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BUSINESS REVIEW

Spotlight on issues
affecting business

- ▶ **SMALL BUSINESS CONFIDENCE REMAINS SOLID**
- ▶ **THE GREAT RESIGNATION**
- ▶ **WHAT ATTRACTS UK TALENT?**
- ▶ **EMPLOYEE BURNOUT FEARS**
- ▶ **COSTS WEIGH ON SUSTAINABILITY INTENTIONS**
- ▶ **OTHER NEWS**

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A blue-toned photograph of business professionals in an office setting, overlaid with a network of glowing white lines and nodes, suggesting a digital or interconnected business environment.

BUSINESS REVIEW

SMALL BUSINESS CONFIDENCE REMAINS SOLID

Data from Hitachi Capital Business Finance's latest *Business Barometer* suggests UK small firms are in relatively good shape, despite current pressures relating to transport disruption and labour shortages.

Following a Spring bounce-back in optimism, the latest figures highlight a new-found sense of stability for many small businesses following the difficulties experienced during lockdown. Overall, 35% of business owners forecast growth over the next three months, while the number of enterprises predicting 'no change' in their business outlook has risen across each quarter this year to stand at a new high of 52%.

The fear of business failure was relatively widespread during the early stages of the pandemic, with 29% of small firms suggesting they could close within three months. The comparable figure now, however, stands at just 5%.

Commenting on the survey, Hitachi Capital Business Finance, Head of Insight, Joanna Morris said, "Our latest findings present an emphatic endorsement of the crucial role the small business community plays to the economy and society at large. Having experienced difficulty during lockdown, many have found ways to adapt and grow in the last year. The overall picture is one of remarkable solidity when faced with a volatile market."

THE GREAT RESIGNATION

Research by recruitment agency Randstad UK suggests a significant proportion of the UK workforce feel ready and able to change jobs in the next few months.

The survey of over 6,000 adults found that 69% of employees feel confident to move to a new role, while only 16% would be worried about trying to do so. The study also found that 24% of employees are actively planning to shift jobs in the next three to six months.

This situation partly reflects strong demand for workers and soaring levels of job vacancies, but is also a consequence of the pandemic, which has seen some workers stuck in roles they don't want for the past 18 months. These two factors mean many employees now want, and feel able, to move jobs.

Randstad UK CEO Victoria Short commented, "*The Great Resignation is here. The pandemic has changed how some people think about life, work and what they want out of both. It's made people step back and rethink their lives. COVID has reminded them that life is too short – and the number of vacancies means that not only do they want to change one of the key aspects of their life – their jobs – they can.*"

WHAT ATTRACTS UK TALENT?

A new study has identified the most appealing benefits firms can offer when creating employee packages capable of recruiting fresh talent and retaining existing staff.

According to a *Beeliked* survey of 1,000 UK workers aged 30 or under, the most requested employee benefit is monetary reward. In total, 37% of respondents cited financial bonuses as the best incentive for hard work, with employees in their late 20s, female workers, and those in the Yorkshire area, particularly likely to prioritise financial incentives.

Increased paid leave allowance, additional 'early-finish' days and wellness related packages were found to be the second, third and fourth most popular benefits. Interestingly, respondents new to the workplace were most likely to favour these types of incentive, which suggests packages offering a good work-life balance and wellness features will be a particularly attractive proposition to the generation currently entering the jobs market.

The next most commonly cited benefits were company dinners and social events, which shows the 'work hard play hard' mantra remains an important element when planning company incentives. Such events can also be a successful way of creating a bond amongst team members as well as providing an important opportunity to celebrate achievements and special occasions.

OTHER NEWS

QUIRKY QUOTE:

"In the business world, everyone is paid in two coins: cash and experience. Take the experience first; the cash will come later"

— Harold Geneen

EMPLOYEE BURNOUT FEARS

Employers are being warned to look out for signs of 'burnout' among their staff as data reveals a surge in employee demand for support due to work-related stress.

Mental Health UK describes burnout as 'a state of physical and emotional exhaustion' which can occur when people experience long-term stress in their job or when someone has worked in a physically or emotionally draining role for a long time. Common signs include: feeling tired or drained most of the time; having a cynical or negative outlook; feeling overwhelmed; self-doubt and procrastinating.

The risk of suffering employee burnout has heightened during the pandemic. Research conducted by Perkbox, for example, revealed that 92% of UK GPs reported a rise in people seeking help for work-related stress since the pandemic began. Google search data shows a 221% increase in searches for 'signs of burnout' over the last three months.

With the winter period likely to see a further surge in the incidence of employee burnout, employers are being encouraged to look out for early warning signs and put preventions in place. This could include practical support to help employees better manage their workloads or policies such as turning off email servers outside of working hours.

COSTS WEIGH ON SUSTAINABILITY INTENTIONS

A report published by the Federation of Small Businesses (FSB) shows that small firms are keen to become more sustainable and achieve net zero status but require 'smart and supportive policies' to help them get there.

Data from a 1,200-strong poll conducted for the report, found that 56% of small firms believe the planet is facing a climate crisis. However, it also found that just 36% have established a formal plan to combat climate change within their business.

The report also revealed how costs associated with going green are impacting small firms' ability to become more sustainable. For example, 24% of firms yet to take action are worried about return on investment, while 22% lack sufficient capital to invest in assets such as heat pumps and solar panels.

FSB National Chair Mike Cherry said, "Adopting sustainable practices on the journey to net zero is everyone's duty. Small businesses are keen to play their part, but often don't have the resources, deep pockets and dedicated specialists enjoyed by their larger counterparts, so can find identifying and taking the necessary steps a challenge. If we are to successfully transition to net zero, it'll be through grassroots action, enabled by smart and supportive policies."

GIG ECONOMY WORKFORCE TRIPLES

New research published by the Trades Union Congress shows that the gig economy has spread further into the world of work. The study found that around three in 20 working adults currently work via gig economy platforms at least once a week, compared to one in 20 five years ago. That amounts to 4.4 million people who now regularly find work through online platforms in England and Wales.

SLOW RETURN TO THE OFFICE

A survey conducted by Call Centre Helper and Sensée suggests UK businesses have been relatively slow to move employees back to the office. In total, just 20% of businesses responding to the poll said that between 76 and 100% of employees had returned to the office since lockdown ended, while 43% said between zero and 25% of employees were now back in the office.

RATE RISE HINT

The Bank of England left interest rates unchanged at a record low of 0.1% following the latest meeting of its Monetary Policy Committee in early November. However, Bank Governor Andrew Bailey described the decision as a "close call" and signalled that rates would need to rise in the "coming months" in order to bring inflation back down to the Bank's target level of 2%.

Autumn Budget 2021

On 27 October, Chancellor Rishi Sunak delivered his third Budget along with the results of his Spending Review.

Among the key business-related measures and spending commitments either announced or confirmed during his speech were:

- A 50% business rates discount for companies in the retail, hospitality and leisure sectors, up to a maximum of £110,000
- Business rates multiplier to be frozen in 2022/23 (equivalent to a tax cut worth £4.6bn over the next five years)
- A new business rates relief designed to support companies investing in their premises
- National Living Wage for individuals aged 23 and over to increase from £8.91 to £9.50 an hour from 1 April 2022
- £3bn 'skills revolution' to fund education and training opportunities in support of government efforts to build a 'high-wage economy'
- An 'infrastructure revolution' including promised improvements to local roads that could result in more jobs across construction, transport and engineering
- Planned reforms to Research and Development (R&D) tax reliefs for companies.

Business reaction

Tony Danker, Director General of the Confederation of British Industry

"The Chancellor has shown a genuine willingness to listen to business with measures that will get firms innovating and help the economy to grow. It takes several positive steps forward, but isn't bold enough to deliver the high investment, high productivity economy the government seeks."

"The crucial test for this Budget was whether it gave business the confidence to invest. The Chancellor's business rates and R&D tax credit reforms are welcome but with hefty hikes in other taxation on the horizon, that may not be enough to convince business leaders to press go on their plans for growth."

Kitty Ussher, Chief Economist at the Institute of Directors

Shevaun Haviland, Director-General of the British Chambers of Commerce

"There is much to welcome in this Budget for business communities across the UK. The Chancellor has listened to Chambers' long-standing calls for changes to the business rates system and this will be good news for many firms. However, these changes must be the start, rather than the end point of the reforms to this broken system."

"This Budget has delivered some measures that should help to arrest the current decline in small business confidence. But, against a backdrop of spiralling costs, supply chain disruption and labour shortages, is there enough here to deliver the government's vision for a low-tax, high-productivity economy? Unfortunately not."

Mike Cherry, National Chair of the Federation of Small Businesses

All details are correct at the time of writing (11 November 2021)

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