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BUSINESS REVIEW

**Spotlight on issues
affecting business**

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BUSINESS REVIEW

FIRMS BACK AUTO-ENROLMENT EXTENSION

A survey undertaken by the Confederation of British Industry (CBI) and Scottish Widows suggests that a significant majority of businesses support the idea of extending auto-enrolment to include more workers.

The research found that almost three-quarters of firms would like auto-enrolment made available to the self-employed and those earning less than £10,000, thus allowing more part-time workers and those with multiple jobs to better save for their retirement.

Interestingly, just over seven in 10 employers also accepted they will need to make higher contributions in the future if their employees are to have sufficient income in retirement. However, most respondents felt that now is not the right time to do so.

Indeed, only 27% of respondents felt employer contributions should be increased now. Instead, the vast majority (93%) of firms suggested the focus should be on improving employee engagement with their pension savings, in order to boost voluntary contributions.

Commenting on the findings, CBI Chief UK Policy Director, Matthew Fell, said: *"If we're to get even more people into the habit of saving, then auto-enrolment must be extended to the self-employed and more of those holding down multiple jobs. But while higher contributions will be needed in the future, now is not the time to raise mandatory contributions again."*

CREATIVITY PEAKS MID-MORNING

A new study has pinpointed the time of day workers typically feel most inspired and also highlighted the type of working environments that are most conducive to creativity.

The survey of 1,000 UK office workers was conducted by MPA Group and found that an overwhelming majority of employees claim to have their best ideas in the morning. Indeed, across all industry sectors, the research suggests that 11:05am is the optimum time for creativity.

There was some variation, however, between professions. Architects, for example, were found to be most inspired at 10.06am, while for admin staff it was 11.14am and 11.54am for engineers.

The study also sought to ascertain what kind of working environment best encourages creativity and suggests that office design and atmosphere are both important considerations for firms wanting to maximise innovation. For instance, just one in seven employees felt they could be creative in an environment where music was playing.

A quiet office was found to be the most popular choice, with more than four in 10 respondents saying that would help them produce innovative ideas. Interestingly, colourful or vibrant walls were cited as creative stimuli by over a fifth of employees, slightly more than felt it was important to be surrounded by other creative people.

CBI SOUNDS NO-DEAL ALARM

The CBI has put forward 200 recommendations to help accelerate no-deal Brexit preparations and issued a stark warning that neither the UK nor the EU is ready for no deal.

With the likelihood of no deal increasing significantly in recent weeks, the CBI has published a series of practical steps that the UK, EU and businesses could take in order to reduce the worst effects of a no-deal Brexit. However, in a report entitled: 'What comes next? The business analysis of no-deal preparations', the business organisation concludes that neither side in the negotiations is currently ready for no deal on 31 October.

CBI issue a stark warning that neither the UK nor the EU is ready for no deal

The report also suggests that smaller firms are less well prepared than their larger counterparts, although it does accept that businesses remain hampered by unclear advice, timelines, cost and complexity. It also accepts that the unprecedented nature of Brexit means some aspects cannot be mitigated.

In addition to encouraging a step-up in no-deal preparations, the CBI also used the report to urge the UK and EU to work towards agreement on a deal. Josh Hardie, Deputy-Director General at the CBI, commented: *"It cannot be beyond the wit of the continent's greatest negotiators to find a way through and agree a deal."*



OTHER NEWS

MOST SME EMPLOYEES WORK ON HOLIDAY

Research conducted for Process Bliss has revealed that a majority of SME employees cannot leave work behind whilst on holiday.

The survey of 1,000 employees in UK small businesses found that two-thirds will find themselves working at some point during their summer holiday. And three in 10 admitted they will work at least once each day of their holiday.

A variety of reasons were given for working during a holiday. For instance, over a third said they can't relax without knowing things are being done, while a quarter worry that something important will be missed and one in six don't trust colleagues to keep on top of everything. In addition, one in 10 admitted work provides an excuse to get away from their family.

The findings do, however, highlight changing workplace expectations and the pressures SME employees can face. Process Bliss CEO Alister Esam commented: *"People don't all feel the need for a complete break. That said, many people still want and deserve a complete break from work; if they are working because they don't trust others to get work done or believe things will be missed without them, then that is unacceptable and needs to be addressed."*

QUIRKY QUOTE:

"Never take money in lieu of vacation time. Money will never give you what taking a break will give you" — Catherine Pulsifer

GETTING YOUNG PEOPLE 'WORK READY'

As the latest crop of university graduates and school leavers enter the jobs market, the CBI has proposed a series of recommendations to help get young people 'work ready.'

Research from the latest CBI Education and Skills survey found that 44% of employers feel young people leaving school, college or university are not 'work ready.' This finding is echoed by young people themselves, with previous CBI research suggesting that one in four 17-23-year-olds believe their education has not prepared them for the world of work.

While the CBI acknowledges that progress is being made, it has also suggested that further steps need to be taken in order to ensure the education system keeps pace with the rapidly changing world of work. It has therefore put forward a number of recommendations which include:

- a rethink regarding qualifications including GCSEs
- broadening the EBacc to include a creative subject
- working with the education sector and business to develop a framework and shared approach for essential attributes to sit alongside the Gatsby Benchmarks
- integration of the Youth Charter and Careers Strategy.

Small business agenda

The latest meeting of the Small Business, Scale ups and Entrepreneurs Business Council took place in early July with a range of issues on the agenda. These included:

- how to encourage and support small businesses to go global and scale-up internationally
- boosting the competitiveness of the UK tech sector and accelerating technological innovation
- and how smaller companies can create a rewarding work-place culture and encourage corporate social responsibility and philanthropy.

Retail SME numbers grow

Data released by barcode body GS1 suggests the number of SMEs registering to sell products to the retail sector is booming, despite the economic turmoil caused by Brexit. GS1's statistics provide a useful barometer of the number of SMEs getting involved in retail and the latest data shows that 84% of the organisation's new members are SMEs compared with 78% in 2017.

Employees want career development

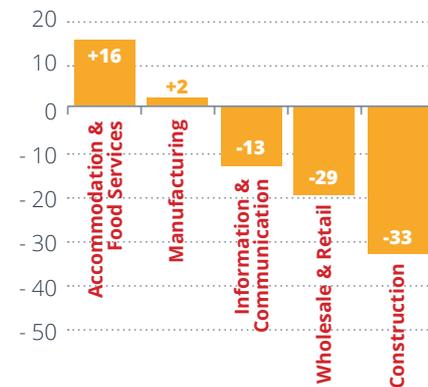
According to a survey from Instructure, seven out of 10 employees would quit a firm for another that provides more career development opportunities. This can be a challenge for small businesses, as they typically have less scope in this area than larger firms. As a result, small business owners need to be creative in terms of salary, other benefits and social incentives in order to keep employees happy.

Small Business Data August 2019

Small Business Confidence

SMALL BUSINESS INDEX BY SECTOR

- Confidence among small firms in the accommodation and food services industry saw a large quarterly improvement, increasing by 36.4 points, to **+15.8**.
- The largest sectoral decline in confidence came within the construction industry, where confidence stands at **-33.2**, following a 52.9 point fall in Q2. Uncertainty is starting to derail some construction projects, weakening prospects for the sector
- Small wholesale and retail businesses experienced a second consecutive quarterly increase in Q2, moving to **-29.4**, from -41.9 in Q1.



LABOUR COSTS

48%

say labour costs are a main cause of higher outgoings

SALES

34%

say international sales have dropped

FSB, June 2019

SMALL BUSINESS A PRIORITY FOR THE NEW GOVERNMENT?

Following the appointment of Boris Johnson, the FSB is calling on the new Prime Minister and his government to address the following issues affecting small businesses:

- Increase investment in the UK's broadband and phone infrastructure, ensuring all small firms have access to the upload and download speeds they are entitled to under the Universal Service Obligation (USO) and reliable 4G connectivity
- Modernise the business rates system by extending the two-year 33% rates discount enjoyed by small retailers with rateable values up to £51,000 to manufacturers, and making this discount permanent
- Help small businesses hindered by increased employment costs by uprating the £3,000 Employment Allowance, delivering a National Insurance holiday for firms that employ those furthest from the labour market, introducing a rebate for Statutory Sick Pay, and shoring up apprenticeship funding, ensuring small firms are not excluded from the apprenticeship system.

FSB, July 2019



ESSENTIAL TAX DATES

19 August

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

30 September

- Reclaim VAT you spent on supplies from other EU countries, in the previous calendar year, from the relevant EU country's tax authority, unless you already do this as part of your regular VAT return

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