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'One in four firms slash jobs due to windfall tax'

Chamber says shock figures show impact of oil and gas levy continues to hit hard in north-east

BY KELLY WILSON

A QUARTER of firms in the north-east have slashed their workforce in the last three months as the impact of the windfall tax continues to bite, an alarming new report reveals.

The huge losses are outlined in Aberdeen and Grampian Chamber of Commerce's (AGCC) latest quarterly economic survey.

The data shows 25% of companies across Aberdeen and Aberdeenshire axed jobs – up sharply from 16% over the same period last year and just 12% in 2023.

AGCC is again urging Chancellor Rachel Reeves to scrap the windfall tax in next month's Budget, arguing the levy on oil and gas profits is "undermining confidence and now threatening jobs".

Chamber chief executive Russell Borthwick said the north-east is "the engine room of the UK's energy economy" but warned the "engine is running on empty".

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One in four firms cutting jobs amid windfall tax woes

PRESSURE: Survey results show that taxation has overtaken inflation as the main concern for north-east businesses.

BY KELLY WILSON

A new report has revealed one in four north-east companies cut jobs in the last three months as the impact of the windfall tax continues to ripple through the economy.

The latest data has been released by Aberdeen and Grampian Chamber of Commerce (AGCC) in its quarterly economic survey.

It shows one in four firms (25%) across Aberdeen and Aberdeenshire axed jobs in the last three months – up sharply from 16% over the same period last year and just 12% in 2023.

AGCC is again urging Chancellor Rachel Reeves to scrap the Energy Profits Levy in next month's Budget, arguing that a stable, predictable and fair tax regime is essential to protect jobs and the supply chain required to deliver the energy transition.

Chief executive Russell Borthwick has called the north-east "the engine room of the UK's energy economy" but warned the "engine is running on empty".

He said: "This data shows a region that is holding its breath ahead of the Budget. Businesses are exhausted by constant policy shocks, rising costs and a tax regime that punishes enterprise.

"The Energy Profits Levy is driving away investment, undermining confidence and now threatening jobs – with one in four companies across our whole economy, not just energy, reducing headcount.

"The chancellor must use this Budget to scrap the EPL and replace it with a predictable, long-term framework that supports the UK's oil and gas sector and enables a just transition.

"The north-east remains the engine room of the UK's energy economy – but that engine is running on empty. We need stability, skills and stimulus, not surprise.

"Otherwise, the gulf between our region and the rest of the UK will only grow wider."

The survey shows confidence, sales and profitability all deteriorating.

Domestic sales are falling for 44% of local businesses – the lowest reading since early 2021 – and confidence in future turnover and profitability remains well below national levels.

Taxation has overtaken inflation as the No 1 concern for north-east businesses, with a record 77% of firms identifying it as a key barrier to growth – almost 20 points above the UK average.

Around just a third (34%) of north-east businesses expect turnover to rise over the next 12 months, compared with nearly half nationwide.

Almost one in two (46%) expect profitability to worsen – clear evidence that the region is being disproportionately affected by government policy and the decline in North Sea investment.

Findlay Anderson, Gilson Gray partner and head of corporate, who sponsor the survey, said: "The north-east's current economic state is not about capability – it's about confidence.

"The fundamentals are still here: world-class skills, energy expertise and a growing ecosystem of innovation around transition technologies.

"Yet businesses are increasingly struggling to translate that potential into growth because the conditions to plan, invest and believe in the future continue to be impacted by policy and regulation.

"The Energy Profits Levy has lingered long enough to erode investor confidence across the regional and national energy system and beyond.

"Combined with shifting fiscal signals and a patchwork of local and national regulation, it has created a landscape in which businesses cannot plan with confidence — and without confidence, capital stays on the sidelines or, worse still, finds new markets for investment elsewhere."

Roger Burnley will be a non-executive director at M&S.

Ex-Asda boss Burnley poised to join board at Marks & Spencer

Former Asda boss Roger Burnley is to join the board of Marks & Spencer.

Mr Burnley will become a non-executive director of the high street giant from December 1, the company told shareholders yesterday.

The retail veteran was the boss of Asda from 2017 until 2021, when he left the business following its £6.8 billion takeover by the Issa brothers and TDR Capital.

He was retail operations director at Sainsbury's before moving to Asda and is currently a non-executive director at Pets at Home.

Mr Burnley will become the latest supermarket heavyweight to join the business after former Sainsbury's boss Justin King stepped down earlier this year.

Mr King left in September after around six years on the board.

The appointment comes after a turbulent year for Marks & Spencer after it was hit by a major cyber attack which forced it to shut down online sales for around six weeks.

It said the attack cost the company around £300 million.

Mr Burnley said: "M&S is a much-loved brand which I have always admired as setting the standard in UK retail, and it is a privilege to be joining such an engaged board.

"Much progress has been made through the reshaping for growth strategy, but there remains so much opportunity, and I am looking forward to supporting the leadership team to capitalise on that in the years ahead."

Problems at WPP keep lid on FTSE 100 streak

The FTSE 100 extended its winning run to nine yesterday, recouping early hefty falls, despite fresh problems for advertising group WPP.

The index closed up just 3.92 points at 9,760.06, another record close.

The FTSE 250 ended down 171.99 points, 0.8%, at 22,276.28, and the AIM All-Share closed down 3.09 points, 0.4%, at 769.80.

WPP plunged 17% as it warned performance in the year to date was at the "low end of expectations" as it cut the company's outlook.

The London-based advertising agency firm said revenue in the third quarter fell 8.4% to £3.26 billion, and was down 3.5% on a like-for-like basis.

Revenue less pass-through costs slumped 11% to £2.46bn, falling 5.9% like-for-like.

The pound was quoted at $1.3149 at the time of the London equities close yesterday, lower compared to $1.3236 on Wednesday. The euro fell to $1.1565 from $1.1660.