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Newsletter 7/7/26

A large, dark purple-tinted image of an office interior. In the background, several people are visible, some standing and some sitting at desks, working. The image is used as a background for the main heading.

WELCOME

TO THIS WEEKS NEWSLETTER

**This is 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!**

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What Burnham's rule could mean for the UK

Not yet elected, the new MP for Macclesfield, Andy Burnham, is seen as a shoo-in as our new Prime Minister. A politician with the success of growth in Manchester and his 'man of the people' persona, he is the very antithesis of Sir Keir Starmer.

After months of Labour Party pressure, a failing public image and a series of policy rollbacks, Sir Keir Starmer resigned as Prime Minister and opened the door for a so-far uncontested Mr Burnham to take leadership.

So far, there has been a lack of detail on policies, save that he will follow the Labour Manifesto. Perhaps this is unsurprising as he is still officially in a Labour leadership campaign, but past statements and his Manchester policies point to what he might want to achieve.

The most important commitment Mr Burnham had made so far was his pledge to pursue electoral reform after the next election with a form of proportional representation, perhaps based on the transferable vote system found in Northern Ireland.

The financial market's view

Whoever is Prime Minister will find that the same fiscal rules, which Mr Burnham has undertaken to follow, leave limited options for increased spending.

Usually, as Prime Ministers resign, the foreign exchange and bond markets react unfavourably, especially if they view the next incumbent as bad for business. So far, the bond markets have not reacted to a Prime Minister Burnham, a sign that the City of London is willing to give him a chance,

In part, the City and the markets have given him a chance because his unofficial economic advisers have big reputations. Andy Haldane, the former Bank of England chief economist and Lord Jim O'Neill, a former Goldman Sachs chief economist, have stepped up to help him.

He has also backtracked on his more controversial statements, such as when he told the New Statesman in September 2025 that, "We've got to get beyond this thing of being in hock to the bond markets."

Two days later told the FT, "People have deliberately misinterpreted my comments about the bond markets."

Policies

While Mr Burnham has floated policy ideas, his detractors who know him have called him a 'weathervane' and 'conflict-averse' and the new ideas may simply disappear.

"Andy wants to be loved and avoids making difficult decisions," said one.

Devolution

He has been vigorous in his support of devolution and plans to set up a new 'devolution department' in Manchester, along with a 'Northern No 10'. Its aims are to boost regional growth and shift power out of London and Whitehall.

He is also thought to be considering breaking up the Treasury despite warnings that this would lead to huge disruption, requiring staff to apply for new jobs.

This devolution of decision-making will also see capital spending diverted from the south-east.

He points to the success of the decisions he made as mayor in Manchester that saw the city produce twice the growth rate as the rest of the country, along with housing and transportation improvements. He aims to use the same model for housing strategy, direct housing investment funding and coordinated affordable housing programmes elsewhere in the UK.

On the other hand, most economists who have studied the impact of devolution have not identified any significant increase in overall economic growth rates in Scotland, Wales and Northern Ireland over the past 25 years.

Small businesses and pubs

Mr Burnham has called some of Labour's policies on small businesses ill-considered. He has touted a cut to business rates for pubs and music venues of 20%. Certain small family-owned businesses, such as cafes and shops, could see rates abolished altogether.

These policies would be paid for through higher levies on warehousing giants such as Amazon.

Pensions

Although there are signs that he might look at cutting some social security bills, he has promised to leave the 'triple lock' on the state pension in place.

After years of supporting the £10.5 billion compensation for the Waspi women, those born in the 1950s who lost thousands of pounds each after not being properly informed of a rise in the state pension age, he has backtracked and ruled it out.

Young people and welfare spending

He has said that he will lower welfare spending, a policy that Lord Jim O'Neill believes is critical for growth rather than increasing taxes.

In particular, he supports the Milburn Review into young people's employment outcomes. The 2026 Milburn Review by former Cabinet minister Alan Milburn warned that nearly one million young people (16-24) in the UK are Not in Education, Employment, or Training (NEET).

The review condemned this as a 'record of failure' and argued structural issues are trapping young people on benefits instead of helping them work, something that Mr Burnham has promised to rectify.

Taxes

Mr Burnham has confirmed manifesto commitments not to raise the rate of the three biggest taxes, but talking to the Daily Telegraph last year, he said there was 'definitely a case' to increase the additional rate of income tax to 50p, up from the current 45p.

He has also pushed the Chancellor, Rachel Reeves, to introduce a 10p band for the lowest-paid workers. It currently stands at 20% on incomes between £12,571 and £50,270.

It is unlikely that Corporation Tax or employer National Insurance Contributions will be reduced.

Housing

The provision of housing seems to be a primary target for Mr Burnham, but it is social housing, rather than affordable homes, that he seems keen on.

He has floated a few ideas for financing, including shifting the government's existing £39bn affordable housing programme entirely to council housing. Another is using the UK's national wealth fund to provide seed funding to new regional banks, along with private investment, for a programme of new council homes.

Additionally, revenue would be raised by shifting away from council tax to a land value tax. A land value tax is an annual levy on the market rental value of land.

His background

Andy Burnham, 56, has already lost twice in the run for the Labour leadership in 2010 and 2015. It followed stints in cabinet under Sir Tony Blair, where he was number two in the Treasury and as health secretary under Gordon Brown.

He has comfortably won three mayoral elections in Greater Manchester since 2017.



Britain's yearly £44m health & safety violations bill

A new Freedom of Information (FOI) request has discovered that health and safety violations cost British employers over £44 million per year. The Health and Safety Executive (HSE) revealed that serious breaches have resulted in an increasing number of prosecutions between 2023 and 2025.

The figures show that between 2021 and 2025, the average annual fines to businesses averaged £44.1 million a year, with 2025 showing a slight decline to £40.9 million. In contrast, the number of serious breaches resulting in prosecution charges increased over the last three years, rising from 428 in 2023 to 446 in 2024 and 496 in 2025.

These numbers are expected to increase in 2026. Prosecution charges are brought against companies, owners and directors when an investigation is in the public interest and reveals a serious breach of regulations.

The FOI request came from Breathe HR, experts in human resource management and compliance supporting Small to Medium-sized Enterprises (SMEs). It warns that as costs continue to rise for small businesses, a health and safety violation could financially cripple a company.

Construction firms accounted for 38% of prosecution charges last year, the largest sector.

Phil Coxon, Managing Director at Breathe HR, said, "Reviewing health and safety policies and risks might not be the most glamorous task on employers' to-do lists', but our research shows it's not something leaders can afford to overlook."

Good health and safety policy

His company recommends several general steps that businesses should take to remain compliant.

- Create a health and safety policy, review it regularly and store it somewhere safe and easily accessible for employees.
- Appoint one clear 'competent person' responsible for health and safety overall. Ensure there's clear day-to-day responsibility at each site or location.
- Complete suitable and sufficient risk assessments for all workplaces, sites and activities. Review them regularly.
- Be ready to show evidence of what you've done for audits, insurers or client requests. Keep accurate and contemporaneous records, including tracking incidents.
- Make sure employees know and understand the company's policy on health and safety. Display a health and safety law poster at each working location.
- Carry out regular risk assessments and put controls in place to address hazards.
- As well as a well-thought-out first aid policy, be aware of employees' well-being. Employers have a duty of care and must do everything they reasonably can to support health and wellbeing.

Other recommendations for specific risk can be found on the Breathe HR website.

<https://www.breathehr.com/en-gb/resources/health-and-safety-basics-a-checklist-for-smes>



Small businesses account for two-thirds of Britain's tax shortfall

The latest figures from HMRC reveal that the Treasury had a substantial £59.2 billion shortfall from unpaid taxes for the tax year 2024-2025. The 'Measuring tax gaps 2026 edition' found that the tax gap, which measures the difference between the amount of tax expected to be paid and what was actually collected, stood at an estimated 6.4%, up from 5.3% for 2023-24.

HMRC collected £865.2 billion over the 2024 to 2025 tax year, representing 93.6 per cent of all tax due, but non-compliance by small businesses alone constituted 62% of the gap. This was primarily due to unpaid Corporation Tax, as the tax gap rose to 18.1%.

HMRC noted that the tax gap for Corporation Tax had been broadly stable until COVID. In 2019-2020, it rose to 15.6%, but this was partly due to improvements in data collection.

Summary of figures

- The tax gap for VAT was 6.6% in 2024-2025.
- The tax gap for Income Tax, National Insurance contributions and Capital Gains Tax stood at 4% in 2024-2025, well below the 5.3% in 2013-2014.
- The tax gap for excise duty reduced was 5.5% in 2024-2025.
- The largest components of the tax gap by tax type in 2024-2025 are for Corporation Tax, Income Tax, National Insurance Contributions and Capital Gains Tax.
- The tax gap from individuals was the lowest proportion of the tax gap at 4% in 2024-2025.

Failure to take reasonable care, error and evasion are among the main behavioural reasons for the overall tax gap. Tax evasion accounted for 12% of last year's tax gap, HMRC said.

To see the full details of HMRC's report, go here

<https://www.gov.uk/government/statistics/measuring-tax-gaps>

If you need help with your tax calculations and returns, please contact us. We'd be happy to help.



A response to Land Remediation Relief consultation

The government has published a response to its consultation 'Land Remediation Relief' (LRR). The review sought to understand whether the Corporation Tax relief continues to incentivise the redevelopment of brownfield land and whether reforms are needed to ensure it remains effective, accessible and aligned with modern remediation practices.

LRR is a Corporation Tax relief designed to support the regeneration of contaminated or long-derelict land and reduce pressure to develop greenfield sites. The relief allows companies to claim an additional 50% for qualifying revenue expenditure and 150% for qualifying capital expenditure.

It has two components: contaminated land and derelict land.

Contaminated land relief gives relief for expenditure on preventing, minimising or remedying harm caused by contamination. Derelict land relief is for land that cannot be made productive without removing buildings or structures, provided it has been continuously derelict since 1 April 1998.

The consultation respondents said that LRR rarely drives site selection; commercial factors such as planning risk, build costs and market conditions determine whether a site is taken forward. LRR is seldom considered at the outset because qualifying costs cannot be reliably estimated until intrusive investigations begin.

Many respondents said the scope of qualifying expenditure is too narrow. Activities such as certain demolition works, mineshaft grouting, gas-holder remediation and some invasive species removal fall outside the regime, despite being essential to making land developable.

SMEs reported significant administrative challenges as remediation costs are often embedded within wider contractor pricing, making it difficult to identify qualifying expenditure. There were also inconsistent interpretations of the rules and a lack of clear HMRC guidance.

Interestingly, the payable tax credit had a limited influence on a project. Many businesses preferred to carry losses forward for relief at higher tax rates. Views on grants were mixed. Grants can materially affect viability but are discretionary and slow to secure. LRR is rules-based and predictable, but its benefit is delayed and often modest.

The government has concluded that LRR is not meeting its intended objective of materially incentivising brownfield development. While LRR remains valuable for some marginal or highly contaminated sites, the government sees a compelling case for reform rather than abolition.

Further details will be published in due course.



More consultations hint at what's to come

The government has published a raft of consultations on tax and business policies. It is worth being aware of these, as they are a good indicator of future policy direction likely to impact small businesses.

It is worth noting that your responses to a subject of interest will not be wasted. Most consultations get surprisingly few responses, and those are generally dominated by

interest groups and industry-related organisations. One consultation on Welsh tax proposals got only four responses.

Call for evidence on PAYE Settlement Agreements (PSAs)

HMRC have launched a call for evidence on how 'PAYE Settlement Agreements (PSAs)' operate in practice, to improve clarity, consistency and administrative efficiency. PSAs allow employers to settle the Income Tax and Class 1B National Insurance Contributions (NICs) due on certain benefits and expenses on behalf of employees, instead of reporting them through payroll or on a P11D.

The government is seeking detailed feedback on how employers decide what to include in a PSA, how the rules are interpreted, and whether the current framework remains fit for purpose.

The call for evidence focuses on the practical operation of PSAs rather than the underlying tax rules for benefits and expenses. HMRC want to understand:

- How organisations determine whether an item is minor, irregular or impracticable to report through standard PAYE routes.
- How PSAs interact with other reporting mechanisms, including payrolling benefits and P11D reporting.
- How employers apply the existing rules in real-world scenarios and where uncertainty or inconsistency arises.

The government emphasises that PSAs are intended for items where it is genuinely difficult to identify the precise value attributable to each employee, such as catering at large staff events where individual consumption cannot be measured.

HMRC want to know how PSAs are managed, including time and resources, how employers handle calculations, including gross-up methodologies and allocation across tax bands.

The call for evidence also explores whether PSA rules affect employers differently depending on size, sector or workforce structure. HMRC are particularly interested in whether SMEs face disproportionate administrative burdens.

The consultation closes on 15 September 2026. Responses can be made by email or by post.

The full consultation document can be found at <https://www.gov.uk/government/calls-for-evidence/payee-settlement-agreements-call-for-evidence/payee-settlement-agreements-psas>

Mandatory Direct Debit proposed for VAT and PAYE payments

The government is consulting on proposals that will require most VAT-registered businesses and employers to pay VAT and PAYE liabilities by Direct Debit. The aim is to reduce late payment and simplify the payment process.

HMRC's analysis suggests that late payment is often linked to missed deadlines or to payments being allocated incorrectly, rather than to an inability or unwillingness to pay. Views are sought on why businesses that could use Direct Debit choose to pay by other electronic methods, the impact of requiring payment by Direct Debit and the exceptions or alternative arrangements that may be needed.

Currently, PAYE legislation only requires employers with at least 250 employees to pay via a range of electronic means, including Direct Debit.

Any changes would include updated sanctions for non-compliance and the consultation seeks views on these issues.

The consultation closes on 16 August 2026 and can be found at <https://www.gov.uk/government/consultations/requiring-payment-of-vat-and-payee-return-liabilities-by-direct-debit>

If you have queries or face problems with these tax reporting requirements, please contact us. We are here to help.



Funding and support for biotech start-ups

The Biotechnology and Biological Sciences Research Council (BBSRC) and the Science and Technology Facilities Council (STFC) DeepTech Catalyst Bio programme is open for applications. It supports early-stage biotechnology businesses in developing products and accessing markets.

Successful applicants receive:

- £50,000 in research and development (R&D) funding.
- A £10,000 innovation voucher for R&D activity.
- Technical, commercial, business and intellectual property support.
- Access to investors, customers and sector networks.
- Use of UK Research and Innovation (UKRI) campuses.

Applications will be taken from businesses that are UK-registered and less than five years old, are majority-owned by founders and employees and have previously received support from BBSRC, UKRI, Innovate UK, or a UKRI-supported accelerator.

The product or service must be based on bioscience innovation within BBSRC's remit, be beyond the concept stage and address a clear market opportunity.

Eligible technologies must be biological in nature, interact with biological systems, or address a biological challenge. Applications focused solely on medical or clinical devices, therapeutics or diagnostics are not eligible.

Businesses interested in applying can find out more at <https://iuk-business-connect.org.uk/opportunities/deeptech-catalyst-bio-2026/>

The deadline for expressions of interest is 11:59 pm on 16 August 2026.



New investment for former coalfield areas

It has been confirmed that former coalfield areas in England, Scotland and Wales will get a share of £13.5 million to construct new industrial developments for businesses.

The money from the Government's Growth Mission Fund will pay for half of the construction costs of new industrial developments that will house Small and Medium-sized Enterprises. The Coalfields Regeneration Trust - a charity dedicated to creating jobs and injecting growth into coalfield areas - will fund the other half.

The funding will support entrepreneurs in those areas who want to start their own business or business owners who want to expand their company in their home town. Subject to approval of the final business cases, the six areas set to receive funding are:

- Cowdenbeath (Perth Road): 51,000 square feet of light industrial units will be built along with a substation and 87 car parking spaces. 103 jobs will be created on site, with hundreds more supported.
- St Helens (Robins Lane, Sutton Fold): 32,000 square feet of light industrial units will be built alongside 54 car parking spaces. 64 jobs will be created on-site.
- Thoresby (Thoresby Vale Colliery): A 22,500 square foot industrial development is proposed once the site is purchased – expected later this summer.
- Ashington (Ashwood Business Park): A 49,500 square foot industrial development is proposed once the site is purchased. The sale is expected to be completed later this summer.
- Resolven (Vale of Neath Business Park): A 30,000 square foot industrial development is proposed once the site is purchased and planning permission secured.
- Seven Sisters (Nant y Cafn Business Park): A 45,000 square foot industrial development is proposed once the site is purchased and planning permission secured.

Once complete, sites will be self-sustaining, with rent revenue reinvested into the local communities.



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