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EXPANDED ENERGY SUPPORT FOR MANUFACTURERS

More UK businesses are set to receive support with rising energy costs, after the Government confirmed it will expand a scheme first outlined in 2025.

Around 10,000 energy-intensive manufacturers, including firms in steel, automotive and pharmaceuticals, could see electricity bills reduced by up to 25%. The original plan covered 7,000 companies, meaning a further 3,000 have now been brought into scope.

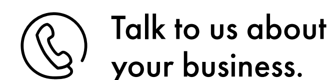
The expanded British Industrial Competitiveness Scheme (BICS) is intended to ease pressure from volatile oil and gas prices, which recently surged amid geopolitical tensions. While prices have since eased, energy costs remain significantly higher than those faced by competitors in Europe and the US.

From April 2027, eligible businesses will be exempt from certain electricity charges linked to net zero policies, saving an estimated £35 to £40 per megawatt hour. A one-off payment will also be made in 2027 to compensate firms for support they would have received from April 2026.

The scheme is expected to cost £600 million and will be funded through wider energy system changes and Government spending, with no impact on household bills. Businesses will be able to check eligibility using their Standard Industrial Classification (SIC) code.

Business groups have broadly welcomed the move, although some argue it does not go far enough. Critics, including opposition figures, point out that sectors such as hospitality, retail and agriculture remain excluded, despite ongoing cost pressures.

Industry bodies continue to warn that high energy prices are a widespread challenge, with four in ten UK businesses still struggling to manage their bills.



HELP TO BUY FAVOURED HIGHER EARNERS

A report from the Institute for Fiscal Studies has found that the UK Government's Help to Buy scheme largely benefited higher earners.

Introduced in England in 2013, the scheme aimed to support first-time buyers who lacked financial help from family or friends. It did this through two main policies: a mortgage guarantee scheme that enabled buyers to secure mortgages with a 5% deposit, and an equity loan scheme that offered a Government-backed loan of up to 20% on new-build homes, rising to 40% in London for part of the scheme.

At its peak in 2014/15, Help to Buy supported around one in five first-time buyer purchases in England. However, the IFS concluded that it made only a limited difference to overall housing affordability and had minimal impact on social mobility.

One key issue identified was that the scheme applied only to new-build homes, which are relatively scarce in many regions. This limited its reach, particularly in high-cost areas such as London and the South East. As a result, buyers in cheaper regions, often with higher incomes, were more likely to benefit.

The report also found that income-based mortgage lending limits meant many participants were already close to their borrowing capacity. In some cases, buyers still relied on last-minute financial support from family, reducing the scheme's effectiveness.

Critics argue that Help to Buy contributed to rising house prices by increasing purchasing power. Supporters, including Shadow housing secretary, James

Cleverly, maintain it helped thousands onto the property ladder and supported housebuilding.

The equity loan scheme is now closed to new applicants in England and Scotland, with Wales due to follow. The mortgage guarantee scheme remains in place across the UK.

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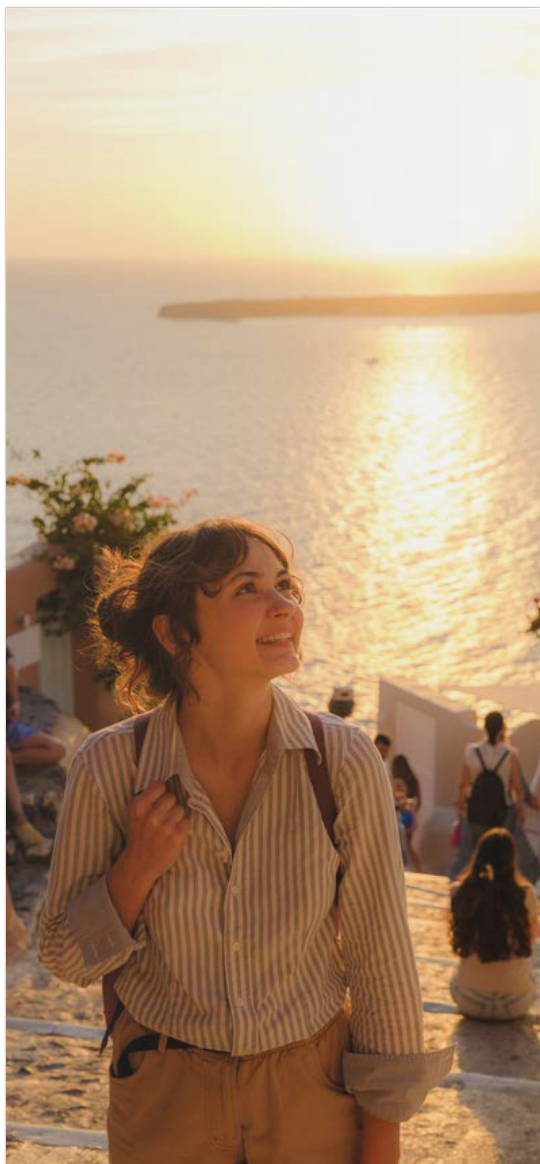

TRAVEL SPENDING DIPS AMID COST PRESSURES

UK consumers have reduced travel spending for the first time in five years, reflecting growing concern about living costs and global instability.

Data from Barclays shows overall card spending rose by just 0.9% year on year in March, slightly down from 1% in February. Within that, travel spending fell by 3.3%, marking the first decline since March 2021. Many households are delaying overseas trips or choosing UK-based breaks instead.

Spending dropped across several travel categories, including travel agents, airlines, and public transport. In contrast, hotel and accommodation spending edged up by 1.2%, supported by increased domestic bookings over the Easter period.

Wider economic concerns are influencing behaviour. Ongoing tensions in the Middle East have led around one in seven adults to delay major purchases or build savings in anticipation of rising energy costs. Although the UK energy price cap fell by 7% in April, it is expected to rise sharply in July due to higher wholesale prices.

Essential spending increased modestly by 0.5%, with fuel spending up 1.6%, its first rise in over a year, driven by higher oil prices. Discretionary spending growth slowed to 1.1%, though clothing and entertainment remained resilient.

Consumer confidence presents a mixed picture. While most people feel secure in their household finances, optimism about the broader UK and global economy has declined. Meanwhile, retail sales grew strongly, rising 3.6% year on year, led by a notable increase in food spending.

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E-INVOICING ROLLOUT LEAVES SMES UNPREPARED

Many small businesses remain unclear about electronic invoicing requirements, with most unaware of HMRC communications ahead of the planned rollout.

At the Autumn Budget, Chancellor Rachel Reeves confirmed that, from April 2029, all VAT-registered businesses must issue invoices electronically. The move is intended to modernise the UK tax system. However, the announcement received limited attention, and concerns were raised about the lack of a phased introduction for smaller firms.

Research commissioned by HMRC and carried out by IFF Research surveyed 800 SMEs across different sectors, including manufacturing, transport, and business services. It found that 25% of respondents were not at all familiar with the term “e-invoicing”, while 69% said they had never used it. Notably, 91% reported not having seen any HMRC guidance on the change.

There is some nuance behind these figures. The Association of Taxation Technicians highlighted that several respondents initially claimed they did not use e-invoicing but later described processes that met the definition. These responses were subsequently reclassified.

Encouragingly, 59% of SMEs said they were at least somewhat familiar with e-invoicing, and 29% reported prior use. Among those, Sage was the most widely used platform at 46%, followed by Xero at 17% and QuickBooks at 9%.

A small minority, 5%, reported using no accounting software at all, with higher concentrations in manufacturing and construction.

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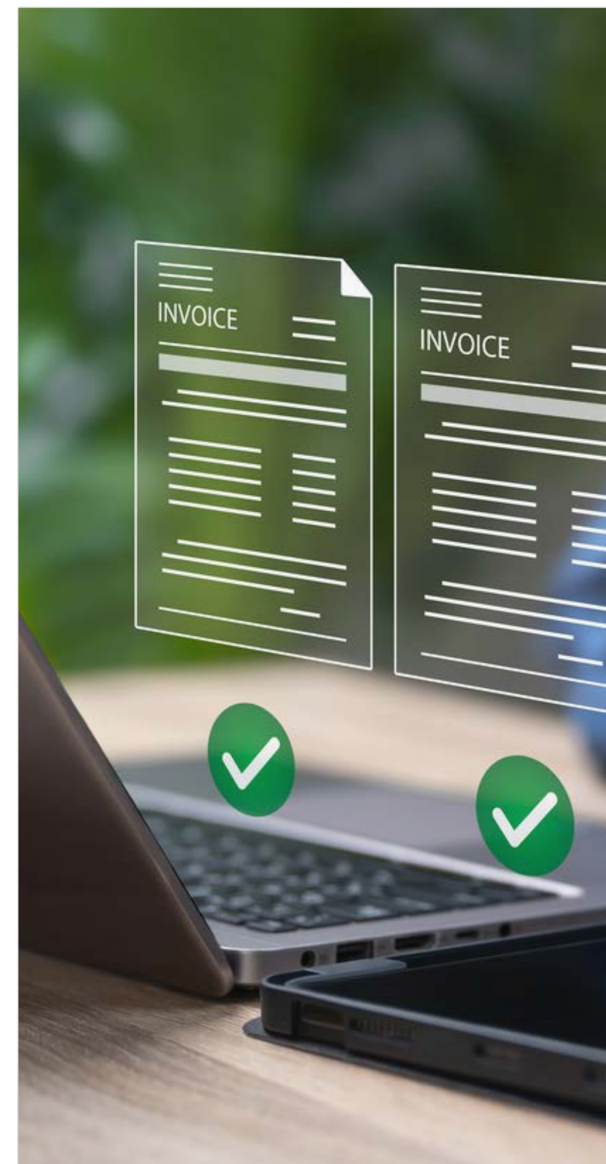


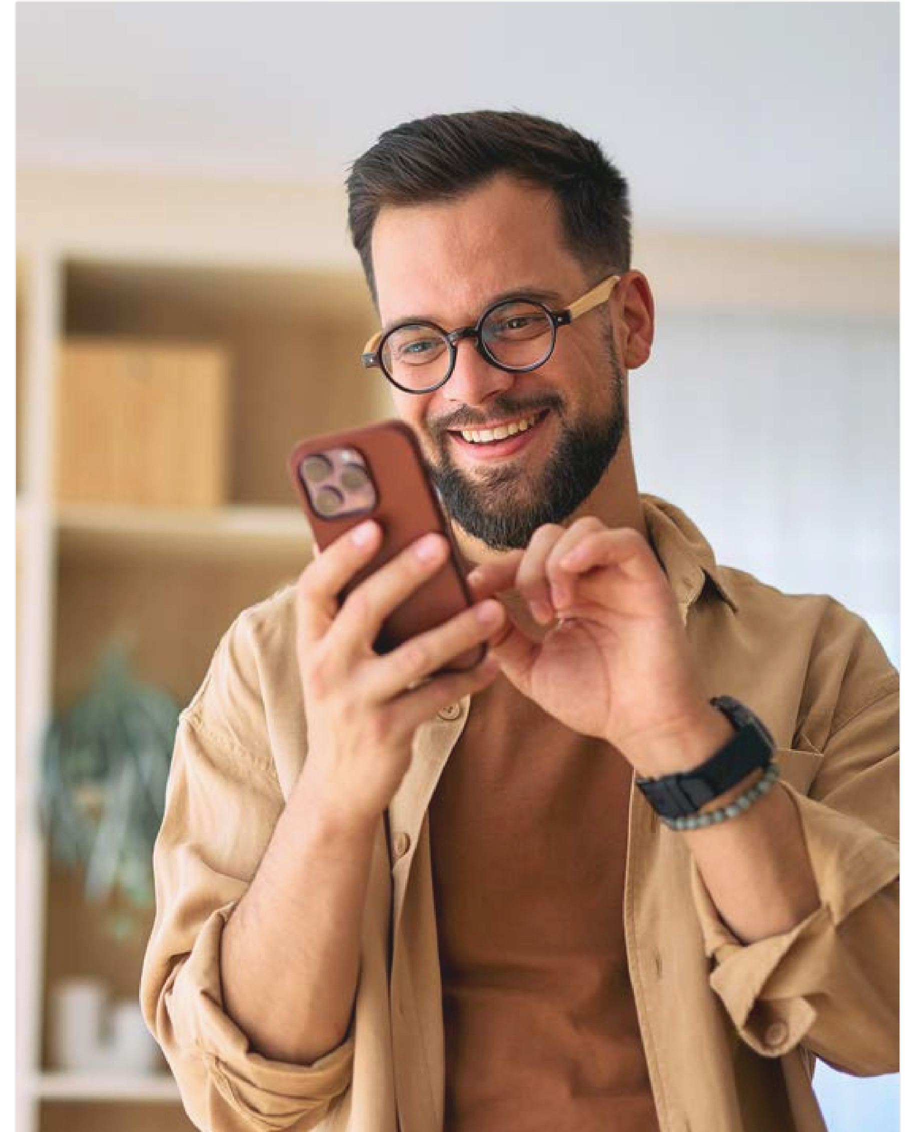
WANT TO TALK TO AN EXPERT?

If you've found the topics covered in this report to be of interest or you would like to delve deeper into any of them, we welcome the opportunity to engage in a more detailed discussion with you. Our team of experts is always keen to share insights, and we're confident that a conversation with us can provide valuable perspective.

We are also well-positioned to update you on the latest trends, opportunities and challenges in the business world. As we all know, staying ahead of the curve is vital in today's fast-paced business landscape, and we're here to help you navigate it successfully.

If you're considering getting extra support, we invite you to explore the comprehensive solutions we offer.

To schedule a meeting or to get more information, please don't hesitate to contact us.



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