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# BUSINESS REVIEW

Spotlight on issues  
affecting business

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# BUSINESS REVIEW

## GROWTH ASPIRATIONS AT PRE-PANDEMIC LEVEL

**Data from a Federation of Small Businesses (FSB) survey suggests growth aspirations across the small business community are now back at pre-pandemic levels.**

The latest FSB Small Business Index found that 54% of the 1,271 UK small firms polled expect to grow in 2022. This figure was four percentage points higher than the equivalent proportion of businesses forecasting growth during the final quarter of 2019 when the pandemic had yet to impact commercial activity.

However, while small firms are looking to grow, the survey also found that skills shortages and increasing cost burdens could ultimately hold them back. In total, 33% of surveyed firms said a lack of appropriately skilled staff represents a substantial barrier to growth, while 78% stated that operating costs were rising, a seven-year high for this particular question.

Commenting on the findings, FSB National Chair Mike Cherry, said, *"After two years of turmoil, in which firms have once again shown their adaptability and resilience, the small business community stands ready to spur our economic recovery. Their optimism is, however, hampered by spiralling inflation, labour shortages and looming tax grabs. The growth intentions are there, but we need the right support to turn vision into reality."*

## CALLS TO SCRAP NATIONAL INSURANCE RISE

**Over the past few weeks, a plethora of business groups have all urged the Chancellor to reconsider April's planned hike in National Insurance contributions.**

The government's plans will see employees, employers and the self-employed all pay 1.25 percentage points more from 6 April 2022. In a united front, the Prime Minister and Chancellor jointly penned an article published on 30 January in the Sunday Times insisting this was *"the right plan"* and that the increase *"must go ahead."*

Business groups, however, have also been united in condemnation. The Confederation of British Industry (CBI) said the rise will place a further squeeze on budgets and risks stunting economic growth, while the Institute of Directors urged the Chancellor to rethink the plan which it dubbed a *'jobs tax.'*

The FSB has also stated its strong opposition saying the *'regressive tax hike'* could *'spell the end for a lot of small firms'*, while the British Chambers of Commerce (BCC) recently called for the increase to be postponed for at least a year. The BCC also warned that firms are facing a *'cost-of-doing-business crisis'* and called on the Chancellor to implement further measures to support the business sector.

## GOVERNMENT FUNDING SCHEMES

**The government's *Help to Grow: Digital scheme*, which provides smaller businesses with support in adopting digital technologies, recently opened for applications.**

Under the scheme, UK-registered firms with between five and 249 employees who have been trading for over 12 months and are purchasing software for the first time, can apply for discounts of up to £5,000 off the retail price of digital accounting or Customer Relationship Management (CRM) software from approved suppliers. The scheme also allows businesses to access practical, specialised support and advice on how to choose the right digital technologies to boost their growth and productivity.

The government has also announced details of a £50m financial support package for the creative industries. This includes £21m to help the UK film industry build on its international success through a three-year UK Global Screen Fund; £18m to support innovative creative businesses outside of London, and £8m to help entrepreneurial, start-up video game developers create new games.

Culture Secretary Nadine Dorries described the UK's creative industries as *"truly world class"* and said the funding demonstrates the government's commitment to supporting their innovative work. She also said the funding would help businesses expand and create job opportunities right across the country.

## OTHER NEWS

### QUIRKY QUOTE:

*"Here's some simple advice: Always be yourself. Never take yourself too seriously. And beware of advice from experts, pigs and members of Parliament"*

— Kermit the Frog

### TAKE FIVE TO STOP FRAUD

**UK Finance has warned businesses to be alert to targeted scams as data shows a significant increase in the incidence of such crimes over the past year.**

Research recently released by accountancy and business advisory firm BDO suggests eight out of ten mid-sized UK businesses experienced fraudulent activity last year, with over a third reporting an increase in fraud over the past 12 months. The survey also found average losses totalled £223,000, with professional services, leisure and finance sectors the hardest hit.

Data from UK Finance shows businesses collectively lost £59m to scams across the first half of 2021. The trade association's *Take Five to Stop Fraud* campaign urges firms to remember that criminals are experts at impersonating people and supplier organisations, and encourages companies to 'Stop, Challenge, Protect' before they act in order to ensure they don't fall victim to fraudsters.

Katy Worobec, UK Finance's Managing Director of Economic Crime, said, "Businesses should make it a priority to be wary of any unexpected contact requesting an urgent payment. The banking industry is tackling fraud on every front, but it's important for businesses to always stay alert and when in doubt, remember the advice of the *Take Five to Stop Fraud* campaign."

### BRITS FEEL BUSINESSES 'OUT OF TOUCH'

**A recent survey suggests a majority of the British public believe companies are 'out of touch' and should focus on their employees and customers rather than wider social issues.**

The research conducted by advisory firms Hanbury Strategy and Stack Data Strategy found that most Brits feel businesses do not understand or reflect their priorities. In total, when asked about issues British companies choose to focus on, 56% of respondents agreed businesses were 'out of touch' with what matters to British people.

Specifically in relation to environmental, social and governance (ESG) issues, just over a quarter of respondents agreed that they should be a priority for businesses. However, a larger proportion (30%) felt focusing on such issues was a distraction from an organisation's core business purposes, while more than four in ten said firms should prioritise their employees and customers over addressing ESG issues.

Furthermore, just three in ten respondents said they wanted company bosses to highlight social issues such as diversity or climate change when making public statements. In contrast, almost seven in ten felt bosses should focus on communicating how they can better treat employees or improve services for customers when making such statements.

### SME BUSINESS PROTECTION NEEDS

Legal & General have released their latest State of the Nation annual report, which gathers insights from SMEs about the potential risks their businesses face and how they could mitigate such risks. One of the key findings was that more than a third of SMEs are opting for protection insurance to secure their business debt. The report does, however, still highlight a serious protection gap among the SME sector.

### CALLS FOR HELP WITH RISING ENERGY COSTS

The CBI has urged the government to do more to protect businesses from the impact of rising energy prices. Speaking after the Chancellor outlined plans to soften the blow of Ofgem's new household energy price cap, CBI Chief Policy Director Matthew Fell said, "Businesses too have been impacted by high-cost pressures, so steps to protect cashflow for smaller firms and heavy industry should follow."

### COVID PAYMENTS WRITTEN OFF

A report in The Times has claimed that HMRC expects to recover only a quarter of the £5.8bn lost to fraudulent claims and mistaken payments across the various coronavirus support schemes that were launched during the pandemic. Figures released by the tax authority suggests that £4.3bn of the total amount lost to fraud has been written off which means a maximum of just £1 is expected to be recovered for every £4 lost.

## MENTAL HEALTH SUPPORT AT WORK

**A study by global consumer research platform Pipslay found that despite most employees feeling a need for mental health support at work, many did not feel comfortable seeking help.**

The findings were based on a survey of 8,000 UK-based workers conducted last September which sought to understand employee views around the issue of workplace mental health. One of the key findings was that 54% of respondents said they have felt the need for mental health support at work.

However, the research found that only 45% of employees actually work for an organisation that offers mental health support. In addition, only 40% of respondents said they had made use of such services.

The survey also tried to ascertain why employees might be unwilling to reach out for support and two common reasons were fear of such a move being viewed negatively and simply being uncomfortable doing so. In total, 22% of respondents said they would be worried about creating a bad impression at work, while 14% would be uncomfortable seeking support.

Pipslay's report noted a growing list of companies encouraging employees to prioritise mental health, highlighting Nike's decision to close its corporate offices for a week in order to allow employees to 'enjoy additional time off to rest and recover.' The authors also noted that 'the global pandemic has both underlined the need for and accelerated the efforts made by companies to address their employees' mental wellbeing.'

## North/south wellbeing divide

**A recent survey has revealed a national divide when it comes to employee views about workplace wellbeing.**

Data from Legal & General Group Protection's *Wellbeing at Work Barometer* shows that just 59% of SME employees in the north of England feel their employer actively looks after their wellbeing compared to 88% of their southern counterparts. Colin Fitzgerald, Distribution Director at Legal & General Group Protection, commented, "The need for workplace wellbeing is universal, yet our research shows that when it comes to wellbeing it appears that the age-old north/south divide is very much present."

## Mental health crisis looming

**Research undertaken by Simply Business points to an impending 'mental health crisis' among the business owning community due to the stress and anxiety caused by the pandemic.**

The insurer's survey of 765 SME owners revealed that more than eight out of ten have suffered with poor mental health in the last 12 months, while one in five feel their mental health is in a 'bad' place as a result of the pandemic. In addition, almost half of all respondents admitted to being worried about their mental health.

Commenting on the findings, Simply Business UK CEO Alan Thomas said, "Livelihoods are on the line as a result of COVID-19, with small business owners facing an unprecedented amount of pressure. Clearly this is having a huge impact on their wellbeing."

All details are correct at the time of writing (11 February 2022)

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