

BUSINESS REVIEW

Spotlight on issues
affecting business

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GOVERNMENT SUPPORT MEASURES

Last month Chancellor Rishi Sunak announced a package of measures designed to support those businesses most impacted by the rapid spread of the Omicron variant.

The £1bn support fund includes one-off cash grants of up to £6,000 per premises for eligible businesses in the hospitality and leisure sectors. The package also provides discretionary funding for local authorities in England to support other impacted businesses through the Additional Restrictions Grant, while extra funding has been provided to each of the devolved administrations.

Mr Sunak also announced that the government will cover the cost of Statutory Sick Pay for COVID-related absences for small and medium-sized employers across the UK. This means that firms with fewer than 250 employees will be reimbursed for up to two weeks per employee from 21 December 2021.

Commenting on the new package of support measures, the Chancellor said, *"We recognise that the spread of the Omicron variant means businesses in the hospitality and leisure sectors are facing huge uncertainty at a crucial time. So, we're stepping in with £1bn of support, including a new grant scheme, the reintroduction of the Statutory Sick Pay Rebate Scheme and further funding."*

BUSINESSES CONCERNED BY INFLATIONARY PRESSURES

A recently released economic survey conducted by the British Chambers of Commerce (BCC) shows that businesses are currently facing 'unprecedented inflationary pressures.'

The survey of almost 5,500 firms reported strong evidence of an economic slowdown during the final quarter of last year. It also found businesses increasingly concerned about price pressures, with 66% of firms citing inflation as a key area of concern and 58% expecting their prices to increase in the next three months. Both figures were survey record highs.

Rising interest rates were also found to be a growing worry for the business community. Overall, 27% of firms said they were concerned about rising interest rates; this was up from 19% in the previous quarter's survey. Last month, the Bank of England increased Bank Rate to 0.25% from a historic low of 0.1% and further monetary tightening is expected this year to combat an anticipated surge in inflation this spring.

Another survey, however, has highlighted an air of optimism across the SME sector. The research by Starling Bank found that more than two-thirds of all small business owners are confident for the year ahead. The survey also reported plans for record levels of business investment in 2022.

LATE PAYMENT THREAT TO SMALL FIRMS

The Federation of Small Businesses (FSB) has warned that a worsening of the late payment crisis will cause further contraction across the small business sector, unless policymakers take action to tackle the problem.

Research recently conducted by the FSB found that 30% of all business owners have seen late payment of invoices increase over the last three months. In addition, a further 8% said they have experienced other forms of poor payment practice.

Worryingly, the survey also revealed that late payment is currently threatening the viability of around 8% of the small business community. Government statistics show that the number of UK small firms fell by almost 400,000 last year, and the FSB survey suggests the late payment crisis could be set to force a further 440,000 firms out of business in 2022.

Commenting on the research findings, FSB National Chair Mike Cherry said, *"Late payment was destroying thousands of small businesses even before the pandemic hit – the pandemic has made matters worse. Policymakers need to understand that late payment is the issue that keeps thousands of entrepreneurs up at night and one that has worsened in lockstep with lockdowns. We need to see words turned to action."*

OTHER NEWS

QUIRKY QUOTE:

I don't know where I'm going from here, but I promise it won't be boring

— David Bowie

HMRC WAIVES LATE FILING FINES

The Self-Assessment tax window has been extended for the second year running, with HMRC announcing that anyone who files their return by 28 February will not receive a late filing penalty.

HMRC is still encouraging taxpayers to file and pay on time, and the deadline remains 31 January. However, anyone who fails to do so will not be hit with a late filing penalty so long as they file online by the end of February, and anyone who fails to pay on time will not receive a late payment penalty provided the tax is paid in full, or a Time to Pay arrangement has been set up, by 1 April. Interest on any unpaid tax, however, will accrue from 1 February.

By early January, more than half of the 12.2 million taxpayers who need to submit a 2020/21 return had done so. This included over 31,000 who completed returns between Christmas Eve and Boxing Day.

Angela MacDonald, HMRC Deputy Chief Executive said, *"We know the pressures individuals and businesses are again facing this year, due to the impacts of COVID-19. Our decision to waive penalties for one month for Self-Assessment taxpayers will give them extra time to meet their obligations without worrying about receiving a penalty."*

NEW RECRUITS DISSATISFIED WITH ONBOARDING

A new study suggests firms risk losing newly hired employees during the critical first few months of employment due to inadequacies with onboarding processes.

The 'UK Employee Support and Retention Survey' conducted by employee engagement specialists Wildgoose, asked people who had started new jobs within the last year about the quality of onboarding they experienced at their new company. Almost two-thirds said elements of the process were insufficient, leaving them confused or alienated.

Employers get one chance to make a good first impression and successful onboarding focused on guidance, training, direction and values is essential in achieving this. Yet the research found nearly half of new recruits were not given personal targets for role progression and just over a third were not made aware of their core responsibilities, both key elements in terms of engaging employees in new roles.

The survey also found dissatisfaction varied by company size, with onboarding issues most prevalent in the SME sector. Indeed, over three-quarters of new starters with SMEs felt their experience could have been improved. As well as lacking guidance on personal targets and core duties, some SME new recruits also stated they had little help from colleagues in similar roles.

TEMPORARY SELF-CERTIFICATION EXTENSION

The government has announced a temporary extension to the period employees can self-certify sickness absence. Employees who became ill after 9 December can now self-certify sickness for up to 28 days rather than seven days as under the previous Statutory Sick Pay Regulations. The extension is designed to relieve pressure on GPs involved in the booster vaccination roll out with the change in rules currently set to apply until 26 January.

IMPACT OF THE UK-EU TRADE DEAL

Research undertaken by the BCC shows an increase in the proportion of firms reporting difficulties with the various changes brought about to UK-EU trade over the past year. The survey found that 45% of firms are currently facing difficulties adapting to changes in rules for buying or selling goods under the post-Brexit trade agreement, while 15% of firms said they were finding it easy.

SPRING FORECAST DATE ANNOUNCED

Chancellor Rishi Sunak has commissioned the Office for Budget Responsibility (OBR) to produce an economic and fiscal forecast for Wednesday 23 March, suggesting he will deliver a Spring Statement on that date. Under the Budget Responsibility and National Audit Act, the Chancellor must ask the OBR to produce a forecast at least twice each financial year, typically to accompany a fiscal Statement or Budget.

Remote working threat to company culture

The findings of a new survey suggest the vast majority of employees appreciate the difficulties full-time remote working causes when trying to develop a strong workplace culture.

O.C. Tanner's 2022 Global Culture Report analysed the perspectives of more than 38,000 employees, leaders, HR practitioners and executives from 21 countries, including more than 2,500 respondents from the UK. Among the findings were:

- More than eight out of ten UK workers believe people who work remotely full time cannot meaningfully connect with an organisation's culture
- Only one in every six UK employees said time in the office is unnecessary for fostering company culture.

While this shows that most workers do clearly believe time in the office is an integral element in establishing organisational culture, the research did report a notable divergence in opinion when it comes to how often employees need to be office based to achieve this.

The most commonly quoted figure was two days per week, with 20% of respondents saying this would be sufficient to feel connected to a company's culture. However, 16% felt just one day a week would be sufficient, while 18% said three days per week, and 6% of respondents actually felt just one day a month would be enough.

Commenting on the report's findings, MD of O.C. Tanner Europe, Robert Ordever said, *"It's no surprise workers can see the difficulties of developing a strong connection to organisational culture when fully remote working. Being physically together in the office allows for collaboration, innovation and connection. In fact, the office is vital for facilitating social interaction, storytelling and memory making, all of which nurture a strong workplace culture... For the sake of organisational culture as well as overall business success, it's important that a balance remains between home and office working, avoiding a shift towards total remote working."*

Accidental information loss

Research undertaken by Veritas Technologies shows UK office workers are accidentally deleting vital business information from shared, cloud-based applications and that many opt to keep quiet rather than own up to their misdemeanours.

The survey of 2,000 office workers found that the average employee loses 34 documents per year with nearly half of respondents saying they had not been able to retrieve deleted items. And more than four out of every ten workers admitted they had lied to cover up their mistakes.

According to the study, office workers located in Derby are masters of the workplace cover-up, with almost three times the national average failing to own up after accidentally deleting data or documents. Office workers in both Gloucester and Nottingham were also among the most likely to keep quiet when they deleted business information on shared applications.



All details are correct at the time of writing (13 January 2022)

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