



Prosper

Issue ten | Autumn 2025



Helping you prosper

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In this edition of Prosper, we hope you find valuable insights and explore how businesses can adapt and thrive in the face of ongoing change.

Welcome to our tenth edition of Prosper

Since our last issue of Prosper earlier this year, the economic landscape has shifted once again, albeit subtly in some places and more starkly in others. Inflation, having shown signs of easing in early 2025, has returned with renewed momentum, driving up costs for households and businesses alike. Interest rates remain a dominant talking point, testing both confidence and resilience as the Bank of England continues to carefully balance stability and growth. Layered onto this, the ongoing devastation from conflicts in the Middle East and Europe has ensured that this year has been one marked by challenge and recalibration.

It's no exaggeration to say that 2025 has demanded agility and a willingness to rethink the way we all do business. As we move into the final quarter of the year, one thing is clear: resilience and purpose-driven thinking remain essential for long-term prosperity. And these are the threads that run through every article and topic discussed in this issue of Prosper.

What you'll find in this issue

Tax remains a pressing issue for many of our clients, particularly in light of the measures introduced in the Autumn 2024 Budget. While no major tax-rate increases made headlines at the time, the reality for many taxpayers throughout 2025 has been very different. Subtle but impactful shifts, such as frozen thresholds, reduced allowances and growing fiscal drag, have resulted in a tangible squeeze on household and business finances. Our first article by Rebecca Horne-Smith, senior tax manager at UHY Ross Brooke's Hungerford office, breaks down **the hidden impact of these tax changes, from Capital Gains Tax and dividend allowances to pension reform and what lies ahead**. It's a must-read for anyone navigating today's increasingly complex tax landscape. We await the Autumn 2025 Budget announcements with interest.

Tax remains a key focus with Des Pearson, personal tax manager at our Nottingham office, **exploring the 10-year evolution of Making Tax Digital (MTD)** on page 10. With MTD for VAT now well established and MTD for Income Tax approaching in 2026, Des unpacks how the initiative has evolved, what businesses and individuals can expect next and offers practical advice to support a smooth transition to digital compliance.

Also in this issue, on page 14, Martin Jones, partner at our London office, focuses on **the hospitality sector and the intense cost pressures facing businesses in today's economy**. From soaring wage and energy costs to supplier price hikes and shifting customer habits, Martin explores the strategic levers available to hospitality business owners. With practical advice across five key areas, this article is essential reading for any hospitality leader looking to navigate cost challenges without compromising quality or service.

We continue with a timely article from Harriet Hodgson-Grove, UHY's national head of sustainable business and partner at our London office, focused on **the importance of ESG principles for SMEs**. On page 16, Harriet outlines practical steps for turning ESG goals into meaningful action, drawing on UHY's own sustainability journey as a case study to help other businesses. She highlights the role of our London and Nottingham offices' ESG action group as a working example of how organisations can turn ambition into impact.

On page 20, we shift from business strategy to community impact in **our latest 'We sat down with...' feature interview with Andrew Button-Stephens, head of the Barratt Redrow Foundation**. As one of the UK's leading corporate foundations, the organisation has distributed over £17 million in charitable grants to date, with its newly launched Tackling Homelessness Fund set to drive even greater change. Throughout the interview, Andrew shares insights into the Foundation's vision, the vital role played by trusted partners and why collaboration and accountability remain central to creating meaningful and measurable social impact. It's one not to miss and a powerful reminder that success isn't just measured by profit, but by purpose.

Phil Kinzett-Evans, head of tax and partner at our Newbury office, takes **a closer look at Employee Ownership Trusts (EOTs)** on page 26. The article outlines how EOTs are becoming an increasingly popular option for business owners seeking succession solutions that preserve company culture and reward employees. As Phil explains, EOTs are much more than a tax-efficient route; they represent a shift in how businesses think about legacy, purpose and people. The article offers practical insight into how EOTs work, why they've gained momentum in the UK and the key considerations for those exploring this route.

Building on the importance of future-proofing your business, Madison Wood, assistant manager at our Nottingham office, explores **how advisers can offer strategic value that goes well beyond compliance**. In her article on page 30, Madison highlights how advisory services are evolving to help businesses anticipate change, make smarter decisions and drive long-term growth, especially in today's uncertain landscape.

VAT reform has also remained firmly in the spotlight this year, with a host of policy changes and consultations announced over the summer. On pages 32-37, our London office VAT specialists, Sean Glancy and Lisa Burnside, provide a comprehensive roundup of the latest developments. Whether you're in the care sector, a trading business or running fundraising events as a charity, the article offers timely insights and advice on ensuring compliance and maximising reliefs.

Planning for the future continues on page 38 as Adam Wing, financial adviser at our Nottingham office, takes **a two-part look at the retirement journey**. Adam explores how the path to retirement begins long before the final countdown, with early planning and strategic foresight proving crucial. From building long-term savings to understanding income needs later in life, the articles consider the stages of preparation, while offering practical tips for navigating pensions, investments and tax implications. Adam reminds us that successful retirement planning is not a one-time event, but an evolving strategy.

We also shine a light on innovation on page 40, with our Chester based R&D director, Terry Cheesman, **introducing the value and impact of Research and Development (R&D) tax reliefs**. Terry explains why this remains one of the most valuable yet underused incentives available to UK businesses. As HMRC tighten their approach, the article demystifies the current rules, eligibility criteria and the real human stories behind successful claims. It's an interesting read and one that makes a compelling case for why R&D should be at the forefront of forward-thinking business strategy.

Continuing the theme of innovation and adaptability, Matthew Granger, partner at our London office, delves into **how generative AI is becoming an essential everyday productivity tool across sectors**. On page 42, Matthew breaks down how AI can support tasks such as content drafting, summarising complex documents and enhancing tone and clarity, not by replacing expertise, but by amplifying it. With practical

tips for professionals at all levels, Matthew highlights how embracing AI can free up time for more meaningful, added-value work, and why organisations that empower their teams to experiment and learn are seeing the greatest rewards.

As this edition draws towards its close, Aaron Thomas, partner at our Birmingham office, explores **how scalable insight can support smarter decision-making in complex organisations**. On page 44, Aaron shares learnings from UHY's nationwide benchmarking project with over 300 multi-academy trusts, highlighting the power of automation, co-creation and sector-wide data trends. While the article focuses on education, the lessons apply across sectors, offering valuable food for thought for any organisation focused on scale and change.

As always, this publication celebrates prosperity in all its forms, and for UHY, 2025 has been a year to remember. Across our network we've celebrated the centenary year of our London and Nottingham offices, seen the continued growth of our people and services, welcomed new partners, launched new specialist offerings and raised vital funds for charitable causes across the UK. On page 46, our **UHY news round up** captures some of these milestones, from national award shortlisting and international events to the expansion of our R&D service in our Chester office. With the strength of our global network, the passion of our people and a brand that unites us both nationally and internationally, we're focused on the future.

In this edition of Prosper, we hope you find valuable insights and practical strategies to help your business adapt and thrive in the face of ongoing change. If any of the topics covered prompt further questions, please get in touch with our relevant expert. We're here for you, and our team will be delighted to help your business prosper as 2025 draws to a close and as we look ahead to 2026 and beyond.



Colin Wright
Chairman of the UHY
Hacker Young Group
c.wright@uhy-uk.com
+44 20 7216 4600

The silent squeeze continues: tax trends and what lies ahead

Since the Autumn 2024 Budget, UK taxpayers have faced a shifting tax landscape that continues to evolve in 2025 and with the next Budget fast approaching, further changes may be on the horizon. While no headline-grabbing tax rises were introduced last year, the subtler effects of fiscal drag, squeezed allowances and complex pension reforms have significantly altered how individuals and business owners manage their tax affairs.

This 'silent squeeze', a term that has gained traction in financial circles, has meant many are now paying more tax, despite no changes to tax rates themselves. Combined with rising living costs and economic uncertainty, these changes highlight the need for proactive, forward-looking tax planning.

Let's unpack what has changed, what is still evolving and how taxpayers can respond.

Fiscal drag: the silent tax rise continues

One of the most significant, but often overlooked, consequences of recent fiscal policy is not what has changed, but what has not. The freezing of income tax thresholds until April 2028 means that as wages and inflation rise, more individuals are being pushed into higher tax bands, even if their real-world spending power has not increased.

The personal allowance (£12,570) and higher-rate threshold (£50,270) have not changed since they were frozen, despite sustained inflation and wage growth. This phenomenon, known as fiscal drag, means a growing number of taxpayers are now paying basic or higher rate tax on income that would previously have fallen below these thresholds.

For example, a modest inflationary pay rise might push a taxpayer into the 40% bracket, not because they are significantly wealthier, but because the tax bands have not moved with the economy. For business owners, this also complicates decisions around salary vs dividend planning and profit extraction, requiring a re-evaluation of strategies that previously worked well.

What to consider:

- 1. Review income strategy regularly** - Fiscal drag means income that used to fall under tax thresholds may now get taxed at a higher rate. Reviewing your income plan helps you stay below thresholds where possible.
- 2. Pension contributions, charitable giving and salary sacrifice** - These are some of the most effective tools to reduce your taxable income and therefore limit the impact of fiscal drag.
- 3. Use all available reliefs and allowances** - Since thresholds are frozen, using allowances (like ISAs or Marriage Allowance) helps preserve more of your income.
- 4. Consider timing of bonuses or profit extraction** - If a bonus tips you into a higher band, you will pay more tax on it. Smart timing can prevent unnecessary exposure to higher rates caused by fiscal drag.

Changes to Capital Gains Tax

While Capital Gains Tax (CGT) rates themselves remained unchanged initially from April 2024, the Autumn 2024 Budget did increase the rates on other assets eg. shares, from 10% for basic rate taxpayers and 20% for higher rate taxpayers to 18% and 24% respectively for all disposals on or after 30 October 2024 (now bringing rates in-line with UK residential property).

From April 2024, the annual CGT exemption was halved from £6,000 to just £3,000, following a previous cut from £12,300 in 2022/23. This tightening of allowances has increased the likelihood of taxpayers facing a CGT bill, even on modest disposals.

This change affects:

- investors with capital gains on shares, funds or other assets
- landlords selling residential property
- business owners planning future exits, restructuring or succession.

The reduced allowance makes timing and structure far more important when disposing of assets, particularly for those who may have relied on multiple small disposals to stay within annual limits.

What to consider:

- 1. Plan disposals carefully** - Splitting gains across tax years or staggering sales may reduce exposure.
- 2. Spousal transfers** - Transfers between spouses or civil partners remain CGT-free and can help make use of both individuals' allowances.
- 3. Use ISAs** - Gains within an Individual Savings Account (ISA) remain tax-free, making them a key vehicle for investors.
- 4. Explore Bed & ISA strategies** - Reinvesting assets via ISAs can be a tax-efficient way to manage CGT exposure.
- 5. Consider EOTs for business exits** - For business owners planning succession, Employee Ownership Trusts (EOTs) remain a valuable option, offering full CGT exemption if structured correctly.*

Dividend allowance squeezed again

From April 2024, the tax-free dividend allowance was halved again, dropping from £1,000 to just £500. Although the dividend tax rates remain unchanged, 8.75% (basic rate), 33.75% (higher rate) and 39.35% (additional rate), more dividend income is now caught within the tax net.

This change is particularly significant for:

- small business owners who draw income via dividends
- investors holding income-producing shares outside tax-efficient wrappers like ISAs or pensions.

Combined with frozen income tax thresholds and rising living costs, this change places additional pressure on remuneration planning, especially for directors and owner-managed businesses trying to extract profits tax-efficiently.

What to consider:

- 1. Review your remuneration mix** - Optimise the balance between salary, dividends, pensions and other benefits.
- 2. Maximise ISA contributions** - Income generated inside ISAs remains tax-free, so use allowances where possible.
- 3. Use salary sacrifice schemes** - Consider pensions, electric vehicle (EV) schemes, or other benefits that reduce taxable income.
- 4. Explore family investment companies or trusts** - For those with substantial portfolios, advanced structures may help mitigate long-term exposure, though advice is key.

*For more information about EOTs, please turn to page 26.

What's happening with pensions?

One of the biggest policy changes announced to take effect from April 2024 was the abolition of the Lifetime Allowance (LTA) for pensions. For many high earners, this was a welcome development, removing the cap that had previously limited tax-efficient pension saving.

In its place, a new tax-free lump sum cap of £268,275 was introduced from April 2024, equivalent to 25% of the former LTA (£1,073,100). On the surface, this simplifies retirement planning, but the reality is more nuanced.

In addition, the Autumn 2024 Budget announced death benefits paid from pensions will no longer be exempt from Inheritance Tax (IHT). Previously, pensions written 'in trust' could be passed on outside of an estate, often tax-free if the policyholder died before age 75.

However, the recent proposals have stated that IHT will once again apply to inherited pension pots from April 2027, though no final policy has been confirmed. This uncertainty leaves retirees and wealth planners in a holding pattern, with many wondering how best to structure their pensions.

What to consider:

- 1. Review your pension strategy now** - The removal of the LTA creates new opportunities, but only if the rules are understood and applied effectively.
- 2. Seek advice before withdrawing** - How and when you access your pension (via drawdown, annuities or lump sums) can significantly impact your tax position.
- 3. Plan for the unexpected** - With IHT proposals still under review, build flexibility into your estate and succession planning.
- 4. Keep beneficiaries in mind** - If pensions may no longer be exempt from IHT in the future, now is the time to consider alternative structures or protective strategies.

What lies beyond 2025?

Tax remains firmly at the centre of national debate. While some of the Autumn 2024 changes have already come into effect, many advisers and business owners are now turning their attention to what 2026 and beyond could bring.

Key areas to watch include:

- 1.** Possible further reform of non-dom rules
- 2.** Ongoing discussions around wealth taxation or broader inheritance tax reform
- 3.** Potential changes to the tax treatment of pensions, property, or investment income.

In this shifting environment, staying agile, informed and proactive with your tax planning has never been more important. What may have worked in 2024 might not remain optimal in the years ahead.

We are here to help

At UHY, we are committed to helping clients prosper, even in complex or uncertain tax climates. Whether you are reviewing your personal finances, preparing for retirement or exploring a business exit, our tax specialists are here to guide you.

If you would like to discuss how these changes may affect your individual or business tax strategy, please speak to your usual UHY adviser or get in touch with a member of our national tax team.



Rebecca Horne-Smith

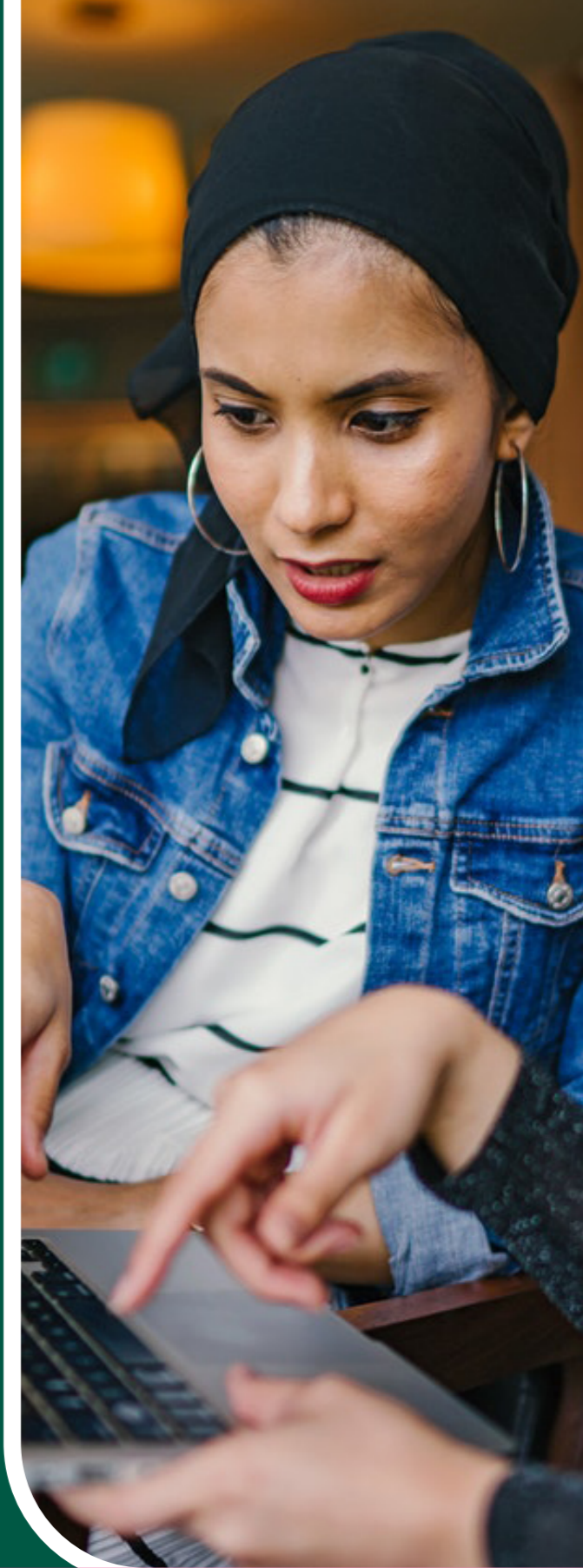
Associate Tax Director

r.horne-smith@uhy-rossbrooke.com

+44 1635 555 666

Key takeaways: how to navigate the new landscape

- 1. Review your income strategy** - Don't let fiscal drag eat away at your income. Look at how salary, dividends, pensions and benefits work together.
- 2. Maximise allowances** - The annual CGT and dividend allowances may be shrinking, but they are still worth using.
- 3. Pension planning is key** - New rules open opportunities but bring technicalities. Don't assume simplification means less need for advice.
- 4. Think ahead** - Consider potential tax changes post-Autumn Budget. Flexibility and foresight are your greatest assets in times of change.



A decade of Making Tax Digital: is your business ready for what's next?

March 2025 marked 10 years since then Chancellor George Osborne set out to modernise the UK's tax system with a bold promise: to abolish the annual tax return. The result was Making Tax Digital (MTD), an initiative designed to simplify tax reporting through the use of technology.

In the decade since its introduction, MTD has significantly reshaped how businesses and individuals manage their taxes. The journey began with MTD for VAT in April 2019, mandating digital record-keeping and submissions for VAT-registered businesses. Another MTD rollout had been originally planned for April 2018 and was to focus on income tax self assessment (ITSA). However, it was postponed and has been delayed several times in the years since. The latest iteration, now re-badged as Making Tax Digital for Income Tax (MTD for IT), is outlined in more detail throughout this article.

What is MTD?

MTD is an initiative launched by the government as an attempt to modernise the tax system by requiring taxpayers to maintain digital records and submit updates to HMRC through compatible software.

It was established to reduce common mistakes in tax returns such as underpaying or overpaying tax as a result of human error. The main ambition is to make tax administration more effective and efficient and, by moving to a digital system, the government hopes to make tax reporting a smoother, more transparent and accurate process.

Unlike the original tax return, the introduction of MTD encourages taxpayers to be more actively involved in managing their finances, as opposed to entering a state of panic each year as the annual deadline looms. Instead, MTD asks taxpayers to keep their records up to date throughout the year, including summaries of their income and expenses on a quarterly basis. This new digital approach aims to ensure a more accurate and timely picture of tax liabilities throughout the year.

April 2019

MTD was introduced for all VAT-registered businesses with a taxable turnover of £85,000 (the previous VAT threshold).

April 2026

MTD for IT will be mandatory for self-employed individuals and landlords with a total business or property income over £50,000 per year.

April 2028

MTD will extend to those with a gross income over £20,000.

April 2022

MTD for VAT compliance expanded to all VAT-registered businesses, regardless of turnover.

April 2027

MTD will extend to self-employed individuals and landlords earning over £30,000.

Will MTD affect you?

The implementation of MTD has been phased to give businesses and individuals the chance to prepare and adapt accordingly. At present, the following phased initiatives have been either launched or scheduled:

MTD for VAT

Since April 2019, MTD has been mandatory for VAT-registered businesses with a taxable turnover above the VAT threshold, which at the time was £85,000.

However, as of April 2022, MTD was extended to all VAT-registered businesses, regardless of turnover. This means that even smaller organisations must now keep digital records and submit their VAT returns using MTD-compatible software.

MTD for IT

The implementation of MTD for IT has been a much longer process than originally anticipated. It was originally scheduled for 2018, though it has been delayed several times to ensure taxpayers and software providers are fully prepared. MTD for IT won't apply to everyone straight away, but it will eventually impact a wide range of self-employed people and landlords.

The rollout will happen in stages:

- **From 6 April 2026**, MTD for IT will be mandatory for self-employed individuals and landlords with a total gross aggregated business and/or property income over £50,000 per year.
- **From 6 April 2027**, it will extend to those with gross income over £30,000.
- **From 6 April 2028**, it will extend to those with gross income over £20,000.

If your income falls below this, you won't need to follow MTD rules for now. However, the short answer to the question 'does MTD affect you?' is yes. Though it may not necessarily have a direct impact today, tomorrow, or even in a couple of years, the government is going to change MTD and extend to more taxpayers over time, so it is worth staying informed and starting to think about going digital early and planning for when it does impact you.

Preparing for MTD for IT

Switching to digital record-keeping may seem like a big change and you may be feeling like you don't quite know where to begin, but with the right tools and support, it will actually make your tax planning and administration much easier and more efficient.

At UHY, we are here to help, so you don't have to figure this all out on your own. Below we have compiled a range of tips and advice to get you started.

1. Decide how you are going to keep your digital records

The method you choose will depend on the needs of your business record keeping. Many larger trades and landlords will already be using some form of accounting software to keep their records. We recommend that you check with your software provider that it will be compatible with MTD for IT. Many leading software packages are already certified as compliant such as Sage, Xero, QuickBooks, Dext etc.

There will be many smaller traders and landlords currently using spreadsheets to keep their records. You can continue using spreadsheets, but you will need to purchase separate 'bridging software' which can transmit the relevant figures to HMRC.

HMRC have a dedicated area of their website which contains a list of products that are already compatible with MTD for IT.

Choosing the right software can make your MTD compliance seamless and easy to follow, saving time and reducing the risk of errors.

2. Start keeping digital records

Once you have chosen the right software, you will need to keep your records up to date by regularly uploading your income and expenses to avoid a last minute rush. Your expenses will need to be categorised in accordance with the categories currently on the self-assessment tax return.

3. Get into the routine of quarterly updates

Rather than sending one full tax return at the end of the year, you will submit quarterly updates.

Q1 06/04/2026 to 05/07/2026
submit by **07/08/2026**

Q2 06/07/2026 to 05/10/2026
submit by **07/11/2026, and so on.**

It is important to note that the quarters are cumulative, meaning that if you omit an expense claim in Q1, you can add it to your Q2 submission. These submissions will give a snapshot of your income and expenses, while helping you to stay on top of your tax position throughout the year.

A summary of what taxpayers will need to do

Keep digital records	Send quarterly updates	File a final declaration (Tax Return)
Use HMRC-approved software to record your income and expenses throughout the year.	Submit a summary of your income and expenses to HMRC every three months.	This is where you adjust the quarterly updates for tax purposes, confirm any other income, calculate your final tax bill and pay what you owe.

The next steps

In the coming years, MTD is set to shift how UK taxpayers report their income. While the transition might feel overwhelming at first, the goal of MTD is to simplify the process, reduce errors and help you to keep on top of your obligations all year round.

By preparing early, choosing the right software and understanding what is expected of you, you can make the transition smoothly and confidently. But don't forget, you are not alone. To find out more about how MTD will affect you, and how we can support your transition, speak to your usual UHY adviser or get in touch with us directly. We are here to help you every step of the way.



Des Pearson
Personal Tax Manager
d.pearson@uhy-uk.com
+44 115 959 0900



The implementation of MTD for IT has been a much longer process than originally anticipated.

It was originally scheduled for 2018, though it has been delayed several times to ensure taxpayers and software providers are fully prepared. MTD for IT will not apply to everyone straight away, but it will eventually impact a wide range of self-employed people and landlords.



Survival and success: tackling rising business costs in the hospitality sector (and others!)

Whether you are a cosy café owner, a bustling restaurant and bar proprietor or you run a seaside fish and chip shop, hospitality businesses across the UK all face a similar challenge: how to address the ever-rising cost of doing business. Wages, energy bills and supplier prices are all climbing, placing overwhelming pressure on margins and leaving business owners with difficult decisions to make.

Though the hospitality sector has demonstrated remarkable resilience in recent years, bouncing back from the unprecedented challenges of the pandemic and adapting to new customer habits, the current economic landscape demands a new level of agility. Inflation is still running above the Bank of England's 2% target, and to ensure a successful and sustained roadmap to a prosperous future, businesses will need smart planning and creative thinking.

In this article we take a look at tackling the pressure points on hospitality businesses, but the headline guidance is actually relevant to most SME businesses in some guise.

What are the pressure points?

Perhaps the most significant cost pressures in today's society arise from changes to employment-related expenses. Increases to employer National Insurance (NI) contributions and a lower threshold for payments mean that even part-time or seasonal staff now cost more to employ. Coupled with the ongoing commitment to fairer pay, through higher minimum and living wage rates, labour costs are now tighter than ever.

While energy costs are less volatile than they previously were during the height of the energy crisis, they remain high. Many businesses are still tied into expensive fixed-rate contracts or face a sense of uncertainty in the open market. Food and drink suppliers have also passed on their own cost increases, affecting the affordability and availability of core ingredients.

Five tips on how to respond

While there is no immediate cure for these issues, hospitality businesses can take some steps to reduce the impact of rising costs and protect their bottom line. Here are five key areas to consider:

1. Reviewing your employment strategy

Labour is still one of the highest costs for businesses operating in the hospitality sector, so getting your staffing right is crucial. To do this, you could utilise workforce management software to

optimise rotas. Other options include cross-training employees to cover multiple roles or reviewing whether certain roles could be offered with flexible hours or part-time contracts.

In some cases, salary sacrifice schemes, such as those supporting pensions or electric vehicles, can offer tax and NI savings for both you and your employees. If your business employs apprentices under the age of 25, you can also benefit from NI exemptions, while other tax-efficient schemes, such as cycle-to-work or childcare voucher schemes, may prove valuable for staff retention.

2. Understanding and utilising reliefs

You must stay 'in the know' of the tax reliefs and allowances available to your organisation. For example, the Employment Allowance provides eligible employers with a reduction in their NI bill. While this won't offset the full extent of recent cost rises, it can help reduce some payroll costs.

Other reliefs, such as capital allowances for investment in energy-efficient equipment or grants available for low-carbon upgrades, may also help to reduce long-term costs.

3. Revisiting your pricing strategy

This can be one of the more challenging areas to navigate. Balancing affordability with profitability is no easy task, but it is one that cannot be disregarded in the current climate. In many cases, it may be that you need to adjust prices to reflect increasing operating costs. Transparency with customers about why prices are changing can help ease the transition.

Additionally, reviewing your menu can also deliver efficiencies. For example, removing low-margin or labour-intensive items, reducing complexity in preparation and focusing on high-margin dishes can help to streamline operations and improve profitability.

4. Auditing overheads and supply chain costs

A thorough and detailed review of your regular outgoings, from utilities and cleaning contracts to internet and waste collection, can reveal hidden opportunities to save. Renegotiating with suppliers, exploring group purchasing options or switching to more competitive providers may help to reduce your fixed costs.

More often than not, energy is a particular area of focus. Consider shopping around for better tariffs when contracts expire and, where possible, invest in energy-efficient appliances or even solar panels to reduce long-term reliance on the grid.

5. Embracing your technology strategy

In today's world, digital tools play a significant role in boosting efficiency and enhancing your customer experience. From self-service ordering systems and mobile loyalty apps to inventory tracking and integrated payroll solutions, technology can help to reduce your manual admin, cut waste and free up your staff for higher-value tasks.

Looking ahead to the future

The UK's hospitality sector is no stranger to challenges and has faced adversity many times in the past. Yet, its success has always rested on adaptability and an understanding of customer needs and requirements. Given current conditions, these qualities matter more than ever.

While many businesses are rightly focused on survival at present, this moment also offers opportunities for strategic growth. Mergers or partnerships can offer economies of scale and stronger bargaining power. Some businesses may find scope to expand if competitors reduce trading or close down, though this must be approached with caution and a clear understanding of financial risks.

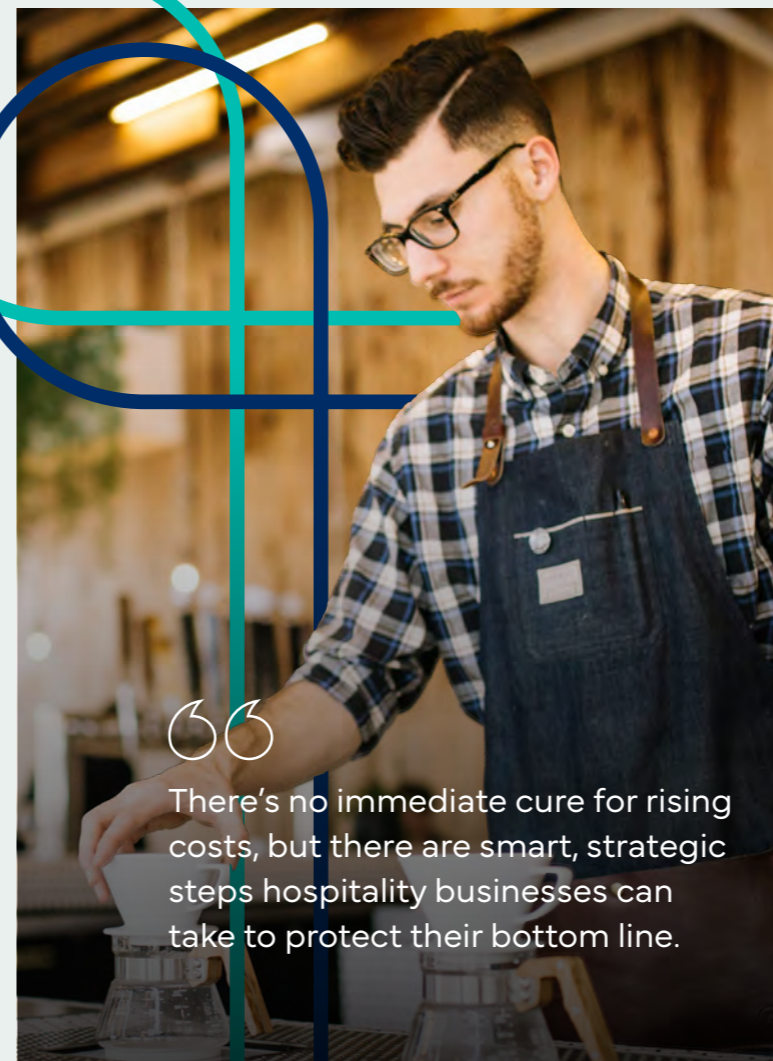
There are also calls across the sector for greater government support, particularly in areas like VAT reform and energy price protection. Whether or not change is forthcoming, it's clear that those businesses that adapt quickly and efficiently to this new landscape will be best placed to succeed.

By reviewing costs closely, exploring new efficiencies and investing in the right people and tools, businesses can not only weather the storm but emerge stronger on the other side. Rising costs may be the current reality of the sector, but smart choices now can ensure they don't dictate your future.

With the right advice and a proactive approach, there are still opportunities to thrive. If you'd like to explore how we can support your business during these challenges, please get in touch.



Martin Jones
Partner
martin.jones@uhy-uk.com
+44 20 7216 4600



There's no immediate cure for rising costs, but there are smart, strategic steps hospitality businesses can take to protect their bottom line.

Your five-step guide to making sustainability part of your growth strategy

A practical guide for SMEs

Gone are the days when sustainability was simply a 'nice to have' for SMEs. Today, it's becoming a deciding factor in winning clients and contracts, attracting the right talent and staying competitive in your sector. Clients, employees and investors alike now increasingly expect business to take measurable action on environmental and social issues.

For those businesses that are adapting early, they will be more resilient, more attractive to a broader customer base and, importantly, better prepared for future regulation.

But sustainability is not just about meeting external expectations and pressures. It can have a positive impact internally too, reducing costs through efficiency gains, unlocking new markets, improving employee engagement and strengthening long-term profitability. The challenges many SMEs face are knowing where to start and how to ensure it becomes a meaningful part of their day-to-day operations.

At UHY, our purpose, **helping you prosper**, extends to our people, our communities and our planet. In June, our London and Nottingham offices were proud to launch our first-ever **Sustainable Business Report**, sharing how we've embedded sustainability throughout our business. Using our journey as a case study, here's a practical, five-step guide to help you take confident, realistic steps towards a more sustainable future.

Step one: Define your purpose and priorities

Every sustainability journey starts with purpose. So, the first question to ask is what's yours? Without a clear 'why', sustainability risks becoming a tick-box exercise that fades over time. At UHY, we asked ourselves: What does prosperity mean in today's world? Our answer included environmental stewardship, social responsibility and ethical governance. From this, we identified three priority areas: climate action, inclusive culture and responsible business.

For SMEs, these priorities will look different depending on the sector. Say you're a local food producer, for example. You may focus more on sustainable sourcing and packaging. Whereas, if you're a construction firm, you may prioritise waste reduction and worker wellbeing.

Practical tip: Start with your values. What matters most to your team, customer base and community? Use the answers to choose two to three sustainability themes that align with your mission and your wider sector. My advice, and what I believe has been a real success for UHY on our journey, is to involve your team members early in the process. Let them have a say and welcome their input. They will have valuable insights into where the business can make an impact.

Step two: Assess your current impact

Before considering and setting long-term goals, you need a baseline. In 2025, we measured our impact across 23 ESG metrics, covering carbon emissions, energy use, diversity, wellbeing and governance. This helped us clearly understand where we'd been, where we were and where we needed to go.

The baseline doesn't have to be complicated for SMEs. Even tracking a smaller handful of metrics, such as electricity usage, waste volumes or supplier compliance, can highlight some quick wins. For example, if you run a hotel or restaurant, you might find that your walk-in refrigerators or ventilation systems are running at full capacity overnight - even when the kitchen is closed. By installing smart timers or adjusting operational schedules, you could reduce energy consumption during non-service hours, cutting costs without compromising food safety or team readiness.

Practical tip: You don't need a full ESG dashboard to get started. Begin tracking energy bills, supplier practices and employee feedback. Even the most basic of data can reveal powerful insights. Seek guidance from the UHY sustainable business service team, who can help you measure your baseline and identify focus areas.

Step three: Set clear goals and KPIs

Once your baseline is in place, set measurable goals. We are focusing on how we could reduce emissions, improve gender balance in our recruitment processes and increasing our community engagement. We are tracking progress annually and will ensure it is shared both internally and externally.

Setting the right goals means balancing your ambitions with achievability. For example, a manufacturing firm might aim to cut waste to landfill by 40% within three years, while a tech start-up could commit to achieving net-zero on business travel by 2027.

Practical tip: Set SMART goals: Specific, Measurable, Achievable, Relevant and Time-bound. For example: 'reduce printing by 50% in 2026/27' or '100% of employees to complete carbon literacy training in 2026/27'. Assign ownership and review progress regularly. Linking KPIs to roles ensures accountability and keeps sustainability embedded in the business rhythm.

Step four: Integrate sustainability into your daily operations

Sustainability isn't just a policy; it's about putting plans and ideas into practice every day. At UHY, we are embedding ESG into our operations, from using an ESG scorecard to assess new business opportunities, to integrating sustainability into procurement, team development and client services.

For SMEs, integration means weaving sustainability into your everyday decision-making rather than treating it as a separate project. For example, a logistics company might use route optimisation software to reduce fuel use. Whereas a marketing agency could choose suppliers based on ethical sourcing criteria.

Practical tip: Look for ways to embed sustainability into your own operations. Update supplier criteria to include ethical sourcing. Train your employees on sustainability practices. Include ESG in your client proposals or investor updates. Make it a part of how you do business, not just what you say.

Step five: Transparent communication and collaboration

A commitment to transparency builds trust. We launched our first Sustainable Business Report in June, sharing our progress and challenges to date. We also joined industry networks to collaborate on ESG best practices.

Communication is your chance to engage customers, motivate your team and attract new opportunities. For example, a professional services firm may find that sharing its sustainability journey online, via its website and social media platforms, may directly lead to new client enquiries from organisations with similar values and commitments.

Practical tip: Share your journey, both internally and externally. Use newsletters, social media or short reports. Join local business networks or sustainability forums. Collaboration will accelerate your learning and amplify your impact.



Overcoming common barriers

Many SMEs hesitate to begin because they wrongly assume sustainability is expensive or resource heavy. But that isn't necessarily correct. While some initiatives do require investment, many cost-saving measures, such as energy efficiency or waste reduction, pay for themselves quickly. It is important to start small, focusing on areas with the biggest impact, and then build momentum.

Time constraints may be another challenge. But a way to overcome this could be to assign

responsibility to a 'sustainability champion' within the business who can help keep actions on track without overwhelming leadership. At UHY, we went a step further and created an in-house ESG action group, a cross-functional team that meets regularly to review progress, share ideas and ensure sustainability remains high on the firm's agenda. Even in smaller organisations, forming a small working group or committee can provide the same structure, accountability and shared ownership.

SME sustainability checklist

Area	Action
Purpose	Align sustainability with your mission and values.
Baseline	Measure your current environmental and social impact.
Goals	Set SMART goals and track progress
Operations	Embed sustainability into daily business practices
Communication	Share your journey and collaborate with others

Final thoughts

Beginning your sustainability journey isn't about perfection and getting everything right from the outset; it's about progress. As an SME, you have the agility to innovate and lead by example in your sector.

As each of us embarks on our sustainability journeys, no matter how far down the path we are, it's vital to remember we are all learning and growing. Through collaboration and shared insights, we can empower each other to make progress. Together, we can build a brighter, more sustainable future.

Our sustainable business services are here to support you at every stage. From defining your priorities to embedding change across your operations. If you'd like to hear more about our services and how we can help you, please get in touch. Take that first step today to make sustainability a defining part of your business success.

[Read our full Sustainable Business Report here.](#)



Harriet Hodgson-Grove
Head of Sustainable Business
Services and Partner
h.hodgson-grove@uhy-uk.com
+44 20 7216 4600



For those businesses that are adapting early, they will be more resilient, more attractive to a broader customer base and, importantly, better prepared for future regulation.



In conversation with the Barratt Redrow Foundation

In the latest of our 'We sat down with...' series, we were joined by Andrew Button-Stephens, UHY client and Head of the Barratt Redrow Foundation - the charitable arm of the UK's leading housebuilders, Barratt Redrow plc. Since its launch, the Foundation has awarded an outstanding £17 million in grants to charities across the country, with that figure set to rise to an impressive £20 million in 2026 when it celebrates its milestone fifth birthday.

Throughout the conversation, we explored how the Foundation is committed to 'punching above its weight' in charitable giving, its ongoing focus on bettering the lives and opportunities of children and young adults and how strategic partnerships and bold ambition are helping to deliver meaningful, long-lasting change for local communities on a national scale.



Andrew Button-Stephens
Head of the Barratt Redrow Foundation

Can you tell us a bit about your own journey and what led you to join the Barratt Redrow Foundation?

I graduated in 2008 with a degree in economics, and like the majority of my peers, the natural next step seemed to be a career in financial services, like investment or retail banking, that sort of path. But early on in my studies, I realised that wasn't where my interests truly lay. By the second year of my degree, I discovered a real passion for social welfare economics - the side of economics that directly impacts people and communities, such as the welfare state, tax systems and safety nets. That's what really resonated with me.

It was finding this interest that led me straight into the charity sector, where I've spent the past 16 years of my professional career. To begin with, I worked with leading youth and young people's charities, and for the past decade, I've focused on corporate philanthropy. Having spent many years as a fundraiser, asking for donations to support causes close to my heart, I now sit on the other side as a grant maker. My role now helps to fund and support charities making a tangible impact across the UK.

In 2021, the opportunity arose to help launch the Barratt Redrow Foundation (originally known as the Barratt Foundation), a brand-new organisation at the time. The chance to lead on philanthropy and charitable giving for a FTSE 100 business was a golden opportunity - a real privilege.

What do you find most rewarding about your role and what continues to motivate you in the work you do?

Helping to shape and grow the Foundation from the beginning has been one of the most rewarding experiences of my career. At its heart, grant giving is about impact. My role is to ensure we make the biggest possible difference to people's lives with the funds we have available. That's only possible thanks to the generosity of the business and, most importantly, the work of the incredible charities who deliver that change every single day.

Spending vital time with the charities we support is another rewarding part of the role. Particularly with charity leaders who are so deeply committed to the work they do. These are people who care immensely, not just about operations and compliance, though of course that's part of running any organisation, but first and foremost, about their beneficiaries. Whether it's young people in care, those facing homelessness or children struggling with literacy, these charity leaders put people at the heart of everything they do.

That level of dedication is inspiring to watch firsthand. Meeting the individuals and teams behind the programmes and initiatives we fund, seeing their work up close, is a powerful reminder of why this all matters. It's easy to give money away. The real challenge, and what drives me each day, is making sure that money makes a lasting difference. That's my motivation.

The Barratt Redrow Foundation has a strong and growing presence in the UK charitable space. What would you say is the core mission that drives your work?

At the core of our Foundation, our mission is simple: to make the biggest difference we possibly can to people's lives with the resources we have. We're ambitious about the impact we want to achieve, not simply in terms of the grants we award, but in how this translates into real, measurable change for the communities where Barratt Redrow operates.

Since our launch in 2021, we've proudly grown our charitable giving year on year, distributing £17 million in grants to date. As we approach our fifth birthday in January, we're on track to reach our goal of £20 million donated. But for us, it's never just about numbers and financials; it's about the people and communities we can reach and the long-term impact we can have on improving lives across the country.

Barratt Redrow plc is deeply embedded in communities across the country. How does that influence the way the Foundation approaches philanthropy and social impact?

Local communities are absolutely at the heart of how we approach philanthropy. While national initiatives are important to us, it's the work happening on the ground, in the very communities where Barratt Redrow operates, that matters most to us.

Whether it's in Bristol, Glasgow or anywhere in between, we want the impact of our charitable giving to be felt locally. That means we've taken a ground-up approach, as opposed to a top-down one. We're listening to what communities need and supporting those causes, as well as those our colleagues care deeply about. Sometimes that's a local hospice that has helped a family member, a hospital that treated a child or even a school/education setting that's making a real difference for the local community.

Ultimately, we view our role as one that helps to amplify those local voices and strengthen the fabric and foundations of the communities we're a part of.

You champion a wide range of causes, from education and employability to health and environmental sustainability. How do you go about selecting which initiatives to support?

When the Foundation was first launched, we began with broad ambitions, supporting causes across education, employability, health and the environment. But over time, our focus has tightened to ensure we can make the greatest possible impact. Today, our efforts centre around supporting disadvantaged children and young people, particularly in areas like education, employability, mental health and homelessness. While still wide-ranging, this more targeted approach allows us to channel our funding into areas and issues where we can make a real difference.

With over 170,000 charities operating in the UK, identifying the right initiatives is never an easy thing to do. For us, it's about finding organisations that not only align with our values but have a meaningful footprint in the communities where Barratt Redrow builds and are able to deliver measurable outcomes with the scale of funding we offer.

Typically, we award large, multi-year grants, often around £1 million over three years, so we're looking for charitable partners who can absorb that level of support and use it to drive change. As well as spending time developing robust principles and criteria to guide our decisions, we continue to learn from other foundations doing brilliant work in this space.



Are there any particular projects or partnerships that you feel especially proud of, where you've seen tangible, lasting impact?

One initiative I'm particularly proud of, and which will have launched by the time this interview is published, is our new 'Tackling Homelessness Fund'. It's a £1 million programme, spread over three years, which will focus specifically on preventing youth homelessness.

While this new initiative builds on our previous support in this area, it also marks a fresh approach to this issue, with more strategic and collaborative plans and partnerships in place. We've already selected the first seven charities we'll be working with, all of whom are doing hugely important work with young people who are either experiencing or at serious risk of homelessness.

This project has been a real labour of love and one we're genuinely excited about, given the scale of the need and the difference we believe it can make. There's also a strong, natural alignment here. As a Foundation linked to one of the country's leading housebuilding developers, we're acutely aware of the importance and need for safe and stable housing, especially for young people facing incredibly challenging and tough circumstances.

More broadly, we've also delivered significant support across a range of age groups. From promoting literacy and the importance of mental health and wellbeing in primary schools, to funding initiatives that help young adults from 16-25 to build the skills and confidence they require to find employment. It's this combination of targeted programmes across key life stages that allows us to deliver long-lasting, positive results for those who need it most.



Meeting the individuals and teams behind the programmes and initiatives we fund, seeing their work up close, is a powerful reminder of why this all matters. It's easy to give money away. The real challenge, and what drives me each day, is making sure that money makes a lasting difference.

The Foundation has donated £17 million since it was founded four and a half years ago. How do you ensure that level of giving translates into long-term, measurable change for the communities you support?

The difference our funding makes is often very clear, whether that's through conversation with charity leaders or meeting those whose lives have been transformed through our support. But a big challenge is translating that into meaningful, data-driven evidence. This is where it becomes more complex, measuring how our charitable giving translates to long-term change for the communities we support.

At the start of 2025, we published our first Reach and Impact showcase, which was a major milestone for the Foundation. It didn't just highlight the financials we have donated but focused more on what our grant giving has achieved as we considered our tangible results.

Over the last year alone, our grants supported more than 100,000 young people and had a presence in over 350 communities across the country. Our Reach and Impact showcase has signified a real shift in how we consider and talk about our work, moving from the value of donations to the depth of our impact and, importantly, the scale of our reach.

At the Barratt Redrow Foundation, we're focused on partnering with charities and organisations that demonstrate the effectiveness of their initiatives. Whether that's through a clear social return or long-term cost savings to the wider economy. For example, I recently attended a children's mental health event where it was shared that every £1 invested in early intervention at primary school age can have a fundamental impact, not just in terms of wellbeing and future prospects, but also in reducing pressure on public services as the child grows into adulthood.

It's this kind of evidence that matters. It helps us to ensure our funding isn't just well-intentioned, it's long-lasting and transformative.

How important is collaboration in your work, whether that's with the charities you support, corporate partners, or professional advisers? Are there any examples where external expertise has helped strengthen your impact?

Collaboration is at the centre of our work. In fact, it's one of our core values. We're well aware that we're just one player in a much larger, complex system, and when it comes to tackling deep-rooted issues like youth homelessness, collaboration is essential.

Take our new 'Tackling Homelessness Fund' as an example. As our formative ideas for the programme began taking shape, we made a conscious decision to engage with other organisations that have vast experience in this space. We spoke with other funders, including the Nationwide Foundation and the Lloyds Bank Foundation, both of whom have an impressive track record in this area. Importantly, we also listened to frontline charities working directly with young people to understand where our support could make a real difference.

Taking this collaborative approach helped us identify a clear focus on early intervention and prevention, not just crisis response. For example, we're passionate that our funding addresses the root causes of youth homelessness, not just the symptoms.

The Barratt Redrow Foundation prides itself on being a modern grant maker. What I mean by this is that we're keen to move away from top-down models of philanthropy. We want to partner with the experts on the ground, those who truly understand the day-to-day issues, and use our platform and funding to amplify their impact.

How closely does the work of the Foundation align with Barratt Redrow's broader ESG/sustainability goals and commitments as a business?

There's definite alignment in terms of shared values, particularly regarding our mutual focus on creating thriving communities and having a positive social impact. But the business itself, as in Barratt Redrow as a developer, has its own ESG and sustainability responsibilities and commitments, which we're immensely proud of.

Just recently, Barratt Redrow was recognised by Time magazine as one of the world's most sustainable companies (one of only 32 UK-based companies accredited), underscoring the business' leading commitment to preserving and enhancing the environment and building communities that promote healthy and happy living for customers.

Where the Foundation comes in is through complementary impact. Our charitable giving strengthens the business' overall contribution to society, and we're incredibly proud of what we've achieved. We're currently the 34th largest corporate foundation in the UK, a position far exceeding the business' ranking within the FTSE 100. That speaks volumes about the values and commitments of the organisation, driven by our CEO, David Thomas.

So, while our work doesn't directly deliver Barratt Redrow's ESG and sustainability agenda, we operate in tune with it.



How has your approach to giving evolved in light of economic challenges, such as the cost-of-living crisis or funding pressures in the sector? Has it influenced your long-term funding model or how you prioritise resources?

We recognise that people are facing significant challenges in communities across the UK. It feels like they are being hit with issue after issue, and we want to support them as much as we can through targeted charitable giving.

One of the key ways we've responded is by reinforcing our commitment to unrestricted, multi-year funding. Last year, 95% of our grants were unrestricted, meaning we trust our charity partners to utilise the money where it is most needed.

Additionally, around 50% of our grants are multi-year, giving charities greater financial security and the ability to focus on long-term impact.

We've also continued to increase our charitable giving year on year. Last year alone, Barratt Redrow donated over £6 million through the Foundation. It's great to reflect on this figure, especially when considering it's up from £4 million just a few years ago. That growth echoes the business' dedication to playing its part in supporting communities and people across the UK.

You've worked with UHY since 2023. How have we supported the Foundation, and what do you value most about the relationship?

I speak very highly of UHY. It feels like we've established a genuine, friendly partnership, not just a business transaction. Of course, there's a strong focus on audit, regulatory compliance and so on, but the support we receive goes far beyond that.

The team is genuinely invested in helping us improve, and they're always there for us when we need them. Whether that involves advising on how to treat multi-year income and commitments to charity partners, understanding and approaching upcoming changes in charity regulation, or simply acting as a sounding board when required. Even small gestures, like offering us meeting space in their London office, reflect their collaborative nature and spirit. It's a relationship built on mutual respect and shared purpose, which has made a positive difference to the Foundation.

I want to give a special mention to Zaynab, our relationship manager at UHY, who has been nothing short of fantastic. Speaking more broadly, the audit team as a whole has been brilliant, and long may our partnership continue.

If I had to summarise what I value most about working with UHY, I'd say it's their genuine focus on relationships. Many organisations offer auditing services, but UHY brings something more: a level of care and support that sets them apart.

Looking ahead, what's next for the Barratt Redrow Foundation? Are there any new focus areas or ambitions on the horizon?

The Barratt Redrow Foundation has some exciting milestones and ambitions ahead of us. Firstly, we'll be launching our 'Tackling Homelessness Fund' at the start of September, building on our commitment to supporting vulnerable young people. Alongside this, we'll be celebrating our fifth birthday in January 2026, and we'll also mark our £20 million funding milestone. That is set to be a special moment for us, as we reflect on everything we've achieved so far.

But while we celebrate, we're still very much focused on our future. We're currently in the process of developing our strategy through to 2027 and asking ourselves some big questions about what else we can do, and how we can do it better. What's most important, though, is that we keep pushing forward and working towards our ambitions.

We've already made a significant impact, but we're just getting started.

You can read more about the work the Barratt Redrow Foundation do at: www.barratredrowfoundation.org.uk



Thinking about selling your business? Don't underestimate the power of an EOT

When it comes to selling your business, there's a wealth of options, and opinions, available at every turn. Most business owners are aware of the most popular, mainstream routes available, including trade buyers and private equity, as well as management buyouts. However, often overlooked is an option that offers compelling benefits for those who want to protect their business legacy and integrity, as well as for those who wish to reward loyal employees and ensure business continuity: Employee Ownership Trusts (EOTs).

First introduced in 2014, EOTs offer a tax-efficient way for business owners to sell a controlling interest in their organisation to employees, indirectly through a trust structure. Over the last decade, the interest and momentum around this model have grown. Over 2,500 companies across the UK have now adopted employee ownership, from a range of sectors.

We've experienced firsthand how powerful this model can be when aligned with the business seller's ambitions and organisational culture. But like all exit strategies, an EOT is not a one-size-fits-all solution. As a result, it is vitally important that you understand the key principles, benefits and practical considerations to ensure you are fully informed, so you can assess whether it is the right move for your business.

What is an EOT?

An EOT is a special kind of trust that enables a business to become indirectly owned by its employees. The trust acquires a controlling interest, typically more than 50%, in the business from the current owner(s), who are then paid via a structured deal, often funded by organisational profits over a period of time.

It is important to note that employees don't purchase the shares themselves. Nor do they have to manage the business. Instead, the organisation continues to operate with its existing leadership team, while the EOT holds the controlling interest for the long-term benefit of employees as a collective.

EOT is a model that balances continuity and change: ownership passes on, but culture, values and leadership remain intact.

What makes EOTs an attractive option?

While there are many reasons and motivations for considering an EOT, the three most common we hear are:

1. Legacy protection

For many owners, their business is so much more than a financial asset. It is, more often than not, a life's work and dedication. Selling to a trade buyer or a private equity firm might generate a healthy financial return, but it can also bring ongoing problems and issues, including job cuts and culture/values clashes.

EOTs offer a seamless pathway to preserving the business and putting people first: maintaining high-quality services to clients, honouring the founder's values and protecting the people at the heart of the organisation.

2. Employee engagement and retention

EOTs consistently perform well with regards to productivity, innovation and employee satisfaction. Why? Because when employees have a stake in the long-term success of an organisation, albeit indirectly, motivation increases.

Under this structure, employees can receive income-tax free annual bonuses of up to £3,600. Yet, beyond this financial incentive, EOTs foster a strong sense of purpose and shared responsibility.

3. Tax efficiency

For qualifying sales, EOTs offer a significant tax benefit: Capital Gains Tax (CGT) on the sale proceeds. This means, subject to meeting HMRC's conditions, the selling shareholders can pay 0% CGT on the disposal of their shares.

Of course, tax shouldn't be the main motivation for an EOT. But it can make a compelling difference when combined with a strong succession plan.

Understanding the EOT process

While every business sale is unique, a typical EOT transaction follows the roadmap detailed below:

1. Feasibility assessment

The process begins with a detailed business review, considering the financials and the long-term ambitions of the current owner(s).

2. Valuation and deal structure

A fair market valuation is agreed for the cost of the shares being sold. Commonly, this is based on sustainable earnings (EBITDA), and adjusted for specific sectors and business sizes, etc. The deal is typically structured with an upfront payment (if surplus cash is available) and deferred payments are funded by future profits.

3. Setting up the EOT

The trust is created and registered, with an independent UK-based board formed to oversee its interests. The trustee board typically includes an employee representative, an external trustee and the managing director/owner. It is essential to note that, following changes implemented from October 2024, EOT trustees must be UK residents for the first four years of ownership.

4. Legalities, regulations and tax compliance

The next part of the process involves working closely with both legal and tax advisers to ensure the correct and required documentation is in place and HMRC clearances are obtained.

5. Transparent communication and a seamless transition

A carefully managed and transparent communication plan helps explain and create a seamless transition to employees. It's not simply a transaction, but a cultural shift, and clarity and authenticity are vital.



Is an EOT right for you?

EOTs work best for businesses that are profitable, stable and have a committed management structure in place who are focused on preserving the business model in the long term. They are particularly beneficial where:

- the owner/founder wishes to create a smooth exit without destabilising the business
- there is no obvious trade buyer or interest from external investors
- the business has a strong culture and loyal employees.

However, there are also significant challenges to consider:

Funding

EOTs are typically financed through future business profits, which requires confidence in the long-term cash flow of the organisation.

Governance

A newly established EOT introduces a fresh layer of oversight, requiring attention to detail and careful planning around board structures and decision-making procedures.

Cultural awareness and readiness

While employees don't run the business, EOTs change expectations. Current owners must be ready to foster transparency and accountability, as employees become more invested and involved.

Looking ahead to the future

The landscape for selling your business is ever evolving. As more owners are now rightly looking beyond the highest bidder and considering the long-term impact of the decisions they make, EOTs are becoming more prominent and receiving the focus they deserve.

Yet, deciding to establish an EOT is not one to take lightly. While there are many perks, it is not a shortcut or a soft option. It demands rigour, planning and the right mindset, as one would expect from any business sale. But, for the right organisations, it is a route that can deliver real value, financially, culturally and socially.

If you are thinking about the next chapter for your business and how to exit strategically in the best interest of the organisation, EOTs are an option worth attention and understanding. Especially if you value people, culture and continuity.

After all, your business is more than numbers, spreadsheets and financials. For most, it is a legacy. And with the right structure in place, that legacy can thrive, long after you have stepped back.

Could an EOT work for you?

- ✓ You want to protect your legacy
- ✓ Your business has stable profits and loyal, dedicated employees
- ✓ You are seeking a tax-efficient exit strategy



The next step

If you are considering an EOT or want to further explore whether it could be the right option for your business, please contact Phil Kinzett-Evans directly, or speak to your usual UHY adviser.

We have supported businesses to successfully navigate the EOT journey, and we would be happy to help and guide you through the process.



Phil Kinzett-Evans

Tax Partner

p.kinzett-evans@uhy-rossbrooke.com

+44 1635 555 666

Helping you prosper: the adviser's role in a changing business landscape

For many years, the accountant-client relationship centred on an annual meeting, a review of year-end figures and a checklist of compliance tasks to complete. Today, while compliance remains essential, the role of the modern accountant has evolved much further than annual reporting deadlines.

Your adviser should help you navigate shifting regulatory requirements, rising costs, rapid digital transformation and ambitious growth plans. To achieve true prosperity, whatever that means for your business, a once-a-year conversation simply isn't enough.

Understanding the bigger picture

The right adviser will take time to get to know you and your business' journey so far. They should know where you have come from, how you have evolved and where you want to go next. Developing this knowledge and understanding from the outset forms the basis for guidance and advice that is proactive and tailored to you specifically.

Your adviser should act as a sounding board for ideas and challenges, helping you make the right decisions with confidence.

Adding strategic value

A good adviser will always be readily available to support your business in several ways, including:

- **Compliance:** Ensuring timely and accurate reporting, VAT compliance, bookkeeping and management accounts. Providing regular financial insights to scaling businesses to enable you to make informed management decisions in real time, not just at the year end.
- **Forecasting and planning:** Anticipating future performance, preparing for challenges and seizing opportunities with forecasting. They will be on hand to support businesses to set and monitor budgets and forecasts, while working with your senior team to drive and monitor performance.
- **Cloud and software support:** Reviewing your internal finance functions to ensure efficiency and compliance, implementing cloud-based solutions and ensuring your team has the

relevant training to use them correctly and effectively.

- **Financing options:** Guiding you through funding options, from traditional loans, invoice financing and alternative finance to ensure you find the right fit for your business.
- **Bookkeeping support:** Stepping in when internal resources are stretched to keep your finance function running smoothly.
- **Credit control:** Strengthening your cash flow through effective credit control solutions.
- **Transaction support:** Supporting brokers with transactions where expertise or resource internally is limited to support a financial due diligence process.

UHY's approach to helping clients prosper

At UHY, our purpose, **helping you prosper**, means understanding your business at every stage. It is so much more than a slogan, it is a principle that forms the core of everything we do for our clients, teams and communities. For us, prosperity comes from taking the time to build strong relationships, so we can offer advice that's not only timely but also tailored to your ambitions.

We always aim to be more than accountants to our clients. By acting as an extension of your team, we can respond quickly when challenges arise, identify opportunities before they pass and help you adapt with confidence.

Upcoming compliance changes to be aware of

One of the most important ways the right adviser adds value is by helping you prepare for what is coming, not just react to it.

With that in mind, here are some of the major compliance changes on the horizon that could impact your business:

Change in thresholds (April 2025): More companies will now qualify as small and be exempt from audits, with the new limits set at £15 million turnover, 50 employees and £7.5 million in assets.

Companies House identity verification (November 2025): From 18 November 2025, it will be a legal requirement for company directors, LLP members and individuals with significant control (PSC's) to verify their identity with Companies House. This change introduced under Economic Crime and Corporate Transparency Act 2023, aims to reduce fraud and to improve transparency.

FRS 102 Lease Accounting (January 2026): The UK Financial Reporting Council (FRC) is aligning standards more closely with IFRS 16. Lessees will now need to capitalise operating leases on the balance sheet, recognising a right-of-use (ROU) asset. The current lease expenses will be presented as depreciation and interest and therefore affecting EBITDA (Earnings before interest, taxes, depreciation and amortisation). With exemptions available for short-term leases and low-value leases. This will impact almost all lessees, increasing assets and liabilities in the balance sheet and potentially breaching the audit thresholds as a result. Those with a higher value of leases will be impacted the most.

Making Tax Digital for Income Tax (April 2026): HMRC are changing the way some sole traders and landlords need to report their income and expenses. If your total income from self-employment and property is over £50,000 (before deducting expenses or taxes) in your 2024-25 tax return, you'll need to use Making Tax Digital for Income Tax from 6 April 2026 (unless you are exempt). This means you will need to get software that works with Making Tax Digital for Income Tax, which can help you to create, store and correct your digital records of income and expenses, send your quarterly updates (summaries of your digital records) and submit your tax return. Refer back to the earlier article for more information.

Small company filing exemptions paused (April 2027): Originally set for April 2027 under the Economic Crime and Corporate Transparency Act, these changes would have removed exemptions for small companies to file abridged accounts and instead would have to file a copy of the balance sheet, directors report and profit and loss statement. However, these changes have been paused by the new Business Secretary Jonathan Reynolds due to concerns from small firms about the administrative burden. While the aim was greater transparency, it remains unclear whether these reforms will be scrapped completely or simply delayed.

We are here to help

Finding the right adviser will not only keep you compliant but will also help you anticipate changes, proactively manage challenges and make the most of any opportunities available. They should combine technical expertise with a genuine understanding and care of your business, providing the clarity and confidence you need to move forward.

If you are unsure about how any upcoming changes may affect you and your business, now is the time to start the conversation. It's essential to prepare and adapt to keep your business progressing in the right direction. Get in touch with your usual UHY adviser, or contact us directly, to discuss how we can help you prosper today and in the future.



Madison Wood
Accounting & Business Services
Assistant Manager
madi.wood@uhy-uk.com
+44 115 959 0900



VAT news and insights

This summer brought a renewed focus on VAT following HMRC's recently published updates and consultations. Particular emphasis has been placed on how VAT is administered, monitored and potentially reformed. From subtle regulatory shifts to targeted enforcement action and suggested VAT relief extensions, now is the time for businesses and charities alike to consider the impact these developments may have on them.

Below is a summary of HMRC's latest announcements and what they could mean in practice.

Final VAT returns: regulatory clarity on extension powers

As of 14 June 2025, HMRC now have formal regulatory powers to extend the time required for submitting a final VAT return for a person or business that is no longer liable or entitled to be VAT registered. This marks a significant clarification, as HMRC have historically exercised this discretion on an administrative basis.

The change, introduced by The Value Added Tax (Amendment) Regulations SI 2025/578, updates the long-standing SI 1995/2518 and embeds more flexibility into the regulatory framework. It is fair to say that this is much more than just a legal housekeeping matter. It addresses a recurring issue where businesses, particularly those facing complex closures, were penalised for late final VAT returns despite the circumstances.

By making such extensions regulatory, HMRC are attempting to prevent the automatic generation of late filing penalties and interest notices, which can cause additional stress and costs for businesses already facing the challenges of winding down. For businesses in the process of deregistration, or advisers supporting them, this extension is a welcomed reassurance and underscores the importance of proactive and transparent communication with HMRC.

VAT interest rates adjusted following base rate drop

Following the Bank of England's further recent base rate reduction to 4%, HMRC's interest rates on VAT payments have been adjusted:

- since 27 August 2025, the interest rate payable to HMRC on late VAT payments has further reduced slightly to 8%
- the interest on VAT repayments from HMRC also decreased to 3% from the same date.

These changes reflect the ongoing sensitivity of tax interest rates to broader monetary policy. For businesses facing tight cashflow or operating in sectors with volatility, these rate changes can influence the decision-making around payment scheduling and repayment expectations. The cost of missing a VAT deadline, while slightly reduced, still remains high.

Similarly, businesses owed repayments may want to bear in mind the lower return now available, especially if dealing with long-standing VAT reclaims or large capital project-related input VAT. As always, staying on top of filing and payment dates remains critical to avoid unnecessary expenses.



VAT grouping in the care sector: targeting avoidance

In Revenue & Customs Brief 2 (2025), HMRC confirmed they are reviewing and putting the residential care sector on notice regarding its use of VAT grouping arrangements. The Brief reflects HMRC's scrutiny of cases where state-regulated care providers form VAT groups with unregulated welfare service providers to reclaim input VAT on costs related to otherwise VAT-exempt welfare services.

While it is true that VAT groups can and do serve legitimate commercial and administrative purposes, HMRC suggest some arrangements are being structured to achieve tax advantages not intended by legislation.

As a result of this, HMRC have confirmed they will:

- use their powers to refuse new VAT group registration applications designed to facilitate such VAT grouping structures
- investigate existing VAT groups where they know or suspect VAT avoidance.

Though this new approach is rightly set up to target, identify and address VAT avoidance, it is important to remember that VAT grouping remains a valid structure legally and for business reasons.

Affected providers should now assess whether they are complying with HMRC's VAT grouping requirements. Those in the care sector, including local authorities, Integrated Care Boards and private providers, should consider seeking a VAT health check, particularly if their group structure includes non-regulated entities.

Consultation: extending VAT relief on business donations to charity

HMRC recently consulted (up to 21 July 2025), on extending the existing VAT relief for goods donated by businesses to charities. At present, relief is only available when goods are donated (to charity shops, for example) for onward sale.

The proposed changes would expand the relief to also cover the following:

- goods donated for onward free distribution by the charity. For example, hygiene products given to people in need
- goods donated for use in the charity's own operations. For example, laptops used in delivery of its own services.

If implemented, these proposals could potentially remove a key disincentive for businesses wanting to donate surplus stock, rather than destroying or discounting it. The VAT currently due on such transfers often deters donations.

This is a potentially transformative policy for the charity sector and will bring about welcome savings for charities. Additionally, it may also lead to a significant increase in donations, particularly of usable goods that charities can deploy to beneficiaries or in their own organisation.

Charities are encouraged to monitor the awaited results of the consultation to ensure any changes can be reflected within their own VAT accounting positions.

For businesses with ESG or sustainability strategies, this consultation may also be worth noting, as future tax relief could create further incentives to divert usable stock away from waste and toward

VAT treatment of charity fundraising events

In Revenue & Customs Brief 3 (2025), HMRC have issued updated guidance on the VAT treatment of fundraising events held by charities and qualifying bodies. This follows the Upper Tribunal's decision in Yorkshire Agricultural Society ([2025] UKUT 00004), which clarified which events will qualify for VAT exemption under Group 12, Schedule 9 of the VAT Act 1994.

This update is particularly relevant for organisations that regularly rely on fundraising events to generate charitable income.

The Upper Tribunal ruling confirmed that:

1. The primary purpose of the event must be fundraising. However, fundraising does not need to be the sole purpose, meaning that events can still qualify for exemption if fundraising is one of multiple primary purposes.
2. Although the legislation requires that events be 'promoted as being primarily for the raising of money,' the word 'primarily' should be disregarded. What matters is that the fundraising nature of the event is clearly communicated in the promotion, not how heavily it is emphasised as a primary purpose.

While the Upper Tribunal offered this clarification, HMRC's policy remains consistent: charities must ensure the event is genuinely intended to raise funds as a primary purpose and that this intention is reflected in how it is publicised and promoted. If a charity or other qualifying body decides that an event has more than one primary purpose, this must be able to be evidenced, and clearly explained why they cannot be separated in terms of importance. Objective documentary evidence is required to prove the event was organised as a fundraising event, and not that there was simply an intention to obtain more income from the event.

Importantly, profit alone is not enough. Events that happen to make money, but were not specifically organised with fundraising in mind, will not qualify for the exemption, and the Upper Tribunal has agreed with this interpretation. Similarly, HMRC continue to distinguish genuine fundraising events from regular trading activities. For the exemption to apply, events must be distinct and out of the ordinary, not semi-regular or continuous commercial activities.

The long-standing limit of 15 events of the same kind in the same location per fiscal year remains in place. Exceeding this threshold (ie. holding 16 or more such events) means all events still become taxable.

Additionally, the anti-competition clause in the legislation continues to apply. If an event is deemed likely to significantly distort commercial competition with other providers offering similar events which do not benefit from VAT exemption, the VAT exemption can be denied.

Charities and qualifying bodies are advised to review HMRC's updated guidance and apply this when determining the VAT treatment of any fundraising events going forward.

New verification system for licensed goods moving into or out of Northern Ireland

From 28 June 2025, HMRC implemented a new verification process for licensed goods moved into or out of Northern Ireland by import, export or transit. The existing Automatic Licence Verification System (ALVS) was replaced by the Certificates Exchange System (CERTEX) for Northern Ireland.

This change introduced a key procedural update for businesses trading in licensed goods such as plants and plant products, certain food and feed items, live animals and fluorinated gases.

Under CERTEX, the data provided on your declaration must exactly match the information on the relevant licence or certificate. Any inconsistencies, however minor, could trigger a notification from the Customs Declaration Service (CDS). This may lead to delays in goods movements, inspections, or the temporary holding of goods at the border.

To avoid disruption, those affected should now:

- review the new format for entering licence information, as this may differ from the previous process
- ensure data accuracy and consistency between declarations and the actual licence or certificate for the goods being moved into or out of Northern Ireland
- engage with the Trader Support Service (TSS) if you are using TSS for your licensed goods movements, as they may be able to assist in resolving any issues or delays quickly.

For movements covered by the UK Internal Market Scheme, eligible licensed goods can continue to be moved under the Internal Market Movements process, which remains unaffected by this change.

This update is a timely reminder of the importance of robust customs processes when dealing with licensable goods. Businesses moving such goods in or out of Northern Ireland should review their procedures to ensure they are compliant with the transition to CERTEX.

New policy for VAT recovery on costs related to the management of pension funds

HMRC recently issued Revenue & Customs Brief 4 (2025) (on 18 June 2025) announcing a further significant policy change in the VAT recovery position for the management of pension funds.

In summary, HMRC will no longer require VAT on asset management costs to be apportioned between the employer and pension fund, as from 18 June 2025, investment costs will not be viewed as being for dual use. Consequently, the VAT incurred will be the employer's and so recoverable by the employer, subject to the normal VAT recovery rules.

This will be particularly relevant to and welcomed by businesses which operate defined benefit pension schemes for employees, to pension administration and asset management service providers, pension fund trustees and pension providers.

Background and historic VAT position

Historically, HMRC allowed employers funding occupational pension schemes to recover VAT they incurred on costs relating to the day-to-day administration of those funds (as business overheads), but not on costs relating to the management of investments made by the fund. In cases where a single invoice was received covering both types of cost, HMRC generally allowed a 70:30 split between investment management and administration respectively and VAT to be recovered on the 30% proportion by the employer accordingly.

However, HMRC updated their policy following the Court of Justice of the European Union (CJEU) decision in 'Fiscale Eenheid PPG Holdings BV cs te Hoogezand (C-26/12) (PPG)'. The case itself concerned an employer's entitlement to recover VAT paid on services relating to the administration

of defined benefit pension funds and the management of the assets of the fund. The ECJ held that where there is a direct and immediate link between the pension fund costs and the employer's business, the VAT incurred by the employer on pension fund administration and fund management is recoverable.

As this differed significantly from HMRC's position at the time, HMRC issued Revenue and Customs Brief 43 (2014) in November 2014 to confirm that as a result of the CJEU decision, employers may recover VAT on investment costs provided they could evidence they contracted for and paid for the supply in relation to an occupational pension and were in possession of a valid VAT invoice.

HMRC policy to 17 June 2025 – dual use

Under HMRC's policy to date, employers implemented different arrangements to achieve VAT recovery on the costs of administering occupational pension funds and managing their assets. In particular:

- the pension trustees supplying administration services to an employer; or
- VAT grouping.

In both cases, HMRC considered the VAT incurred on asset management services may have a direct and immediate link to the trustees' investment activity and the supplies made by the employer provided it was used by the employer to make those supplies. This resulted in dual use of investment costs by the employer and the trustees of the fund.

Where there was dual use of investment costs by an employer and the trustees, HMRC required a method of apportionment to be applied on a fair and reasonable basis to determine how much input tax could be deducted by each party.

New policy on dual use from 18 June 2025 onwards – key changes

From 18 June 2025 onwards, HMRC will no longer view investment costs as being subject to dual use. Instead, all the associated input tax incurred will be seen as the employer's and recoverable by the employer, subject to normal VAT recovery rules. This change in approach by HMRC should simplify the VAT accounting as it will remove some of the prior complexity and could also bring significant additional VAT recovery, depending on your particular situation.

In cases where trustees are supplying pension fund management services to the employer and charging for them, they will be able to recover input tax incurred for the purpose of providing those services, provided they are VAT-registered. Any VAT recovery by the trustees will be subject to the normal 4-year recovery rules.

What is the impact on existing partial exemption methods?

Affected businesses may need to consider and propose new partial exemption special methods (PESMs) to ensure their VAT recovery reflects HMRC's new policy. Any new PEsMs approved by HMRC will take effect from the start of the tax year in which the PEsM was submitted.

Application and next steps

The policy change has applied from 18 June 2025, however HMRC stated that they will publish guidance to explain the policy change by autumn 2025. Presumably, HMRC's existing guidance at for example, VIT44600, VIT44650, VIT45420-40 will also be shortly updated accordingly.

The precise impact and VAT benefit for those businesses affected will depend on how HMRC's policy change will be applied by HMRC in practice. For example, in which circumstances HMRC will consider supplies of administration and investment management services to be actually received by the employer itself. It will still be important for employers to demonstrate that they are the recipient of the investment services where this is the case, and to continue to ensure the contractual and invoicing arrangements fully reflect this position. Alternatively, in cases where the pension scheme is the party actually receiving and

contracting for investment services, the scheme may be the one recovering the VAT instead (subject to the normal VAT rules).

It is hoped that HMRC's further awaited guidance will be helpful, informative and will clarify any uncertainty on the above aspects to enable businesses to implement the changes easily.

The next step

These VAT developments, though diverse in what they cover, encompass several common themes: clarity, compliance and targeted reform. Whether updating rules to reflect practice, adjusting financial parameters, cracking down on avoidance or seeking feedback on supporting the charity sector, HMRC remains active across the VAT landscape.

Now is the right time to review your VAT policies, check your VAT grouping structures and ensure you are well-positioned to respond to any changes ahead. If you are a charity or a business with a charitable arm, ensure you take advantage of the opportunity to shape the future of the charity VAT relief for donated goods by responding to HMRC's consultation.

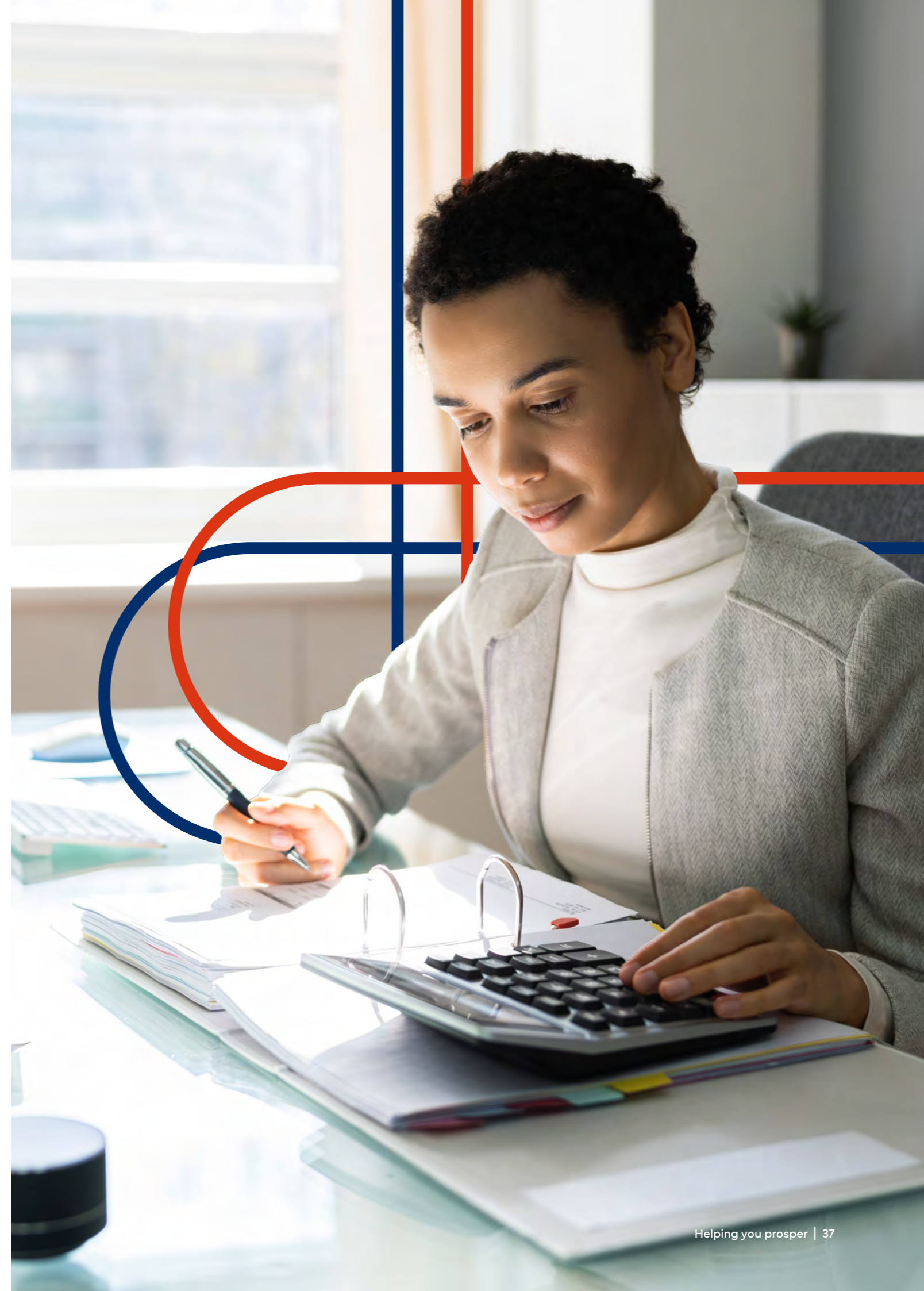
If you would like tailored support or advice on any of the topics discussed within this update, our VAT specialists are here to help.



Sean Glancy
VAT Partner
s.glancy@uhy-uk.com
+44 20 7216 4600



Lisa Burnside
VAT Director
l.burnside@uhy-uk.com
+44 20 7216 4600



The long retirement countdown

However far you are from retirement, ensuring your pension plans will sustain you when the time comes requires focus, now more than ever.

Recent research indicates that 1.6 million more people are at risk of hardship in retirement compared to a year ago, due to rising living costs. This is despite increased savings levels.

Around half the population are aware they are not building sufficient retirement savings across all ages and income brackets. Many face a significant reduction in living standards after stopping work or will end up working longer than they'd like because they can't afford to retire.

The long road

It's never too early to start paying into a pension – or too late. If you are ten years or more from retirement you should focus on maximising savings and making the most of pension tax relief, especially if you are a higher-rate taxpayer. Where possible, ensure funds are in growth assets, such as equities, which have historically delivered higher returns over longer time periods.

It is easy to lose track of multiple pension plans and savings over a working life. But you can't build a robust retirement plan without knowing what funds you have and what they will be worth by your planned retirement date. This includes State pension provision, often a sizeable chunk of retirement income. You can get a forecast from [gov.uk/check-state-pension](https://www.gov.uk/check-state-pension). This will also confirm when it will be paid, a key date in your plan.

Countdown

Many find it easier to consolidate pensions as they near retirement. However, before making changes, it is worth checking that you are not giving up valuable guarantees and looking carefully at the charges and performance of any new scheme.

Knowing what your savings are worth is only half the picture. You also need to think about what level of income you will require once you stop working. The Pension and Lifetime Savings Association estimates a single person today needs £31,700 a year for a moderate standard of living (or £43,900 for a couple). Understanding what you are aiming for can help you identify shortfalls and act, such as saving more or delaying retirement.

The finish line

Once you are within five years of retirement, think about how you will turn your investments into income. This will mean exploring the pros and cons of drawdown, annuities or a combination of the two. How you will use your pension may influence your investment strategy in the final years. If you plan to keep funds invested, you may want to remain in growth assets. But if you want to cash in or buy an annuity, switching to less volatile assets to protect your funds from sudden downturns before you retire may be advisable. Seek advice or guidance on your options, whether you are a decade away or retirement is imminent. These are complex decisions, so regular reviews of your position could make all the difference.

Important note

The value of your investment and the income from it can fall as well as rise and you may not get back the full amount you invested.

Past performance is not a reliable indicator of future performance. Occupational pension schemes are regulated by The Pensions Regulator.

The Financial Conduct Authority does not regulate tax advice. Tax treatment varies according to individual circumstances and is subject to change.



Knowing what your savings are worth is only half the picture. You also need to think about the level of income you will require once you stop working.

Understanding retirement income needs

One of the most complex financial decisions people will make is around income in retirement. But there is no simple, total solution.

Today's retirees typically have a mix of workplace and private pensions plus savings. These might be defined benefit schemes that pay a guaranteed income linked to earnings or defined contribution plans acting effectively as investment funds, where retirees can choose to draw down a regular income or buy an annuity for a guaranteed lifetime income.

Choosing the right approach is far from straightforward. The most suitable option will depend on factors such as the value of your pension pots, types of schemes held, other financial assets, relationship status as well as your health and attitude to risk.

Recent research from the University of Bath based on spending patterns going back decades found there is no 'one-size-fits-all' solution. Some retirees, particularly homeowners, spend more in the early years of retirement, but this falls away as they age. They would benefit from flexible options such as drawdown. Others have steadier, often lower spending needs, and may benefit from a guaranteed income solution with some inflation protection.

Understanding the implications of these differences underlines the importance of taking advice, especially as some decisions, such as buying an annuity, are irreversible.

Retirement can last for 25 years or more and needs will change. Regular advice MOTs may also prove useful, particularly as many retirees now keep funds invested for longer. If markets shift, living costs rise or personal circumstances change, your strategy may need to adapt.

Reviews are an opportunity to discuss investment strategy and consider future annuity purchases, as well as look at wider planning issues like estate planning, lasting powers of attorney or eligibility for state benefits.

Important note

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Adam Wing
Financial Adviser
a.wing@uhy-uk.com
+44 115 959 0900



R&D tax relief: unlocking value through innovation

Not everyone is familiar with Research and Development (R&D) tax reliefs, but in 2022–23 alone, they were worth a remarkable £7.5 billion to UK businesses.

Since the early days of these claims, HMRC have tightened their purse strings, introducing stricter rules to prevent misuse and reduce wasted spending. Even so, R&D reliefs continue to offer a valuable opportunity for businesses carrying out genuine innovation.

For those unfamiliar with R&D tax reliefs, the concept is not complicated (even if the process can be). The relief works by reducing a company's corporation tax bill on its profits or, where an organisation is operating at a loss, by allowing it to claim a payable credit based on those losses.

Despite the value of these reliefs, many businesses remain unaware of what qualifies, and even those who are aware often find the claims process complex. To be eligible, a business must prove that the work it is doing directly contributes to advancing existing knowledge in an eligible field of science or technology. In official HMRC terminology, this is described as "resolving scientific or technological uncertainty."

Understanding how these claims work, who is eligible and the intricacies of HMRC regulations requires considerable specialist knowledge, which is where expert support becomes essential.

In this article, R&D expert Terry Cheesman shares his thoughts about what areas of expertise are required for a successful R&D claim.

The true value R&D services bring

R&D professionals do more than simply assemble a claim. The role involves close collaboration with an organisation's technical leads, often uncovering work that qualifies as R&D but has never been formally recognised. Helping businesses identify, validate and articulate that innovation, and crucially, access the financial reward that follows, is one of the most rewarding aspects of the job.

The work is grounded in human stories. Business owners put in extraordinary effort to stay ahead and provide bespoke products or services, and we are there to support them through the R&D process. Equally, we are there when claims are challenged. When HMRC disputes a submission, it's the R&D specialist's job to ensure the voice of the competent professional is heard.

Drawing on experience with hundreds of claims and long-standing relationships with HMRC, I have seen many cases overturned and reliefs successfully awarded. Getting to that point requires a deep understanding of the technical language HMRC expects, and the ability to translate brilliant ideas into clearly evidenced project narratives.

Perhaps the most rewarding moment is seeing a business owner's celebration when they realise they have been doing R&D all along, and that it could unlock real cashflow benefits.

Seeing innovation in a new light

The Department for Science, Innovation and Technology (DSIT) guidelines require that "the project seeks to achieve an advance in overall knowledge or capability in a field of science or technology through the resolution of scientific or technological uncertainty."

Despite HMRC's closer scrutiny in recent years, the guidelines themselves have barely changed, and they are written in very broad terms. They also make clear that qualifying projects may "make an appreciable improvement to an existing process, material, device, product or service."

This means that not only can you invent the wheel, but you can reinvent it and streamline it. This is particularly important when the knowledge already exists but is either protected by intellectual property rights or unattainable for smaller businesses due to cost.

For example, a conversation I had with the technical director of an engineering company in the West Midlands comes to mind. He was convinced their business didn't perform qualifying R&D. I gave him an example, one that I think is helpful for understanding how these claims work.

Take an ordinary plastic cup (an existing product). Now imagine a company that takes this cup and makes it significantly better, designing and manufacturing it from lightweight, durable composite materials, with a lower carbon footprint. They have now created a better cup. Along the journey to creating that better cup, they have undertaken R&D. That moment of realisation, recognising the value of their own innovation, is often the most rewarding part of the process.

This illustrates just how much R&D activity and innovation is happening every day, and how many businesses are missing out simply because they don't understand what qualifies. There is an ongoing need for education around R&D, both for clients and advisers, and we are here to keep the

conversation and progress going.

How UHY can support your R&D journey

At UHY, R&D tax relief support is a core part of how we help our clients prosper as they recognise the value of their innovation and unlock its financial potential. By combining technical expertise with a strong understanding of HMRC's evolving requirements, we are here to help businesses of all sizes strengthen their claims and maximise value through tailored, strategic support.

Whether you are exploring R&D for the first time or looking to optimise your current approach, our team is here to help you make the most of the work you are likely already doing, and to support your continued innovation.



Terry Cheesman
R&D Tax Director
t.cheesman@uhy-chester.com
+44 7939 550 289

How generative AI is powering everyday productivity

Nowadays, you don't need to be a technology whizz to benefit from AI. Slowly but surely, businesses across all sectors are realising that using AI will not only help them to work better and faster, but also more creatively.

For the past 18 months, generative AI has been a buzzword across our professional and personal lives. From conversations in boardrooms and dining rooms alike, people have considered the power of ChatGPT, Copilot and other AI platforms, while speculating about automation and what the future of the working world looks like since its launch. However, for many professionals, AI still feels more like a curiosity than a practical tool.

This was very much the case for me at the start of my AI journey. Like many, I was cautiously curious and had many questions: would this really save me time? Could it write something effective and useful? Or would it just churn out robotic nonsense?

The truth is, you don't need to be a technology expert to use AI. You don't even need to understand how it works fully. What matters is that you recognise its potential to streamline your workflow and therefore free up time for more meaningful, human-centred work. Start with smaller tasks, generating emails, summarising long documents or even testing for tone and clarity. Over time, this will not only help you to build confidence but also establish where AI fits naturally into your workflow.

This mindset is essential. The businesses seeing the greatest benefit from AI are not necessarily those with large data teams. They are those where employees feel empowered to explore it, without fear of doing it wrong.

As a firm, we have seen firsthand how incorporating AI into your everyday routines can drive real value, not just internally, but also to help clients achieve prosperity.

In this article, Matt Granger shares his AI insights for those looking to begin or advance their AI journeys.

So, how are businesses actually using generative AI to enhance their productivity and daily outputs? Here are a few of the practical applications we touched upon earlier in greater detail:

Draft with direction

Whatever it is you are writing, whether it's a client proposal, meeting notes or blogs/thought pieces on key topics, AI can help you hit the ground running. It won't write the final version, but it can help inspire your creativity, as well as form a strong structure and capture the tone you desire.

Summarising longer, more complex content

AI tools are a great resource when used correctly. For example, AI can condense longer, harder-to-read reports and policies into easy-to-access, digestible summaries, saving time and improving clarity.

Idea generation

AI can be a useful brainstorming ally to kickstart your creative thinking. The more you ask and streamline your responses, the closer you will get to your desired outcome.

Tone and clarity

Generative AI can help create and then tweak content to suit different ambitions and audiences, improving communication internally and externally.

Of course, like with all good things, and with the never-ending potential of AI, it is imperative to add a note of caution.

Confidentiality matters

It is vital to remember that AI platforms should not be fed sensitive or client-specific information, unless you are using a secure, enterprise-grade tool.

AI never replaces expertise

AI does not know facts. Words are predicted using patterns, which is why everything it generates should be reviewed by a human who understands the content. The best results are seen when people use AI to enhance their judgement, not bypass it.

If you have toyed around with the idea of introducing AI into your business and your day-to-day routine but never pursued it, here are three easy entry points:

Pick a straightforward task and repeat it

To begin with, try using AI to draft an internal summary or reword a long paragraph to make it more accessible to its intended recipient. Then, repeat the process until you become more confident.

Use AI as your thought partner

Ask AI three ways to explain a complex concept to a non-expert audience. From that, you can edit, combine and disregard ideas until you find an outcome that suits you.

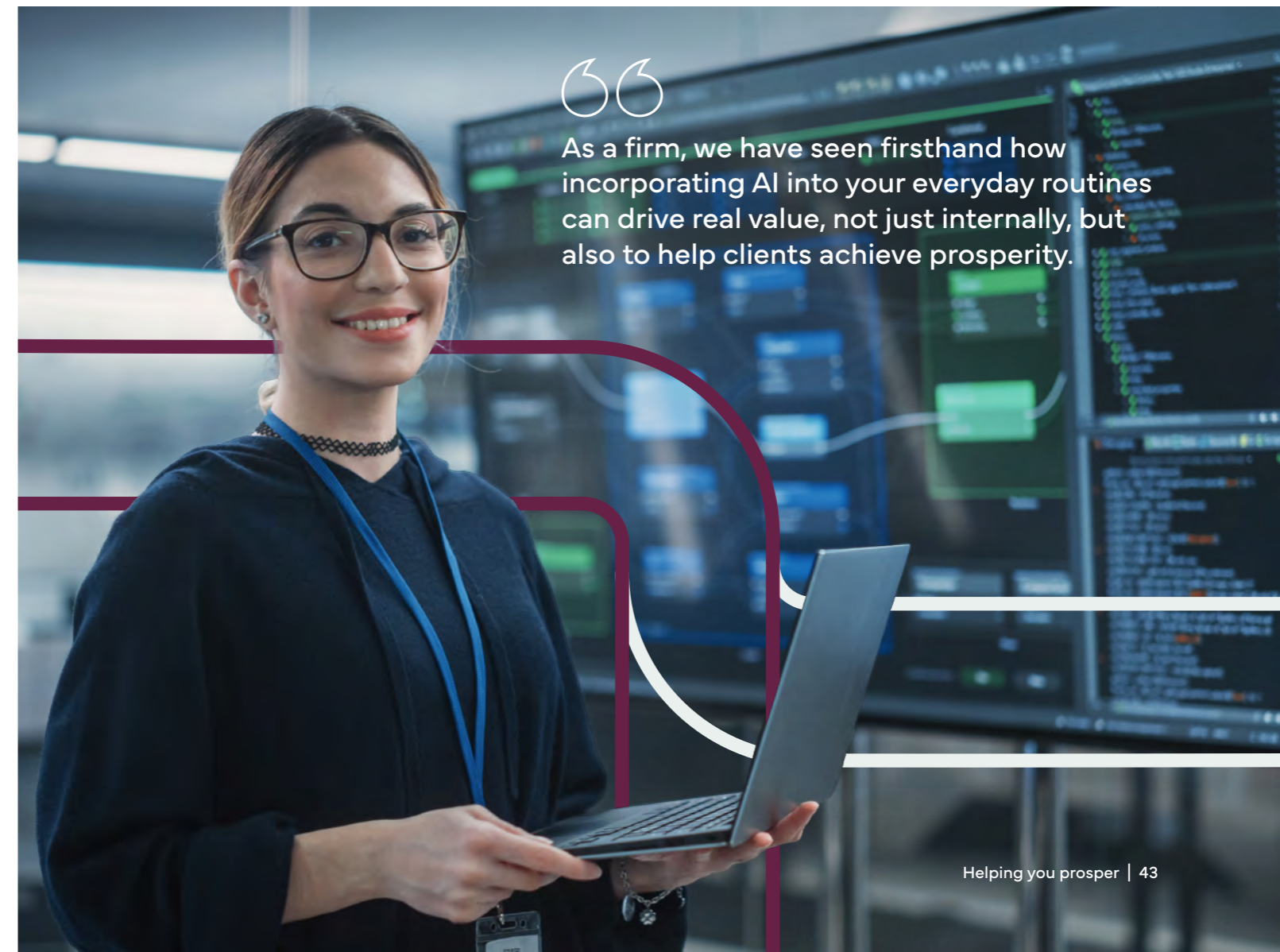
Test, tweak and polish

Paste a paragraph in and ask it to make it more formal, more friendly or more concise. By playing around with it, you can test your requests and the AI responses.

AI is becoming a practical productivity tool for businesses across all sectors. Those that will benefit most are not jumping in at scale, but giving employees permission to explore and learn, and importantly, build trust in the tool at their own pace. When people feel confident using AI, even in the smallest of ways, big changes tend to follow.



Matthew Granger
Partner
m.granger@uhy-uk.com
+44 20 7216 4600



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From complexity to clarity: how scalable insight is helping organisations make smarter decisions

In today's fast-moving and innovative business world, financial clarity is no longer a luxury, it's a necessity. It is no longer just about compliance; it's about strategy, sustainability and smart decision making. But when you are dealing with large, complex organisations, whether that's a school trust, a charity, or a hospitality group with multiple sites across the country, delivering insights and actionable advice that is both personalised and practical can feel like a challenge.

At UHY, we recently partnered with IMP Software on a benchmarking and insight project, focused specifically on the education sector. Together, we supported over 300 multi-academy trusts (MATs) with bespoke benchmarking reports, delivering meaningful, data-driven information to empower better strategic decisions.

While this particular project focused on MATs, the approach we took and the lessons we learned offer valuable takeaways for any organisation navigating scale, complexity or evolving reporting needs.

Designed with the client in mind

Our partnership with IMP Software saw us co-develop a methodology grounded in real-world challenges.

We made it our mission to ensure that the reports were not only technically accurate but also genuinely useful. How did we guarantee this? Through scoping workshops, client-focus groups and a commitment to ongoing testing. And the results spoke for themselves.

We now had a suite of reports that went far beyond static data. They combined clear visualisations with forward-thinking benchmarking, designed to help leaders make more confident decisions.

This kind of collaborative design process, where end users help shape the output, can be transformative in any sector. To put it simply, the final product reflects the people it's built for.

Automation that adds a human touch

An innovative aspect of the project, and perhaps its most standout feature, was the use of automation. By leveraging Excel Power Query and bespoke macros, we were able to generate over 300 reports without compromising on quality or accuracy. Importantly, each report was tailored to each specific trust's data.

Using automation allowed us to scale a highly personalised service without losing the human touch. It also freed up vital time to focus on what matters most: validating the data, interpreting the results and aligning the insights with long-term, strategic goals.

It serves as a powerful reminder that innovation and automation don't always mean utilising cutting-edge AI. Sometimes, it is about using familiar tools in creative and fresh ways.

Driving sector-wide insights that spark wider change

Alongside the individual trust reports, we also produced a sector-wide MAT Finance Insight Report, an aggregated look at trends across over 3,000 schools. Supported by the Confederation of School Trusts (CST), this report has already sparked important, national conversations around financial sustainability, demographic shifts and the impact of policy changes.

In other sectors, we have seen similar benefits; when you aggregate anonymised data from a large pool of clients, it becomes possible to surface broader insights, helping not just individuals but entire industries to achieve prosperity.



Whether you are running a school trust, a multi-site business or a growing national charity, the need for tailored insight is universal. This project has shown us just what's possible when collaboration, automation and purpose-driven reporting come together.

Lessons for every sector

Although this project focused solely on education, the lessons and key takeaways apply far more widely:

1. Collaborate early

Involving clients from the outset of the process makes the final product far more valuable and impactful.

2. Utilise simple tools effectively

You don't always need complex systems. Even the simplest tools, when used creatively, can make all the difference and deliver powerful results.

3. Insight is more than information

Great reporting adds context and clarity, not just numbers.

As we look to the future, we are now building these lessons into other benchmarking and sector analysis work, from not-for-profits to healthcare and beyond. Because the appetite for smarter and clearer insights is not limited to one industry, it's everywhere.

If you work in a sector where benchmarking, automation or collaborative data insight could help drive better-decision making, we would love to hear from you. Whether you have a specific idea or just want to explore possibilities, get in touch with Aaron at UHY Birmingham to see how we might



Aaron Thomas
Partner

aaron.thomas@uhy-uk.com
+44 121 233 4799

Our UHY news

Since our last issue of Prosper was published in January, a lot has happened at UHY as we celebrate our centenary year. As always, our experts stayed dedicated to supporting clients, offering knowledge, guidance and professional services to help everyone thrive.

Here's a summary of the highlights so far this year, including new partners, our charity successes and award nominations.

Awards

We are proud to announce that UHY Hacker Young was named International Accounting Firm of the Year at the 2025 Accounting Excellence Awards.

Alongside this achievement, we were also shortlisted for Large Firm of the Year and ESG Excellence, highlighting the breadth of our capabilities across the profession.

Our commitment to making a positive impact also extends beyond client service. We are delighted to share that UHY has been shortlisted in the OnHand Impact Awards, in the categories of Best Community Impact Award and Best First-Year Impact Award.



Celebrating new partners

We have welcomed two new partner to the UHY team in 2025.

Sandra, head of private client and trust in our London office, has over 23 years of experience, including 17 years at a Big Four firm. A Chartered Certified Accountant and STEP affiliate, she advises on personal, business, trust and inheritance tax matters, guiding both UK and international clients through complex planning with clarity and empathy. Known for her inclusive approach, Sandra builds lasting relationships and helps clients achieve their goals at every stage, from business growth to succession planning.

We are also delighted to welcome Rachel Taylor, who has joined our Brighton office as an audit partner, bringing a team of four with her. Rachel and her team bring a wealth of experience and will play a key role in strengthening our offering across the South East.

Our international network

Our UHY International network has hosted a range of events throughout the year, giving our team valuable opportunities to strengthen relationships with colleagues across the globe. These connections enhance our ability to support clients with international needs and provide a trusted resource when working with multinational interests. We look at two of the key events that have happened so far this year.

On 14 February, tax professionals from across UHY International came together in Fuengirola, Spain, for the UHY Tax Conference. The event combined expert-led sessions with valuable networking. After a full day of knowledge-sharing and a celebratory closing dinner, our team left with new relationships and technical insight to take back to their engagements.

Later in the year, the 2025 UHY EMEA regional meeting in Eindhoven brought together over 110 delegates from across Europe, the Middle East, Africa and beyond for an inspiring mix of insight, collaboration and celebration. Against the backdrop of Govers Accountants / Advisers' 100th anniversary, the conference combined thought-provoking sessions and cross-border discussions with cultural experiences, from touring PSV's football stadium to dancing in a historic monastery. With professional excellence, international camaraderie and Dutch hospitality at its heart, the event strengthened global connections across the UHY network and set the stage for continued growth and collaboration.

UHY Chester office expansion

Our Chester office announced the launch of a new specialist service providing advice on Research & Development Tax Reliefs. They welcomed two sector specialists, Terry Cheesman, formerly R&D director at a national accountancy firm, and Joseph Oldham, who also brought extensive experience in the field. Together, they have added a significant technical expertise to UHY Chester, enabling them to deliver high-quality guidance on R&D and other innovation reliefs for our corporate clients.

Our work with charities

Charity fundraising has been a real highlight across UHY offices in recent months, with teams taking on challenges both on the ground and in the air.

Our Sheffield colleagues successfully completed the National Three Peaks Challenge, covering 23 miles and climbing over 3,000 metres to raise £2,300 for Sheffield Children's Hospital Charity.

In York, our team 'Helping you paddle' made a splash at the city's Dragon Boat Race, winning two out of three heats and raising a further £2,300 for Dementia UK and Citizens Advice York.

Our Brighton office showed its competitive edge on the fairway, winning the Macmillan Charity Golf Day at Mid Sussex Golf Club and supporting Macmillan's vital work with those affected by cancer.

And in one of our boldest challenges yet, 20 volunteers from UHY Ross Brooke took to the skies for a 12,000-foot skydive, raising £5,000 for Dementia UK. These achievements showcase the dedication, team spirit and generosity across our network, as we continue to support charities delivering essential services to communities across the UK and beyond.

National challenge

On Friday 19 September, colleagues from across UHY took on the Peak District Challenge in support of Dementia UK. Battling steep hills, sore feet and unpredictable weather, our teams completed the demanding route with plenty of determination - and more than a few laughs along the way.

Together, we have raised an incredible £16,922 so far. To put this into perspective, Dementia UK has told us that this could fund a new dementia specialist Admiral Nurse for three months, offering vital support to families facing dementia who may otherwise have no one to turn to.

A huge thank you to everyone who took part and to those who donated.



Team 'Helping you paddle' at the York Dragon Boat Race



Our Sheffield team take on the National Three Peaks



Over 40 team members take part in the Peak District Challenge

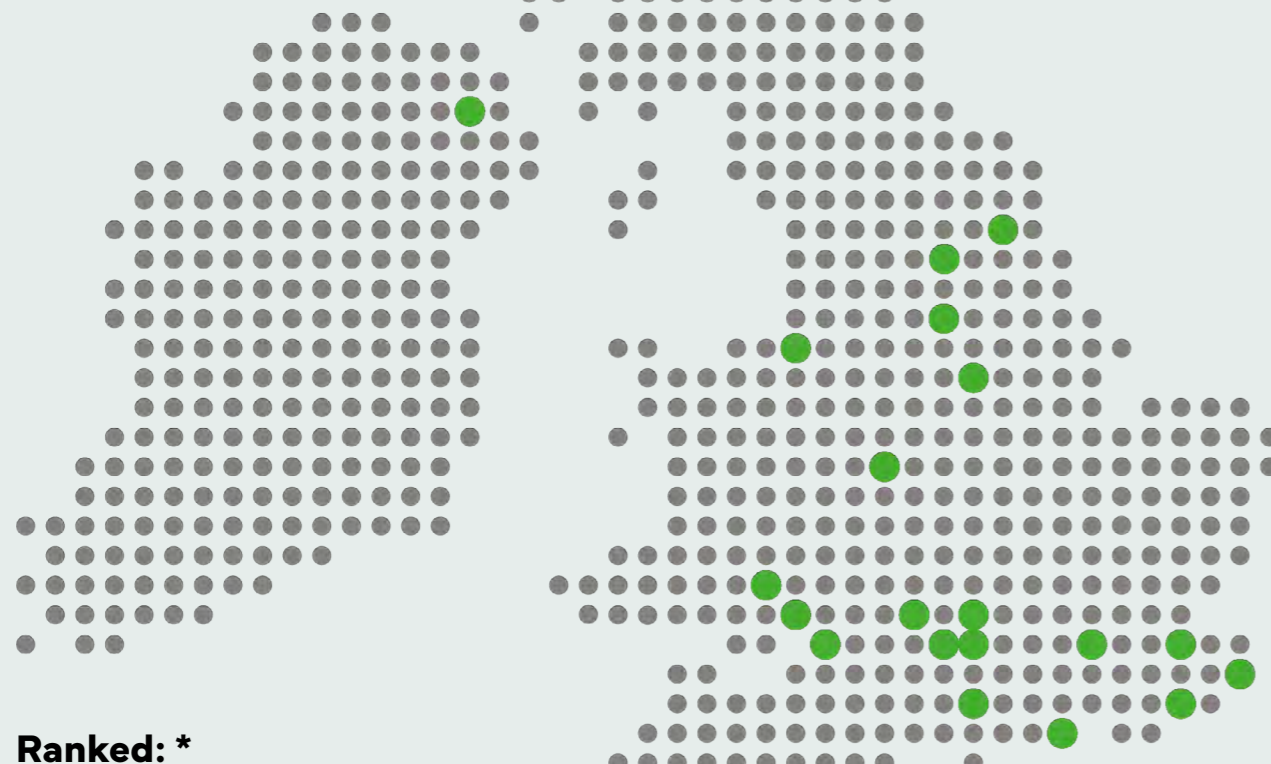
UHY in numbers

A purpose-led uk
accounting group

96
partners

20
offices across
the UK

720
professionals



Ranked: *

20th
by number of AIM
listed audit clients

*Latest Corporate Advisers Rankings Guide

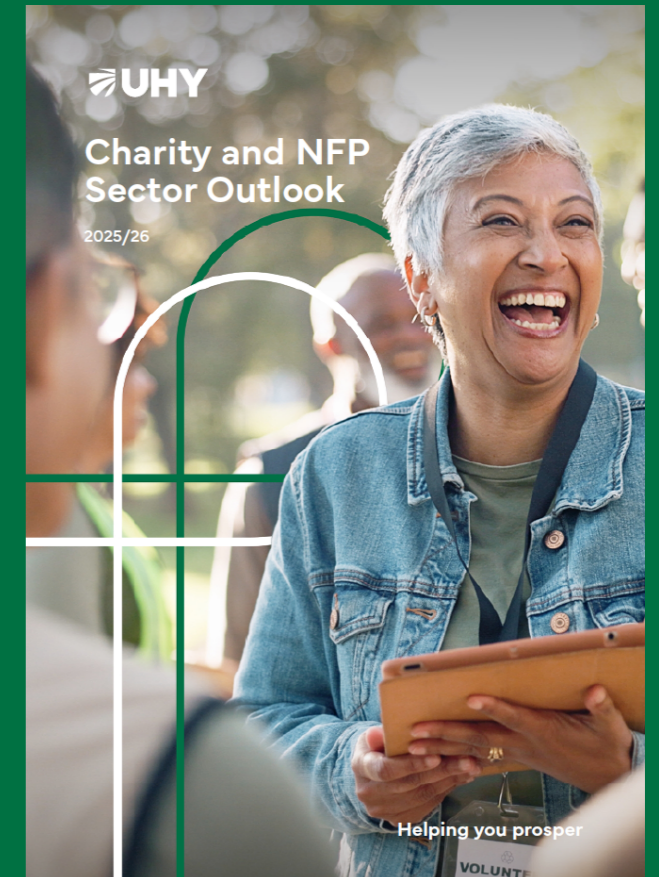


Founder member of UHY,
our international network

more than **330** offices

in almost **100** countries

Some of our recent publications



Email us: enquiries@uhy-uk.com
Telephone us: +44 20 7216 4600

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Combining national expertise

Our UHY Hacker Young experts across our 20 offices nationwide provide the best advice because we understand both local needs and the national picture.

Whether you are looking for advice on your personal finances, looking to start a new business, expand your current business interests, or you just want regular compliance advice, our clients come in all shapes and sizes and so do our services.

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