



Fingerprint
FINANCIAL PLANNING

Fingerprint Financial Planning
Admirals Offices
The Historic Dockyard
Chatham, Kent
ME4 4TZ

T: 03452 100 100
E: hello@fingerprintfp.co.uk
W: www.fingerprintfp.co.uk

BUSINESS REVIEW

**Spotlight on issues
affecting business**

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BUSINESS REVIEW

Furlough extension

Rishi Sunak has extended the Coronavirus Job Retention Scheme (CJRS) following the government's decision to introduce a second national lockdown in England.

On 31 October, the Prime Minister confirmed that a new English four-week lockdown, designed to stem the spread of COVID-19, would begin on 5 November. In response, the Chancellor subsequently announced that the CJRS would remain available across all parts of the UK operating under the highest levels of restrictions.

The extended scheme will run until the end of March, with the government paying 80% of wages up to a maximum of £2,500 per month until the end of January 2021. A policy review is scheduled for this time to determine whether the situation has improved sufficiently to ask employers to contribute beyond NICs and pension contributions for the remainder of the extension. The value of the next self-employed grant (covering November to January) has also been increased to 80% of average profits, capped at £7,500 for the three-month period.

Federation of Small Businesses National Chair Mike Cherry welcomed the *"bold and much-needed"* move but added, *"Too many new business owners, sole traders, company directors and entrepreneurs without business premises are still largely excluded from support measures. That urgently needs to change, and local authorities must use discretionary funds to help these groups wherever possible."*

Creative potential at risk

The Bank of England's Chief Economist has warned that a mass shift to remote working, risks stifling opportunities for creative expression and innovation, which could ultimately harm personal wellbeing and the economy.

During an online speech to the Engaging Business Summit, Andy Haldane said the pandemic had *"reshaped our working lives, our economic contributions and our wellbeing"*. However, while acknowledging the benefits of remote working for many employees and their employers, he also said such working arrangements were less constructive for others, and felt it was unclear whether the shift was actually a change for the better.

In particular, Mr Haldane warned that home working risks stifling creativity and effectively cuts people off from new experiences. He argued this was extremely important as creativity fosters innovation, which in turn fuels economic growth.

Looking at the potential long-term consequences of remote working, the Chief Economist added, *"These are real costs and costs which would be expected to grow, silently but steadily, over time. They weigh on the other side of the ledger when it comes to assessing the case for home working. They cast doubt on whether it will lead to the promised land of improved productivity and greater happiness."*

Are you Brexit ready?

The government has launched a publicity campaign entitled 'Time is running out', to urge businesses to step up preparations for new rules which will come into force when the Brexit transition period ends on 1 January 2021.

Last month, HMRC wrote to 200,000 businesses that trade with the EU, setting out details of the new customs and tax rules, and urging them to act now in order to ensure they are able to continue trading with the EU in the new year. In a stark message, businesses were told they will not be able to trade if they do not have the correct processes, contracts and agreements in place.

Although it remains unclear whether the UK and EU will ultimately reach agreement over a post-Brexit trade deal, the government has told business leaders to get ready for Australia-style trading arrangements based on *"simple principles of global free trade"*. In addition, the government has made it clear there will be no extension to the transition period despite business concerns over the ongoing impact coronavirus is having on UK firms' ability to prepare for Brexit.

Details of actions businesses need to take can be found at www.gov.uk/transition.

Quirky Quote:

"It isn't the mountains ahead to climb that wear you out; it's the pebble in your shoe."

– Muhammad Ali



Small business boost

According to a recent survey, the nation's loyalty to small businesses has increased considerably during the pandemic.

The poll of 1,000 UK shoppers, commissioned by American Express and Small Business Saturday UK, highlighted the key role small firms have played in their local communities throughout the pandemic. The public appear to be appreciative of these efforts with the research revealing that 59% of shoppers now support local businesses more than previously.

This year's Small Business Saturday event is due to take place on 5 December – just days after the scheduled end to England's second lockdown. The campaign, now in its eighth year, encourages consumers to 'shop local' and organisers hope the surge in public affection will provide a further boost to sales. Last year's campaign saw a record 17.6 million shoppers spend around £800m across the UK.

Michelle Ovens, Director of Small Business Saturday, commented, *"This crisis has brought home just how much small firms are at the heart of our communities. They have been there for customers and shown strength, determination and agility in coping. It's vital we continue to support small businesses as this crisis continues, which is why we are determined to make this year's campaign the most impactful ever."*

Workplace etiquette slipping

New research suggests the standard of workplace manners has fallen during the pandemic as meetings have increasingly shifted online.

The survey of 1,000 people working remotely as a result of the pandemic was commissioned by tech PR firm Eskenzi PR. It found that over half of respondents have been interrupted by colleagues during video calls, while just under half reported colleagues turning up late. Meanwhile, a similar proportion said colleagues had appeared distracted during virtual meetings.

Yvonne Eskenzi, founder of Eskenzi PR, said the findings confirm that *"people tend to let their guard down during Zoom meetings at home."* However, she warned that being too casual on a work call could damage career prospects as employees are increasingly being judged on their conduct during these calls.

In response to the findings, Eskenzi PR suggest a number of simple rules for Zoom call etiquette. These include: check microphone and camera are working properly before a call; turn up on time; take calls in a quiet place; ensure a work-appropriate background; limit distractions by turning off devices and notifications; look at the camera when talking; and don't eat, drink, text or complete other work during calls.

OTHER NEWS

Business confidence drops

The latest Small Business Index published by the FSB suggests times are tougher than ever following two difficult years for the SME sector. The survey data shows that small business revenue growth hit an all-time low and staff lay-offs an all-time high during the third quarter of this year, while the overall confidence figure posted a record ninth consecutive negative reading.

Call for business rates cut

The Institute of Chartered Accountants in England and Wales (ICAEW) has called for reform of the 'inflexible business rates' system as firms continue to struggle through the pandemic. In a recent survey of its members, a third said they will require government support to survive the next six months, and the ICAEW believes lessening the business rates burden could be key to ensuring companies survive at this critical time.

New business peak

Analysis of Companies House data undertaken by SHL suggests 2020 is set to be a record year for new business creation. Although many new ventures are inevitably being set up by people made redundant during the pandemic, SHL estimates suggest around 85,000 extra businesses will be created throughout the UK in 2020 compared to the level achieved in 2019.

Remote working challenges facing small business sector

Although many small businesses have adapted remarkably well to the necessity of staff working from home, the shift in working arrangements due to the pandemic has undoubtedly created some serious challenges. A survey of 1,300 European office workers commissioned by Ricoh Europe has highlighted a number of the key issues people working remotely in small firms have experienced during the pandemic.

Some of the main findings from the research include:

69% of workers feel they have the required skills to work remotely

29% find it difficult to stay motivated and engaged while remote working due to communication and technology issues

48% have had to rely on their own equipment during the pandemic

24% say they don't have the tools to deliver the best results for customers or to collaborate remotely with their team

27% are considering switching jobs to somewhere better equipped for remote working.

The survey also found that small firms are **42%** more likely than larger enterprises to lose employees because of technology frustrations centred on remote working. As a result, the research suggests small businesses may need to fast track their digital transformation if they are to retain their most talented individuals and thrive in the post-pandemic era.



Tax relief for working at home

HMRC is encouraging employees that have been told by their employer to work from home during the pandemic, to claim tax relief via a portal it has set up on its website. The portal was launched at the beginning of October and within two weeks HMRC had received over **54,800 claims**.

Since 6 April, employers have been able to pay their staff up to £6 a week tax-free to cover additional costs if they have to work from home, even in cases where an employee splits their time between home and the office. Those employees that have not received the working from home expenses payment direct from their employer are now able to apply for tax relief directly from HMRC.

Commenting on the development Karl Khan, HMRC's Interim Director General of Customer Services, said: *"We want everyone to get the money that they are entitled to, so we've made the online service as easy to use as we can – it takes just a few minutes to make a claim."*

The HMRC portal can be found at www.gov.uk/tax-relief-for-employees/working-at-home.

Quirky Quote:

"The world is moving so fast these days that the man who says it can't be done is generally interrupted by someone doing it."

– Elbert Hubbard

All details are correct at the time of writing (11 November 2020)

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