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BUSINESS REVIEW

Spotlight on issues affecting business



- SURVEY SHOWS RISE IN BUSINESS CONFIDENCE
- CALLS TO IMPROVE FINANCIAL ACCESS
- ELECTRONIC INVOICING CONSULTATION
- STUDENTS YEARN FOR THE OFFICE LIFE
- WOMEN ARE WORKING 48 DAYS FOR FREE
- OTHER NEWS

MARCH 2025



BUSINESS REVIEW

SURVEY SHOWS RISE IN BUSINESS CONFIDENCE

Data from last month's Lloyds Bank Business Barometer revealed a notable recovery in business sentiment, largely driven by firms taking a brighter view of economic prospects.

The bank's latest survey of 1,200 companies was conducted between 3–17 February and struck a noticeably more upbeat tone than other recently released gauges of business optimism. The headline figure rose by 12 percentage points from January's reading, reversing much of the previous five months' decline, and leaving the overall business confidence index at +49%, its highest level since August.

Firms' increased optimism in the economy was a key driver of this rebound, with the net balance for this metric rising 18 percentage points to +42%, the largest monthly increase since late 2020. Firms' views of their own trading prospects also remained strong, with its net balance rising by six percentage points to +57%.

Commenting on the findings, the commercial bank's Senior Economist Hann-Ju Ho said, *"The rise in business confidence demonstrates the resilience of UK businesses and their ability to navigate challenges, such as rising costs and uncertainty. To sustain this positive momentum, it is important that businesses continue to innovate and adapt, ensuring they remain competitive and resilient to future challenges."*

CALLS TO IMPROVE FINANCIAL ACCESS

The Federation of Small Businesses (FSB) has called for the introduction of measures to improve entrepreneurs' access to financial products which, it argues, would encourage more people to launch small businesses.

Recently published FSB research suggests a quarter of entrepreneurs believe being self-employed made it more difficult for them to obtain a mortgage, while those who did secure one say they typically faced higher rates and less favourable terms. In addition, over a third said they do not contribute to a pension, largely due to cashflow constraints.

The FSB has put forward recommendations to improve access, including: introduction of standardised documentation requirements to simplify the mortgage application process for the self-employed; personal guarantees placed within scope of the Financial Conduct Authority's (FCA) Consumer Duty to deter their over-use by lenders, and a commitment to maintain Entrepreneurs' Relief in the long run.

FSB Policy Chair Tina McKenzie said, *"People who decide to take a leap into the unknown by embracing entrepreneurship are taking on many risks – not least that of no longer being able to rely on a secure income. The impact of this should be minimised to encourage more people to take the leap without worrying that they will be locked out of common financial milestones."*

ELECTRONIC INVOICING CONSULTATION

Last month, HMRC and the Department for Business and Trade (DBT) jointly launched a consultation seeking views on how to standardise electronic invoicing (e-invoicing) and increase its adoption across UK businesses and the public sector.

E-invoicing refers to the digital exchange of invoice information directly between buyers' and suppliers' financial systems, even in cases where these systems are different. The government believes increased e-invoicing uptake could help support economic growth and improve business productivity.

Specifically, it argues that widespread adoption would bring a range of benefits to businesses. These include: less paperwork; a reduction in invoicing errors; speedier payments; improved cash flow; a reduction in fraud risk; simplified tax administration and improved accuracy of tax returns. It does, however, acknowledge that any transition will require changes to existing business practices and is therefore keen to understand the full implications of this for businesses across the UK.

HMRC and the DBT have stressed that they would like to hear opinions from businesses of all sizes, including firms that currently use e-invoicing and those that do not, as well as interest groups, representative bodies, industry bodies and individuals. The deadline for comment is 11:59pm on 7 May 2025.



QUIRKY QUOTE:

"By working faithfully eight hours a day you may eventually get to be boss and work twelve hours a day"

— Robert Frost

STUDENTS YEARN FOR THE OFFICE LIFE

Research conducted by UNiDAYS suggests UK students are typically eager to experience traditional office life when securing their first job after graduation.

According to the survey of over 700 students, two-thirds stated that a physical office is either very or somewhat important to them when considering where to start their career. A key factor drawing students to the office is the opportunity for face-to-face interactions, with just over a third citing the ability to meet colleagues in person as the main benefit of office working.

With a growing number of big-name employers rolling out return to office policies, the research suggests such a move may only have a relatively limited impact on recruiting the next intake of graduates. Indeed, almost half of surveyed students said they would still apply for a job even if it required attendance in the office five days a week, with a further fifth not expressing a strong view either way on this issue.

However, while the findings do certainly highlight a desire for newly graduated students to experience office life, the research did find that even this group still value the flexibility work-from-home policies can afford, with over half of all respondents stating a preference for hybrid working.

WOMEN ARE WORKING 48 DAYS FOR FREE

New analysis from the Trades Union Congress (TUC) shows that the gender pay gap remains stubbornly high, although there are hopes that a number of factors might help to close the gap over the coming years.

The TUC's calculations, which were based on the median hourly pay for all male and female employees using data from ONS' Annual Survey of Hours and Earnings, show that the overall gender pay gap currently stands at 13.1%. This means that the average woman effectively works almost seven weeks of the year unpaid in comparison to their male counterparts.

However, the TUC believes the government's Employment Rights Bill will help close the gap by introducing a right to sick pay from day one and banning exploitative practices like zero-hours contracts that tend to hit women the hardest. Additionally, it argues that government policy to make employers publish action plans for tackling their gender pay gaps could make a real difference too.

TUC General Secretary Paul Nowak said, *"Everyone should be paid fairly for the job that they do, but working women are still waiting for pay parity. Women contribute so much to our economy; they don't deserve to be treated like second-class workers."*

OTHER NEWS

SMALL FIRMS CALL FOR APPRENTICE INCENTIVE

An FSB survey suggests that increasing the financial incentive for small businesses to employ an apprentice could significantly boost uptake. In total, the research found that almost half of all small firms said that reintroducing a £3,000 incentive would encourage them to take on apprentices. In addition, almost three-quarters of those small businesses that currently employ an apprentice said such a financial incentive could lead to them taking on more in the future.

'HELP FOR HUSTLES' CAMPAIGN

Last month, HMRC launched its *'Help for Hustles'* campaign to ensure that people who are earning extra income fully understand their tax obligations. HMRC is encouraging anyone generating more than £1,000 from a side hustle to check their tax position using a newly designed and easy-to-use guide that can be found at: taxhelpforhustles.campaign.gov.uk.

ALMOST A THIRD OF JOB SEEKERS ADMIT TO LYING

Research conducted by Tapt shows that nearly a third of all UK job seekers admit to lying during the job search process. Among the most commonly told lies were: reason for leaving previous employer; current salary; employment dates; previous responsibilities; educational qualifications, and previous job title(s). The survey also suggests women are more likely to lie during a job interview than men, while younger candidates were more inclined to bend the truth than older interviewees.

HEALTH AND WELLBEING FOCUS SET TO RISE



A recent survey conducted by Towergate Employee Benefits suggests employers are planning to boost health and wellbeing initiatives with support set to be targeted in an increasingly sophisticated way.

In total, the research found that 62% of employers said they expect to increase their focus on supporting the health and wellbeing of employees over the coming 12 months. The survey also revealed that delivery of this support is set to become more targeted towards specific needs and groups within a business. For instance:

- 58% of employers said they plan to increase the focus on targeting support according to the needs of their workforce
- 52% said they are looking to target support by age
- 52% said they are set to focus on offering gender-specific benefits to employees.

Commenting on the survey, Debra Clark, Head of Wellbeing at Towergate Employee Benefits, said, *"It's great to see employers targeting support precisely where it is needed; this analytical approach to health and wellbeing can be a very successful way to ensure support benefits both the workforce and the business."*

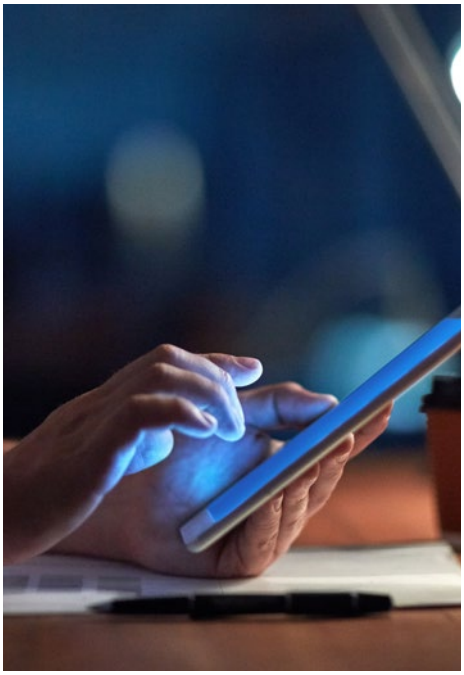
"The challenge now is for employers to ensure they have the best possible understanding of what their employees actually need, so that support can be directed to the greatest effect. With so many possibilities in terms of what support is available, employers need to take time to understand their workforce so that they can determine where support will be most effectual and valued."

SMEs PRIORITISING WELLBEING

Research conducted by Skipton Business Finance has found that a greater proportion of small firms expect to prioritise investment in employee wellbeing compared to both product development and tech growth in the next 12 months.

The survey of around 1,000 SME business owners and key decision-makers revealed that employee wellbeing was ranked as the top area for investment by 27% of respondents; this was followed by product development (20%), technology innovation (16%) and recruitment of top talent (12%). The research also reported a renewed sense of business optimism among the SME sector, with 75% of respondents saying they were more positive about the year ahead compared to 2024.

Matthew Shepherd, Chief Commercial Officer at Skipton Business Finance, said, *"Our survey results highlight the resilience of UK business owners and it's great to see that above all, employee wellbeing is a priority. Happier and healthier colleagues in an employee-first environment are key to maintaining staff levels and can have a huge impact on the overall success and customer service levels of a business."*



All details are correct at the time of writing (11 March 2025)

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