

22nd August 2022

Business Support

During the pandemic, businesses did everything in their power to comply with legislation and guidance, spending millions in the process, to prevent transmission of the virus. Between lockdowns and restrictions to trading, many believed they were in the toughest trading conditions that they'd ever witnessed.

However, following the pandemic – which businesses are still paying for e.g. servicing increased debts, the war on Ukraine, the impacts of Brexit, inflation, and the energy crisis, businesses are now at breaking point. If there is no profit, there is no capital investment in products. Trading conditions have never been so tough because businesses are feeling the pressure from all angles and believe they have nowhere to go.

To allow for business survival and local economic growth it is imperative that support is given urgently. Legislations and policy need to change to enable the leaders of the business community to plan, invest, create jobs, and contribute towards a positive Moray, Scotland, and United Kingdom.

All sectors are feeling the storm of the trading conditions, but understandably, some more than others. The hospitality industry is on its knees from lack of available staff, rising costs from everything from energy to food to coffee and it needs support now. VAT for this industry was cut during the pandemic, implying the government knew that it was too high to begin with and it is one of the highest rates in Europe. We've spoken to businesses who used the reduction in VAT to trade their way out of the pandemic, using the savings to pay of the borrowing they took out to keep the business afloat. A reduction in VAT for the hospitality and leisure sector must be a priority, especially when consumers are spending less due their own cost of living crisis.

There is strong frustration about the headlines of record profits for energy companies when some businesses are seeing an increase of almost 400% on their energy bills. Hoteliers are making the decision now whether they close for winter because it may be cheaper to do so. This has a detrimental effect not only on our tourism economy but the confidence in these establishment locally, especially when they provide local employment. Along with other trade organisations, Scottish and British Chambers of Commerce have repeatedly called for a cap on the fuel rates so businesses can have a small amount of comfort that they can budget and forward plan their operations. To date, sadly, these calls have been ignored. As the winter comes in we will find that people will go out for coffee to save putting the heating on at home, as businesses will need to heat their premises. However, we've already had reports from the hospitality industry of the average order value falling, people opting to share meals etc. This is not a sustainable business model and strong intervention from government is required to support the whole business community.

A large cost for businesses is non-domestic rates. This main tax on business is an unfair, outdated system needs to be reformed. Not addressing the issues will lead to longer systemic

problems. The costs are heavily influencing business actions, and the cliff edge of the small business bonus scheme is preventing investment and expansion.

The combination of the above linked with rising prices in raw materials, food, and labour is a storm that many businesses cannot weather.

Whilst we understand some of the issues fall with the UK Government and some are devolved to Scottish Government, we want to be clear that we believe unity and collaboration of both governments, along with an understanding of the reality of the business challenges, will be the only way to turn this around for the business community to enable them to prosper.

We remain available to discuss these matters with you at your convenience.

Yours Sincerely,



Sarah Medcraf
Chief Executive Officer
Moray Chamber of Commerce