Prismatic Wealth Limited, Prismatic House,
26 Falcon Court, Preston Farm Business Park,
Stockton on Tees, TS18 3TX

Tel: 01642 661600
Email: enquiries@prismaticwealth.co.uk
Web: www.prismaticwealth.co.uk

BUSINESS REVIEW

Spotlight on issues affecting business



- FIRMS STILL UPBEAT ON TRADING PROSPECTS
- CUSTOMS PROCEDURES HOLDING BACK EXPORTS
- QUARTER OF WORKFORCE ARE HYBRID WORKERS
- SUCCESSION PLANNING RISK FOR FAMILY FIRMS
- ACTIVE EMPLOYEES ARE MORE PRODUCTIVE
- OTHER NEWS

DECEMBER 2024

BUSINESS REVIEW

FIRMS STILL UPBEAT ON TRADING PROSPECTS

While data from the latest Lloyds Bank Business Barometer did reveal a further decline in the overall level of business sentiment, it also found that firms typically remain optimistic when it comes to their own trading prospects.

The headline confidence metric from the Bank's November survey fell to +41%, a three-percentage-point drop from the previous month and the lowest level since June. The figure did, however, remain comfortably above its long-term average of +29%. In addition, while optimism regarding the wider economy dropped noticeably, the proportion of firms that were positive about their own specific trading prospects actually increased.

Commenting on the findings, the commercial bank's Senior Economist Hann-Ju Ho said, *"These results suggest that while firms have mixed views about the economy, they see their businesses in a good place to cope with any challenges they might face. Overall, they show that businesses are still positive and feeling resilient, albeit with tempered views on the economic outlook."*

Another recently published survey also highlighted the continuing decline in economic optimism, with the Institute of Directors (IoD) Economic Confidence Index falling by 13 percentage points last month. This left the Index at -65 in November, its lowest level since April 2020.

CUSTOMS PROCEDURES HOLDING BACK EXPORTS

Research by the British Chambers of Commerce (BCC) shows that customs procedures remain a significant export stumbling block for many UK companies.

The survey of over 1,300 businesses sought to ascertain what firms view as the main barriers to trade, with customs procedures and documentation the top answer cited by 45% of respondents. Other key barriers that were commonly mentioned include export documentation (39%), regulations and standards (35%) and tariffs (33%).

Meanwhile, the IoD has expressed frustration over the government's decision to pause development of the Single Trade Window, a digital service designed to streamline border processes through a unified platform. The announcement was made in the aftermath of the Budget, with the Treasury citing financial constraints for the decision, with a further update promised during the next phase of its Spending Review in late Spring 2025.

IoD Trade Policy Advisor Emma Rowland said that *"paperwork remains the largest obstacle for organisations involved in international exports"* and that the Single Trade Window *"has the potential to significantly ease this administrative burden on firms, making importing and exporting more efficient."* She urged the government to prioritise the Single Trade Window in its Spending Review in order to *"facilitate trade for all UK companies."*

QUARTER OF WORKFORCE ARE HYBRID WORKERS

Figures published last month by the Office for National Statistics (ONS) have provided an insight into both the proportion and type of people currently following a hybrid working pattern.

Data from the ONS Opinions and Lifestyle Survey revealed that just over a quarter of all working adults in Great Britain were hybrid working in Autumn 2024. ONS said this shows that, while the proportion working only from home has fallen since the pandemic, a hybrid-working model has become the *'new normal'* for a sizeable minority of workers.

The survey did, however, highlight variations within the workforce between those able to benefit from greater flexibility and those whose jobs require them to be present at the workplace. For instance, older employees in more senior positions with higher qualifications were more commonly found to be taking advantage of hybrid working arrangements.

A frequently cited benefit of hybrid working is improved staff wellbeing, which partly stems from time saved not travelling into work. Indeed, the survey found that people who work from home saved an average 56 minutes a day from not commuting; this allowed them to spend 24 minutes more on 'sleep and rest' and 15 minutes more on 'exercise, sports and wellbeing.'

QUIRKY QUOTE:

"The office Christmas party is a great opportunity to catch up with people you haven't seen for 20 minutes"

— Julius Sharpe

SUCCESSION PLANNING RISK FOR FAMILY FIRMS

New research suggests that a lack of succession planning is putting a significant number of UK family-run businesses at risk.

Data from the survey conducted by STEP, the professional body for inheritance advisors, found that almost seven out of ten family business owners do not have a succession plan detailing who will run and own the business after their death. In addition, less than a third were found to have an up-to-date Will in place.

The most commonly cited reason for respondents not having a succession plan was that they simply had not got round to it even though they realised they should have one. The study also asked family business owners without a plan what would motivate them to put one in place, with key triggers found to be a significant change in their health, a desire to step back from the business, or when reaching a certain age such as 60.

STEP has warned that October's Budget changes could leave many family businesses, including farming families, facing an Inheritance Tax charge on death. This clearly heightens the need for a credible succession plan and STEP is encouraging all family business owners to talk about the issue and create an appropriate plan.

ACTIVE EMPLOYEES ARE MORE PRODUCTIVE

A survey undertaken by *TELUS Health* has revealed some notable variations in productivity for active workers compared to their more sedentary colleagues.

The global health and wellbeing provider's Mental Health Index monitors the mental health of employed people across a number of different countries. And data contained in its latest UK report revealed that physically active employees typically lose 12 fewer work days of productivity than their inactive counterparts.

Another key finding was that UK workers who are dissatisfied with their physical health tend to score significantly lower in terms of mental health and, on average, lose 23 more days of productivity annually than their satisfied colleagues. The study also found that workers perceiving poor employer support for their physical wellbeing typically lost 28 more work days of productivity annually.

Commenting on the findings, *TELUS Health* Senior Vice-President Paula Allen said, *"There is a clear link between physical activity, employer support and employee wellbeing. Supported, active employees have better mental health and higher productivity – outcomes for which every business owner strives. By integrating robust support systems and physical health and wellbeing programs into workplace culture, companies can create a more resilient, engaged and productive workforce."*

OTHER NEWS

ACCOUNTANTS HELP FIRMS BOOST REVENUES

A study published by *Intuit QuickBooks* has highlighted the impact professional accounting and bookkeeping services can have on small business revenues. The analysis suggests that small firms with access to accounting professionals typically achieve an 11.5% increase in revenue per year compared to those that don't. These gains were largely driven by improved financial management practices, which result in substantial time savings and enhanced decision-making capabilities.

SME ENVIRONMENTAL TARGET DIVIDE

Research released last month by the BCC has highlighted a notable divide among SMEs in relation to environmental targets. The survey found that 50% of firms with more than 50 employees had a recycling target while 45% had an energy consumption target; in comparison, the figures for firms with fewer than 50 employees were 35% and 25%, respectively. The BCC is encouraging more businesses to share best practice in this crucial area, as well as urging policymakers to provide more support to smaller firms.

SMALL FIRMS TURNING TO FREELANCERS

A recent poll of small business owners conducted by *1st Formations* shows that small firms are typically hiring freelancers rather than taking on permanent staff. This trend partly reflects current economic uncertainty, but also a desire to access a wider talent pool without geographical constraints in order to fill skills gaps.

‘GET BRITAIN WORKING’ WHITE PAPER

Last month, the government unveiled its ‘Get Britain Working’ White Paper, which it described as *‘the biggest reforms to employment support for a generation.’* The paper sets out a *‘fundamentally different’* approach to the employment support system in order to tackle the root causes of unemployment and inactivity, and better join up health skills and employment support based on local communities’ unique needs.

Among the key proposals were:

- Transforming the outdated Jobcentre system into a new national jobs and careers service, focused on people’s skills and careers instead of just monitoring and managing benefit claims
- Delivering a new Youth Guarantee so every young person has access to education or training to help them find a job and transforming the Apprenticeship Levy in England into a more flexible Growth and Skills Levy to expand opportunities for young people to develop skills and get into work
- Launching an independent review into how employers can be better supported to employ people with disabilities health conditions and to keep them in the workplace.



“Bringing more people back into the workforce is essential to tackle skills shortages and boost economic growth. Government and business need to work together to remove barriers for people who want to work. Healthy staff make healthy businesses, but delivery is key. It is important changes are made quickly and effectively, to help firms develop thriving workforces in the years to come.”

Jane Gratton, Deputy Director Public Policy at the BCC

“This is a start – but only a start – in fixing the pervasive poverty of ambition in the Jobcentre, health and other state systems when it comes to getting people back into work. Ministers have a huge job to persuade public institutions that work is good for health and that everyone who needs work should be helped to get a job or start-up in self-employment. To deliver on this policy agenda, government and small businesses must work in partnership to drive real change through the whole employment system and make sure the country is helping those who most need work.”

Tina McKenzie, Policy Chair at the Federation of Small Businesses

“Supporting people to get back into work and reduce long-term sickness absence is key to both growth and fostering opportunity for individuals. The government deserves credit for seeking to grip this critical challenge through the proposals set out in the White Paper. Employers have a key role to play in supporting the delivery of the government’s objectives. There’s no doubt that rising taxes and employment costs will make it more difficult for them to do so. That’s why it’s so important business and government work together to join the dots across the policy landscape in order for policy intent to translate into long-term impact.”

Matthew Percival, Work and Skills Director at the CBI

All details are correct at the time of writing (09 December 2024)

Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored advice and is for information purposes only. Some rules may vary in different parts of the UK. We cannot assume legal liability for any errors or omissions it might contain. Levels and bases of, and reliefs from, taxation are those currently applying or proposed and are subject to change; their value depends on individual circumstances. No part of this document may be reproduced in any manner without prior permission.