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# BUSINESS REVIEW

**Spotlight on issues  
affecting business**

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**JANUARY 2025**

# BUSINESS REVIEW

## SMALL FIRMS ARE PRIORITISING GROWTH

**A recent survey conducted by Novuna Business Finance shows the small business community finished last year in a resilient position with most firms keen to focus on new growth plans over the next 12 months.**

Data from the company's latest quarterly Business Barometer found that 81% of UK small businesses will be prioritising new initiatives to boost their overall growth prospects in 2025. The study also found that increasing new business sales (43%) and reducing fixed costs (24%) were the key areas business owners wanted to prioritise this year.

The research also revealed resilient growth forecasts, with 35% of small businesses saying they were experiencing quarterly growth during the final three months of last year. This means the percentage of enterprises predicting growth remained at a two-year high.

Regionally, the study reported a strong correlation between firms planning for growth and those experiencing a strong growth outlook. Small businesses in London (94%), the West Midlands (83%) and the North East (83%), for example, were the most likely to say they would be investing in growth projects this year; these were also the regions reporting a particularly strong upturn in growth forecasts during the final quarter of 2024.

## BCC SAYS EU TRADE RESET MUST DELIVER

**The British Chambers of Commerce (BCC) has set out the key issues it feels need to be addressed during the government's trade relations reset with the EU.**

In a report assessing the fourth year of Brexit, the BCC identifies a number of fresh challenges traders face as regulations continue to diverge. The report also contains data from a new BCC survey which the business group said highlights the urgency for a trade relations reset.

Overall, the poll found that only 15% of exporters think the Brexit deal is helping them grow sales with Europe, while 41% feel it is not helping. It also shows that customs procedures and documentation is the biggest barrier to exporting, and that almost half of businesses want the government to make it easier for UK staff to work in the EU and a quarter want mutual recognition of professional qualifications.

BCC Director General Shevaun Haviland said, *"The government has talked a lot about a new era of trade relations with the EU. We need to see a smart and flexible approach to these negotiations. Our businesses are clear on what they want to see; less paperwork and bureaucracy, greater flexibility on business travel and a balanced Youth Mobility Scheme between the UK and EU."*

## DESK SHORTAGE HINDERS 'RETURN TO OFFICE'

**Research conducted by Remit Consulting suggests a significant minority of employees are reluctant to work more frequently in the office due to a lack of desk space.**

Perhaps unsurprisingly, the survey found that the cost and hassle of commuting was the main reason British workers gave for avoiding the office, while noise and distraction levels were cited as key deterrents too. However, the research did find that a fifth of employees placed a shortage of desks and facilities among their top three reasons for staying away from the office.

The report's authors say this highlights how some firms cut back desk numbers too aggressively after the pandemic sparked a wave of home working and companies sought to reduce their office footprints in order to cut costs. A Remit spokesperson said the findings *"clearly merit further investigation"* and added that *"If this trend continues, it could suggest the shift towards prioritising meeting and breakout areas at the expense of individual desks may have been taken too far."*

Despite concerns over desk shortages, the survey also revealed that office occupancy rates have actually risen to their highest level since the survey began in May 2021, as firms increasingly encourage workers back to the office.

## QUIRKY QUOTE:

*"January is the beginning of a book with 365 blank pages. Write a good one"*

— Brad Paisley

## FAIR PAYMENT CODE TO TACKLE LATE PAYMENTS

**Last month the government launched the Fair Payment Code which has been designed to reward good payment practices and ensure small businesses are paid on time.**

Problems with late payments have long been a scourge for small businesses, with previously published research suggesting SMEs are typically owed around £22,000 a year. The new code aims to boost cash flow for small firms by tackling late payments and lengthy payment terms that can lead to financial strain or even business failure.

It will be overseen by the Small Business Commissioner Liz Barclay, and introduces a gold, silver, and bronze tiered system to help smaller firms identify reliable and trusted partners. Businesses can sign up to the code on the Small Business Commissioner website, with the gold tier being awarded to those firms who pay at least 95% of their invoices within 30 days.

Liz Barclay commented, *"The Fair Payment Code is our response to all those suppliers who begged for a more aspirational, robust and ambitious approach to changing the business-to-business payment culture in the UK. We want suppliers paid within 30 days with payment beyond the due date a rare event. This new Code will drive a better payments culture and benefit everyone."*

## 2025 WORKPLACE TRENDS

**Analysts at Instant Offices have used Google search data covering the last three months to predict trends that are likely to shape workplaces during 2025.**

Their analysis suggests the work landscape is set to be defined by a number of trends relating to wellbeing, with a strong focus on workplace culture, employee wellbeing and flexible work arrangements. For example, one of the key findings was a 131% rise in search terms relating to *'sexual harassment'*, which clearly highlights a pressing need to improve workplace culture.

Other words that saw a significant increase in search demand over the past three months were *'annual leave meaning'* and *'work burnout'*. Taken together, these trends suggest employers need to do more to help prevent burnout and ensure employees are taking regular annual leave in order to foster a healthier work-life balance.

Addressing negative workplace culture was identified as a likely key organisational challenge this year. Strategies for success in this area include: identifying underlying issues and root causes; setting clear expectations that align behaviours with organisational values; training managers to ensure they have the tools to foster a positive environment; encouraging employee feedback, and addressing toxic behaviours.

## OTHER NEWS

### CHANCELLOR COMMISSIONS SPRING FORECAST

The Chancellor has confirmed that the Office for Budget Responsibility (OBR) has been commissioned for an Economic and Fiscal Forecast which will be published on 26 March. This is in line with the Budget Responsibility and National Audit Act 2011 which requires the OBR to produce two forecasts each financial year. The Spring Forecast will be accompanied by a statement to Parliament from the Chancellor.

### SHOPPERS SUPPORTING LOCAL RETAILERS

New research commissioned by Smart Energy GB shows consumers were keen to support their local independent retailers in the run-up to Christmas. According to the survey of 2,000 shoppers, 47% of Brits were planning a visit to their local greengrocer, 42% said they would be buying local cheeses and 26% said they would be visiting local gift shops rather than buying all of their presents via the internet.

### FOUR-DAY WEEK APPEALS TO GEN Z

A survey conducted by Development Beyond Learning (DBL) shows strong support for the four-day workweek concept among Gen Zs. In total, the research found that 93% of Gen Zs feel a four-day week would make jobs more appealing to them. DBL said this finding highlights Gen Z's prioritisation of work-life balance and that innovative employers could look to *'attract early talent by reimaging the traditional workweek.'*

## GROWING DEMAND FOR EMPLOYEE WELLBEING BENEFITS



**A survey conducted by employee benefits technology provider Zest shows organisations have increased their investment in wellbeing benefits over the past year as employee demand for these services continues to grow.**

The research found that three-quarters of HR leaders said their business had increased investment in wellbeing benefits during the past 12 months, while a similar proportion said their organisation had introduced more mental or physical health benefits over the same time period. In addition, seven out of ten had noticed an increase in employee demand for wellbeing benefits in the past year.

However, despite rising levels of investment in this area, the survey found that less than half of all employees actually felt they were being offered more wellbeing benefits than a year ago. And, worryingly, more than four in ten employees rated their workplace benefits package as inadequate,

with younger workers most likely to feel this way.

The data also highlights the growing importance of benefits packages when employees are deciding on future roles. Almost two-thirds of employees, for instance, said company benefits had become more important to them when deciding where to work, while just under six out of ten said they would leave their current role if another company offered them a superior benefits package.

Zest CEO Matt Russell commented, *“Despite the vast majority of organisations investing heavily in wellbeing benefits, many employees still believe that their employer could do much more to support their mental and physical wellbeing. Employers not investing in their benefits packages or ensuring that the benefits on offer match the needs of employees will struggle to keep pace with competitors as the wellbeing revolution accelerates.”*

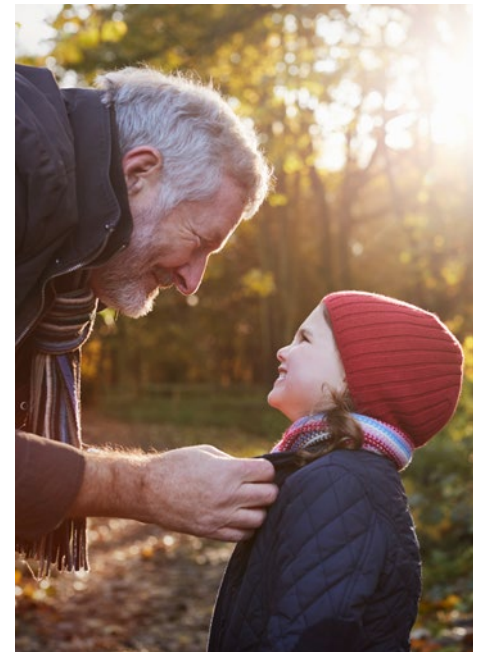
## YEAR-END STRESS PEAK

**Research from Workhuman has highlighted the heightened level of pressure workers can feel as a year-end approaches and how employers can improve staff wellbeing through recognition and support.**

Data from the company's latest Human Workplace Index shows that over a third of surveyed employees point to increased workloads and the push to meet year-end targets as significant sources of increased stress. A further contributor to rising year-end stress levels was an inability to disconnect from work over the festive period, with almost a fifth of employees saying they took less time off than they would have liked due to heavy workloads.

The research does, however, suggest that public appreciation from colleagues can play a vital role in reducing levels of stress, with six out of ten employees saying it helps them manage the strain of meeting year-end goals.

Commenting on the findings, Workhuman Senior Vice President Niamh Graham said, *“At a time when employees overwhelmingly cite increased pressure and intensity as the biggest challenges to productivity, recognition offers a simple, meaningful way for organisations to support their teams and boost morale.”*



### QUIRKY QUOTE:

*“JANUARY, The first month of the year. A perfect time to start all over again, changing energies and deserting old moods, new beginnings, new attitudes”*

— Charmaine J. Forde

**All details are correct at the time of writing (10 January 2025)**

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