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BUSINESS REVIEW

**Spotlight on issues
affecting business**

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BUSINESS

REVIEW

RISE IN R&D EXPENDITURE

Data released by the Office for National Statistics (ONS) shows that businesses increased their spending on Research and Development (R&D) last year.

ONS statistics suggest that, in total, UK businesses spent £25bn on R&D in 2018, up from £23.7bn during the previous year. The largest increase came from the aviation industry, while the UK telecoms sector also experienced significant growth in R&D expenditure during the year.

The data also revealed that government funding of firms' R&D amounted to £1.7bn in 2018, accounting for 6.9% of all R&D expenditure in the year. However, the Confederation of British Industry (CBI) has called on the next government to do more to accelerate growth in R&D spending.

Responding to the release of the business investment in R&D data, CBI Head of Innovation Alissa Dhaliwal commented: *"Our recent surveys have shown that political uncertainty is negatively affecting innovation investment for a majority of businesses. To accelerate UK R&D growth, the next government must set out a clear roadmap for raising UK R&D spend, deliver a significant uplift in funding support for business innovation and keep the UK in European science and innovation programmes."*

FLEXIBLE WORKING PRACTICES

New research suggests a significant proportion of employers require help implementing flexible working practices.

The survey of 200 UK employers carried out by workingmums.co.uk, found that, while 85% of respondents expect demand for flexible working to rise, 42% of those questioned would like more support in order to implement flexible working within their organisations to meet this demand.

Interestingly, the research also suggests demand for flexible working is not just being driven by parents but is coming from across the board, with 37% of employers saying all groups of employees would like flexible working. In comparison, 35% felt demand was being driven by parents and 23% said it was mainly coming from mums.

Flexible working is also seen by many as key to attracting a more diverse workforce and addressing skills shortages. Indeed, 62% of employers surveyed said they already mention they are open to flexible working in job adverts, while 71% intend to do so in the future.

Commenting on the research, Gillian Nissim, founder of workingmums.co.uk said: *"The world of work is changing very fast and many employers have adapted on an ad hoc basis, which can build up problems for the future. They need help to take a step back and strategise for the future."*

'BACK TO BUSINESS' MANIFESTO

The Federation of Small Businesses (FSB) has launched its 'Back to Business 2019 Manifesto' outlining a series of recommendations that it hopes the next government will seek to implement.

FSB analysis suggests there are typically 7,000 sole traders in every UK parliamentary constituency, with this group forming part of a wider community of over 25,000 people working in smaller businesses. The FSB is asking all prospective parliamentary candidates to resolve a host of pressing domestic challenges in order to ensure these small businesses can thrive.

Among the proposals, the FSB is calling for fundamental reform to the business rates system, specifically by enhancing and making permanent the Retail Discount and removing more small businesses from the system altogether. In addition, it is calling on the next government to reduce the burden of employer's National Insurance Contributions, which the FSB views as a 'jobs tax', by uprating the Employment Allowance.

The manifesto also includes a reiteration of the need to implement previously agreed measures designed to end the UK's late payment culture. In addition, the FSB is calling for a radical uplift in infrastructure investment in order to ensure the country's road, rail and digital networks are all fit for purpose.



OTHER NEWS

QUIRKY QUOTE:

"Always look to do business with people you would happily invite to Christmas dinner!"

— Kevin Harrington

WORKERS EMBRACE TECHNOLOGY

A new study has found that an increasing proportion of the UK workforce is happy to work alongside robotic technology.

The 2019/20 Annual Trends survey conducted by software provider Advanced sought to gauge the opinions of 1,000 business professionals on a range of technology topics affecting British businesses. One of the key findings was an increasing appetite for the use of technology such as Artificial Intelligence (AI) and robots.

Indeed, 38% of respondents said they are now seeing AI in their daily working lives, up from 26% in the previous year. In addition, use of Robotic Process Automation (RPA) was found to have risen to 26%, an 11 percentage point increase from the previous year's findings.

The latest survey also suggests workers are increasingly prepared to embrace the adoption of innovative technology solutions in their daily working lives. For instance, the proportion of respondents who said they would be happy to work alongside robotic technology rose to 77%, up from 65% a year earlier.

Commenting on the findings, Advanced CEO Gordon Wilson said: *"What's clear from our latest report is that there is a growing appetite to adopt innovative technologies such as AI and RPA. Finally, these solutions are getting the reputation they deserve."*

DON'T FALL FOUL OF FRAUDSTERS

HM Revenue & Customs (HMRC) is warning taxpayers to be vigilant against fraudsters in the run-up to the self-assessment deadline on 31 January.

In the last 12 months, HMRC received almost 900,000 reports from the public regarding suspicious communications purporting to be from HMRC. Phone calls, emails and texts have all been utilised by fraudsters.

A particularly common criminal tactic is the fake tax rebate, with 620,000 such cases reported in the last year. In this scenario, customers receive a phone call claiming to be from HMRC, or an email or text with a link that takes them to a page where bank details are then stolen.

While HMRC's Customer Protection team works hard to close down such scams, it also advises customers to be aware of the warning signs to avoid becoming a victim. For instance, genuine organisations will never ask for PIN, password or bank details. In addition, customers should never give personal information, reply to texts, download attachments or click on links in unexpected texts or emails.

Customers are being asked to send information about suspicious calls or emails allegedly from HMRC to phishing@hmrc.gov.uk, while suspicious texts should be forwarded to 60599.

MENTAL HEALTH COMMITMENT

Thirty of the country's leading companies, including Royal Mail and John Lewis, have signed a pledge recognising the importance of promoting staff wellbeing and good mental health. The Mental Health at Work Commitment provides a framework of six core standards that have been developed by businesses, mental health charities and trade organisations in order to create working environments where employees can thrive. For more information visit: www.mentalhealthatwork.org.uk/commitment.

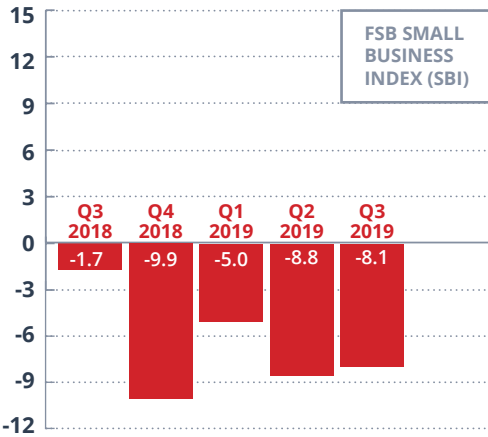
EIS APPROVALS DECLINE

Data released by HMRC shows that the number of approvals given for the funding of small businesses through the government's Enterprise Investment Scheme (EIS) fell in 2018/19. Of the 3,270 requests submitted by SMEs, HMRC approved just 62%; this was a significant decline from the previous year's figure of 75% and the long-term average approval rate of 85% over the past ten years.

DECLINE IN SERVICE SECTOR PROFITS

The CBI's latest quarterly services sector survey, covering the three months to November, suggests the current economic climate is holding back UK services firms. Among the main findings was that profitability in the sector fell at its fastest rate in eight years, with respondents expecting it to continue falling at a similar pace during the current quarter. The survey also reported weak sentiment and declining volumes within the services sector.

Small Business Confidence



- Business confidence marginally rose in Q3 2019 (climbing by 0.7 points to **-8.1**)
- Confidence has now stood in negative territory for five consecutive quarters
- Year-on-year, the Index is down by **6.4** points

CONSTRUCTION INDUSTRY

40.5▲

Small businesses in the construction industry report a surge in confidence. A quarterly increase of 40.5 points allowed the sector to recover some of the fall in confidence recorded in Q2.

EXPORTS

-7.1%

The exports net balance fell further to -7.1%, a decline of 1.3 percentage points. The weaker global economy weighs on demand for British exports.

LABOUR COSTS

39.9%

Small businesses say concerns about labour costs have fallen back. The proportion of small businesses reporting rising labour cost pressures fell by 8.1 percentage points, to 39.9%. Fewer than one in five businesses now view labour costs as a key barrier to growth after a 15.6 percentage point fall in Q3, as other pressures have increased.

FSB, Nov 2019

ESSENTIAL TAX DATES

19 December

PAYE, Student loan and CIS deductions are due for the month to 5 December 2019.

30 December

Online filing deadline for submitting 2018/19 self-assessment return if you require HMRC to collect any underpaid tax by making an adjustment to your 2020/21 tax code.

31 December

End of CT61 quarterly period.

Filing date for Company Tax Return Form CT600 for period ended 31 December 2018.

1 January 2020

Payment of Corporation Tax by companies with 31 March 2019 year-end.

14 January 2020

Form CT61 filed and tax paid for the quarter ended 31 December 2019.



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