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BUSINESS REVIEW

Spotlight on issues affecting business



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SEPTEMBER 2025



BUSINESS REVIEW

Small firms confident about the future

Recently released research commissioned by Uswitch has found that a majority of small firms are optimistic about their short-term growth prospects.

According to the survey of 1,000 small business owners, six out of 10 firms believe their turnover will grow in the next three months, with almost a third of those businesses predicting a significant level of growth. In contrast, just one in seven respondents said their turnover is likely to decline, while a quarter of firms expect turnover to remain around current levels.

The research did highlight a notable disparity across the age groups, with younger entrepreneurs more confident than their older counterparts. Indeed, while more than eight out of 10 respondents in the 18 to 34 age bracket believe their firm's turnover will grow in the next three months, only three in 10 over-55s expect to see growth, with a quarter of the older age group actually predicting a decline.

Another survey released towards the end of last month also reported strong levels of business optimism, with the Lloyds Bank Business Barometer headline index rising to its highest figure since late 2015. This growth in the overall level of business confidence was driven by strong expectations for companies' own trading prospects.

Supporting young people into work

The Federation of Small Businesses (FSB) has called on the government to do more to open up routes into work, training or entrepreneurship for young people.

This intervention came in response to news that the number of 16 to 24-year-olds not in education, employment or training has now reached 948,000. This represents a 25,000 increase from the first quarter of the year.

The business group has put forward a number of measures it believes could help 100,000 young people per year find a job or launch a business. These include: a New Traders Allowance to support young people transition into entrepreneurship; a new scheme based on the Future Jobs Fund to help those at risk of long-term health related inactivity into work, and a £3,000 incentive to encourage small firms to hire apprentices under 25.

FSB Policy Chair Tina McKenzie said, *"We know that ambition amongst young people is there, but it needs to be recognised and nurtured, otherwise we're letting ambition and talent wither away purely because the routes into work or training aren't clear enough. This is about giving the next generation the tools to build something of their own, so today's young people can be tomorrow's grafters."*

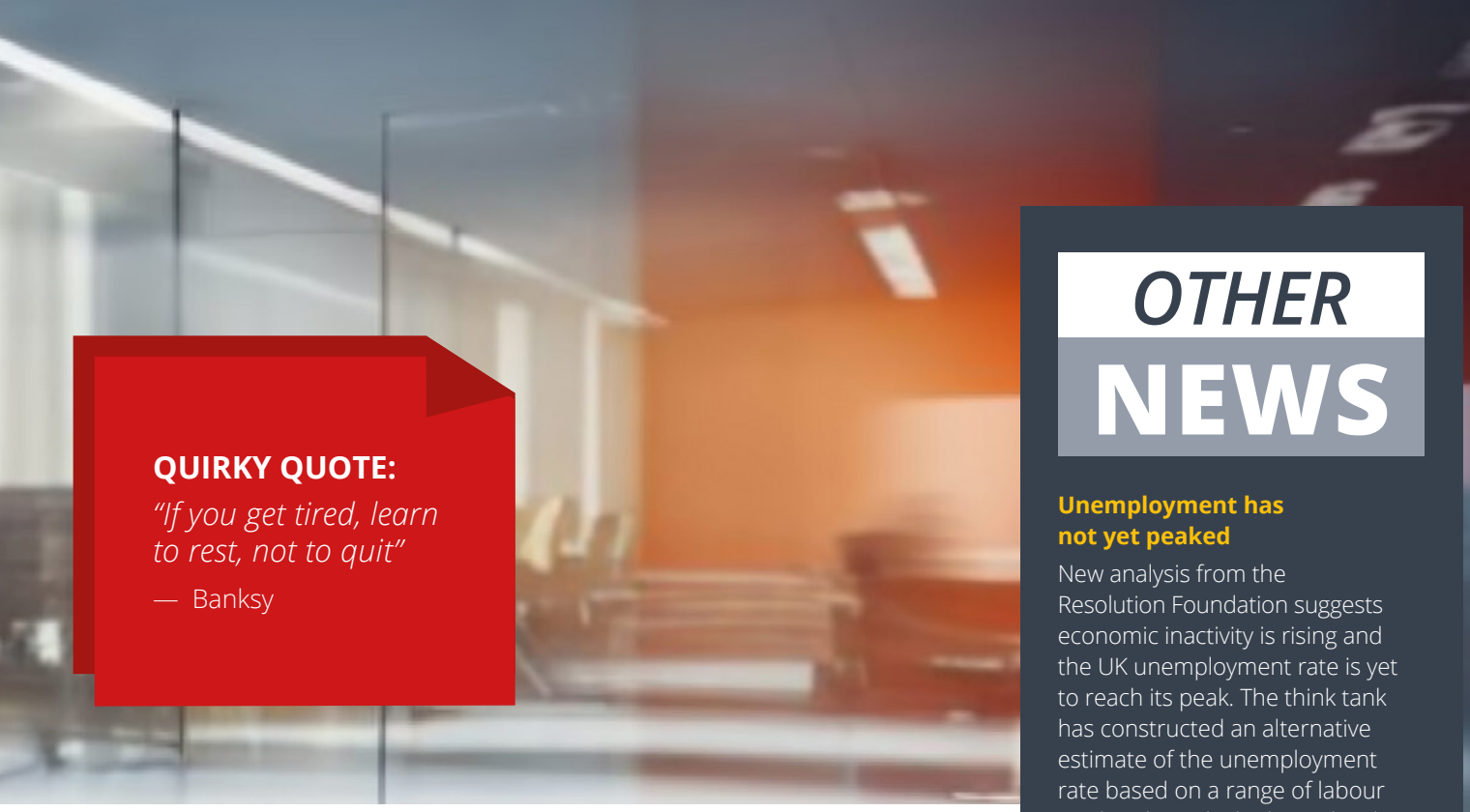
Office return varies by sector

Research published last month by the British Chambers of Commerce (BCC) highlights a clear trend towards more UK firms requiring full on-site working although the picture is by no means uniform.

According to the survey of 583 businesses, more than four out of 10 firms have increased their requirement for on-site working over the past year; and, looking ahead, nearly half expect all working days to be in-person within the next 12 months. Interestingly, this latter figure was much higher than polling from 2023, which found just over a quarter of firms were predicting their staff would be fully in-person within the next five years.

The data did though reveal significant variation in sectoral attitudes. For instance, while more than six in 10 manufacturers and consumer-facing businesses expect their staff to return to the workplace full-time during the next year, only around a quarter of business-to-business service companies planned to do the same.

BCC Director of Public Policy Jane Gratton said, *"Hybrid working has become a fixture of modern working life since the pandemic and is valued by employers and their workforce... but it does not suit everyone and, for some firms, a full on-site model may be the best solution for the business."*



QUIRKY QUOTE:

"If you get tired, learn to rest, not to quit"

— Banksy

Identity verification for company directors

A new identity verification process is being introduced for company directors as part of reforms under the Economic Crime and Corporate Transparency Act, which aims to crack down on fraud and strengthen corporate transparency.

The rule change, which is due to come into effect from 18 November, will require all new company directors and people with significant control to verify their identity with Companies House before registration. This rule also extends to new members forming a limited liability partnership.

Existing directors will have 12 months to complete their verification, with checks due to be requested as part of the annual confirmation statement filing process. This will require all directors to verify their identity before a company's confirmation statement can actually be submitted. So, if a company's confirmation statement is due on 30 June 2026, all directors must be verified by that date.

In addition, voluntary verification is currently available for any individuals wishing to complete the process now. This can be done via the 'Verify your identity for Companies House' service using a GOV.UK One Login account and uploading official photo ID, or through an Authorised Corporate Service Provider, such as an accountant or solicitor.

Is September the new January?

Analysis by all-in-one employee benefits platform YuLife suggests September, and not January, should be viewed as the best reset month for workplace wellbeing.

The study, which was based on anonymised engagement data from 35,000 YuLife users, found that employee fitness activity rose by almost a fifth in September as people sought to restart healthy routines after the summer break. While this rise was less than January's comparable figure, the autumn reset was found to be more consistent and sustainable, as engagement in the new year typically falls away sharply by February.

These findings suggest September should be recognised as a key month for behaviour change, providing an ideal time for employers to launch wellbeing initiatives, support better work-life balance and encourage lasting employee engagement in order to promote healthier, more resilient teams.

Katie Howarth, YuLife's Head of People, commented, *"While January gets all the attention, our data shows the autumn reset is just as important, and in many ways more sustainable. Employers who act in September can help staff build habits that don't fade after a few weeks, but carry through the year. The companies that recognise this cycle will see stronger engagement and healthier outcomes across their workforce."*

OTHER NEWS

Unemployment has not yet peaked

New analysis from the Resolution Foundation suggests economic inactivity is rising and the UK unemployment rate is yet to reach its peak. The think tank has constructed an alternative estimate of the unemployment rate based on a range of labour market data which aligns closely with official figures. However, the Resolution Foundation uses more recent data on payroll jobs, vacancies and wage growth to create its estimate which suggests the official rate will have continued to rise over the summer months.

BCC inflation warning

The BCC believes *'inflation warning lights continue to flash'* following last month's release of official data which came in above most analysts' forecasts. The BCC also noted that its own surveys showed inflation remained a real concern for over half of all SMEs and called on the Chancellor not to introduce any new tax rises on business in the Autumn Budget.

Budget date announced

Chancellor Rachel Reeves has confirmed she will deliver her Autumn Budget on Wednesday 26 November. Announcing the date, Ms Reeves admitted the UK economy was *"not working well enough for working people"* and said *"that has to change."* Economists have warned the Chancellor will need to raise taxes or cut spending in order to maintain her self-imposed fiscal rules.

SURVEY SHOWS WORKPLACE WELLBEING TAKES CENTRE STAGE FOR MANAGERS



A survey of UK managers has offered an insight into what's on the minds of business leaders, with wellbeing taking centre stage.

The 'Secrets from a Coach' podcast has shared findings from its 2025 *Wellbeing at Work Survey*. When it comes to self-care, nearly three-quarters (73%) of respondents make an effort to go outside once a day, while 58% look after themselves by eating regularly and exercising. Promisingly, many managers feel confident handling conversations about mental health, potentially indicating that we are slowly breaking the taboo surrounding wellbeing at work.

Managers were asked what prevents them from supporting their teams during difficult periods. In response, 58% said overwhelming workloads, 53% cited time pressures and 30% said there was a lack of support from senior leadership. Moreover, the biggest barrier to working well as a team was an air of pessimism, with 23% finding this a challenge. Other top concerns were a lack of engagement in business vision and weak professional relationships (both at 22%).

The survey also asked managers about their feelings regarding artificial intelligence (AI). Responses showed a mix of attitudes, with 33% feeling cautious, 38% optimistic and 27% concerned. This implies that leaders are remaining level-headed about the use of AI.

WILL IN-PERSON RECOGNITION SURGE IN THE AI ERA?

Employee recognition programmes are being transformed by AI, with personalised rewards systems and automated 'thank you' emails. However, research has highlighted the importance of keeping hold of the human element.

Employee recognition specialist, O.C. Tanner, asked workers what makes recognition meaningful in the age of AI. While 55% of respondents believed that AI could improve the recognition experience, 63% were concerned that technology would make it feel less personal. Employees therefore emphasised the importance of human connection, with 75% saying they would like someone from their organisation taking the time to thank them for their help or support. Meanwhile, 74% would value a personalised message of appreciation, while 69% would like a celebration with others being recognised.

European Managing Director at O.C. Tanner, Robert Ordever, commented on the findings:

"Technologies, including AI, are crucial to the success of employee recognition programmes. However, recognition technologies must never replace the human element of recognition, but must be used wisely to enhance the effectiveness and inclusivity of appreciation giving. It's clear that employees crave the person-to-person element of recognition and this will only increase in importance as the world becomes more automated."

All details are correct at the time of writing (9 September 2025)

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