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BUSINESS REVIEW

**Spotlight on issues
affecting business**

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BUSINESS REVIEW

SMALL FIRMS AT THE HEART OF COMMUNITIES

A new report from the Federation of Small Businesses (FSB) has highlighted the vital contribution small firms are making to their local communities up and down the country.

Published in late February, *'Small Business, Big Heart: Bringing communities together'*, examines the role smaller firms play within their local jobs market and the success they bring to their neighbourhoods. The findings show that small businesses are very much part of the fabric of their communities, contributing in a variety of ways, such as volunteering activities, support for local schools and youth groups, and a willingness to employ people from disadvantaged backgrounds.

Specifically, the report found that eight in ten small businesses had volunteered and/or contributed to a local community group or charitable cause in the last three years, while more than four in ten had actively engaged with local schools, colleges or youth organisations. In addition, 95% had employed at least one worker from a labour market disadvantaged group; one in three hired someone with

a disability or mental health condition, while a third employed someone with lower levels of educational attainment.

The FSB is now calling on Government to recognise community-minded small firms by implementing a range of positive policy initiatives. These include delivering on its manifesto pledge to introduce a one-year National Insurance Contributions (NICs) holiday for small firms that employ those who are disadvantaged in the jobs market; targeted Statutory Sick Pay (SSP) refunds and greater support for work experience placements.

A GROWING PROBLEM: STRESS AT WORK

Recent research has once again highlighted the growing problem of stress within the workplace, both for small business owners and across the workforce at large.

According to a survey conducted by accounting software specialist Xero, more than eight out of ten UK small business owners experienced stress in the past six months. In addition, nearly half said they had been more stressed than normal, while one in six admitted to being 'highly stressed' and one in ten felt the stress of running a business negatively impacted their mental health.

Another study conducted by HR software provider CIPHR found that more than half of all workers frequently arrive at work already stressed, with the daily commute found to be the single biggest cause of stress. Six in ten workers also felt that starting their day stressed reduced their levels of productivity.

The last few years have clearly seen an increasing focus placed on stress in the workplace and what employers can do to safeguard their employees' mental health. This research suggests that issues relating to stress and mental health are likely to remain firmly at the top of the workplace agenda for the next few years.

CYBER SECURITY CONCERNS

Concerns have been raised regarding the increasing threat to cyber security amongst SMEs, highlighting the need for more effective data protection practices.

Latest government data shows that almost half of all businesses experienced a cyberattack in 2017. SMEs were more likely to be affected, with 66% experiencing a breach of cyber security, compared to 41% of large businesses and 46% of micro businesses.

One possible reason for this may be the increase in recent years of flexible

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and shared office space, which clearly leaves SMEs more exposed to data theft and loss of company sensitive information. In addition, higher levels of connectivity across multiple devices and a rising trend towards BYOD (bring your own device) may have further exposed businesses to cyber-security breaches.

According to the figures, medium enterprises in the UK spent an average of £15,500 on cyber security, although this figure varies greatly depending on the size of the business and the sector. For instance, businesses in the Information, Communication or Utility sectors spent an average of £19,500 on cyber security, while firms in the Food and Hospitality sectors invested a mere £620 on average.

EVERYONE DESERVES TO BE PAID ON TIME

The FSB has issued a call for Government to help tackle the late payment culture that is still prevalent across the UK business sector.

According to research conducted by the FSB, more than eight out of ten small businesses report being paid late, with a third saying that at least one in four payments they are owed arrives later than agreed. And, ahead of this month's Spring Statement, the FSB is calling on Government to help fight poor payment practices as part of its 'Fair Pay, Fair Play' campaign.

Specifically, the FSB is pushing for the adoption of three key reforms which it feels would help bring an end to the UK's poor payment crisis. These are to: assign Non-Executive Directors responsible for overseeing a company's payment practices and prevent late payments; strengthen payment enforcement measures, including the Prompt Payment Code, and allow Government to fine businesses that fail to report payment practices data; and adopt Project Bank Accounts in public procurement.

FSB National Chairman Mike Cherry commented:

"For far too long some big businesses have been allowed to get away with poor behaviour that has seen them use their dominant position to bully and squeeze our small firms. Why do we find ourselves in a situation where some think it is acceptable and fair to not pay our small businesses on time? The truth is that it isn't fair – everyone deserves to be paid on time."

SMEs PREFER FACEBOOK

A recent survey of 1,000 UK SMEs found that Facebook is the social media site used most commonly to promote their business.

The research conducted by Lightspeed shows Facebook to be twice as well-used amongst SMEs as its closest rival Twitter. Less popular were LinkedIn, Instagram and YouTube, with Pinterest being cited as the channel least used for promotional purposes.

Social media is increasingly being utilised as a sales tool, with 54% of business owners saying they have successfully made sales from it. London is leading the charge, with 79% of businesses in the capital successfully boosting sales through social media. Smaller businesses were less successful, however, with just 32% of businesses with ten or less employees stating that social media had helped them generate sales.

Half of all businesses surveyed said they employ someone in a role specifically to drive the business's online presence. In London, this rises to 70% but falls to just one in five of smaller businesses with ten or less employees.

£3 billion of Apprenticeship Levy remains unused

Following a Freedom of Information request made by the Open University (OU), it has been revealed that only 14% of Apprenticeship Levy funding is currently being utilised by employers. This means that £3 billion worth of funds remains untouched. The OU has suggested that employers are missing out on a golden opportunity to close their skills gaps and ensure their organisations are fully equipped to handle the upcoming challenges they are likely to face.

SMEs to be granted greater access to Financial Ombudsman Service (FOS)

The Financial Conduct Authority (FCA) has confirmed its plans to widen access to the Financial Ombudsman Service (FOS) for SMEs. As a result, up to 210,000 additional UK SMEs will soon become eligible to complain to the ombudsman service. The final rules on the SME extension are expected to come into force on 1 April 2019.

Disaster recovery solutions

More than two-thirds of small-business owners don't have a written disaster recovery plan. Disaster recovery planning generally takes a low priority for most businesses but overlooking this vital area can prove to be extremely costly, or even fatal, for a business.

QUIRKY QUOTE:

"A big business starts small."

— Sir Richard Branson

WORKPLACE TRADITIONS SURVEY

- Recent research has revealed that **42.7%** of UK professionals feel there are 'stuffy' office traditions in their workplace that have become outdated in today's working environment
- The survey outlines the **top ten outdated traditions** that UK professionals want to see banished from the workplace



For the top gripe '9-5 working hours',

68.8%

of respondents aged 18-24 stated that 9-5 working hours were outdated, compared to

44.6%

of those aged 55-64

TOP 10 OUTDATED TRADITIONS

1	9-5 working hours	53%
2	Long meetings	34.6%
3	Professional dress codes	30.6%
4	Having to work in the office every day	29.7%
5	Being made to call in when you're sick (instead of texting or emailing)	20%
6	Set lunch hours	17.8%
7	Annual performance reviews	16.8%
8	Set workspaces	15.9%
9	Signing birthday cards for colleagues	9.5%
10	Tea rounds	7.7%

20.8%

of respondents believe that it's up to businesses to decide if they want to hold on to outdated traditions.

70.6% agree that businesses need to reconsider outdated traditions

If companies fail to update the way they run their workplace,

40.2%

of candidates said they'd leave to join a more modern company



INCREASE OF AUTOMATIC ENROLMENT CONTRIBUTIONS

- From **6 April** 2019 the minimum contributions employers and their staff pay into their automatic enrolment workplace pension scheme will increase
- The total minimum contribution will increase from 5% to **8%**:

Date	Employer minimum contribution	Staff minimum contribution	Total minimum contribution
Current rate: 6 April 2018 to 5 April 2019	2%	3%	5%
New rate: 6 April 2019 onwards	3%	5%	8%

- By law, a total minimum amount of contributions must be paid into the scheme
- Employers must make at least the minimum employer contribution of 3% (from 6 April 2019) and the staff member must make up the difference
- If employers decide to cover the total minimum contribution required (8% from 6 April 2019), their staff won't need to pay anything
- Check your scheme documents and with your scheme provider for further information

"Employers need to be aware of the transition from traditional to modern workplaces. In an increasingly candidate-driven market, it's important to be responsive to what potential employees are after, otherwise you risk losing out to the savvier competition."

Lee Biggins, founder and CEO of CV-Library

CV-Library, Feb 2019

TAX DATES

19 March

- PAYE, Student loan and CIS deductions are due for the month to 5 March 2019

31 March

- End of corporation tax financial year
- End of CT61 quarterly period
- Filing date for Company Tax Return Form CT600 for period ended 31 March 2018
- Last minute planning for tax year 2018/19 – please contact us for advice



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