Strategy which could help turn the 15% ambition into a reality.

The analysis by Make UK also shows that, contrary to popular opinion, manufacturing jobs are better paid than both services and the economy overall.

According to official data the average salary in manufacturing in 2022 was £36,488, which compares to £33,402 for the economy overall and £32,676 for services.

The Northwest remains the biggest manufacturing area of the UK, worth £28.2bn in output and employing 314,000 people.

The sector accounts for almost 15% of Northwest economic output and 8% of regional employment.

See: [UK-Manufacturing-The-Facts-2023 | Make UK](#)

New fire safety legislation

From 1st October 2023 new fire safety legislation comes into effect. This will mean that many businesses and building owners need to check if and how this affects them to ensure they are complying with the regulations. The main changes are:

- All businesses will need to record a fire risk assessment and fire safety arrangements in full – regardless of the number of employees, and size or type of business.
- There are increased requirements for cooperation and coordination between Responsible Persons in multi occupied buildings or those where the occupier and owner are not the same person.
- In residential buildings with two or more domestic premises, residents must be provided with information on the risks from fire and the fire safety measures provided to keep them safe.

See: [New fire safety guidance comes into force on 1 October 2023 - GOV.UK \(www.gov.uk\)](#)

Start-up loans for new businesses

Start Up Loans are personal loans designed to help new businesses begin trading.

They were created to support would-be business owners who have struggled to secure finance from traditional lenders.

To date, over 100,000 small firms have received loans, designed to help scale up activities.

Delivered through the *state-owned British Business Bank*, the Start Up Loan scheme was developed and launched by the government in 2012 to help new and early-stage UK businesses without sufficient personal funds or support from friends and family to access affordable finance and mentoring support.



Through this combined access to finance, more small businesses can develop and reach their potential, delivering economic growth and a boost to local communities.

Start Up Loans differ from small-business bank loans in that they are personal loans for business purposes.

They are also unsecured, which means you don't have to use your house or any other asset as security to receive the money.

Start Up Loans are provided by [the Start Up Loans Company](#), which is funded by the UK Government.

You can borrow between £500 and £25,000, payable over one to five years, at a fixed interest rate of 6% per annum.

When you apply, you're paired with a dedicated business adviser, who supports you with completing your application form.

If your application is successful, your loan comes with the option of 12 months of [free mentoring](#).

To qualify for a Start Up Loan, you must meet the following criteria:

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- You are aged 18 or over.
- You live in the UK.
- You are starting a new business, or your business is less than three years old.
- Your business is/will be based in the UK.
- You have the right to work in the UK.

See: [Start Up Loans - British Business Bank \(british-business-bank.co.uk\)](http://www.british-business-bank.co.uk)

Small Business Saturday – “The Tour 2023”

The iconic *Small Business Saturday UK Tour* is back again this November.

The countdown to Small Business Saturday is officially on, as ‘The Tour’ returns to spotlight and supports small businesses all over the country.



Once again supported by [BT Skills for Tomorrow](http://www.bt.com), ‘The Tour’ will call at twenty three different towns and cities across the UK throughout November, visiting small businesses and shining a light on their contribution to the UK economy and local communities.

It will also offer a jam-packed free daily programme of online events - including workshops, webinars, mentoring and inspiring

entrepreneurial stories - open to all small businesses.

Kicking off on Monday 30th October, The Tour will travel across the UK for five weeks and make use of electric vehicles – including a state-of-the-art eco-friendly electric bike from Stirling Eco – to limit emissions and reflect the sustainable switches many small business owners are making as part of their vital role in the race to net zero.

See: [Small Business Saturday UK | Another year making a Big Difference!](http://www.smallbusinessaturday.co.uk)

AI solutions to improve productivity in key sectors.

Innovate UK, part of UK Research and Innovation, will invest up to £32 million in innovation projects to support the development and adoption of *artificial intelligence* (AI) and *machine learning* (ML) solutions in the priority sectors of:

- Transport,
- Construction,
- Agriculture, and
- creative industries.

Your project can focus on one or more of the following:

- data driven decision making,
- automation of administrative tasks,
- project management optimization,
- supply chain optimisation and forecast models,
- waste management,

- intellectual property (IP) management, and
- design.

The competition is split into two strands, offering support to:

- single entities, and
- collaborative R&D projects.

For both strands, Innovate UK will fund industrial research projects and experimental development projects, as defined in the guidance on categories of research.

In terms of project sizes, the total grant funding request for single entities must be up to £100,000.

If you're applying for collaborative R&D funding, your project's total grant funding request must be between £700,000 and £1.2 million.

This competition opens on Wednesday 27 September. The deadline for applications to both strands is 11am on Wednesday 8 November 2023.

Potential applicants can join Innovate UK's briefing event on Friday 29 September 2023 to find out more about eligibility, the application process, and securing funding for impactful AI initiatives.

See: [BridgeAI Briefing Event: Collaborative AI Solutions to improve productivity in key sectors - Innovate UK KTN \(ktn-uk.org\)](http://www.ktn-uk.org)

Student finance bill becomes law.

New measures have been enshrined in law that will transform the student finance system, allowing colleges and

universities to charge different fees for different courses for the first time and opening up opportunities for adults to study in a way that works for them.

The **Lifelong Learning Entitlement (LLE)** (formerly the Lifelong Loan Entitlement) will give all adults from 2025 access to loans, worth up to £37,000 in today's fees, that they can use flexibly over their working lives to upskill or retrain.

The LLE will mean people will be able to take out a student loan to pay for full-time courses such as university degrees or Higher Technical Qualifications (HTQs), as well as for some individual modules of courses.

See: [Transformative student finance bill becomes law - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/transformative-student-finance-bill-becomes-law)

Latest HMRC Employer webinars



Listed below are a number of live HMRC webinars that will help employers with payroll. The webinars are free and last around an hour.

[Expenses and benefits for your employees - trivial benefits](#)
Tue 31 Oct at 1:45pm

[Expenses and benefits for your employees - company cars, vans, and fuel](#)
Tue 10 Oct at 11:45am

[Expenses and benefits for your employees - if your employees have more than one workplace](#)
Thu 12 Oct at 9:45am

[Taxing employees' benefits and expenses through your payroll](#)
Mon 16 Oct at 11:45am

[Employer filing obligations](#)
Tue 17 Oct at 9:45am

[Expenses and benefits for your employees - social functions and parties](#)
Mon 23 Oct at 11:45am
Wed 1 Nov at 11:45am

[Expenses and benefits for your employees - travel](#)
Thu 2 Nov at 11:45am

[Expenses and benefits for your employees – phones, internet, and homeworking](#)
Wed 8 Nov at 1:45pm

[Getting payroll information right](#)
Mon 27 Nov at 9:45am