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BUSINESS REVIEW

Spotlight on issues
affecting business

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BUSINESS REVIEW

INFLATIONARY PRESSURES IN UNCHARTED TERRITORY

Figures from the latest British Chambers of Commerce (BCC) Quarterly Economic Survey show that inflationary pressures on firms stand at levels never previously recorded during the survey's 33-year history.

In the first quarter of 2022, 62% of firms said that they expect their prices to rise in the next three months; this was up from 58% in the final quarter of last year and the highest figure the survey has ever recorded for this metric. Furthermore, only 1% of businesses said that they expect to decrease their prices.

The survey also revealed the strain that cost pressures are placing on firms; when asked what was more of a concern to their business than three months ago, 77% of firms cited inflation. Once again, this was the highest figure on record and a significant rise from the 66% who mentioned this option in the previous quarter.

BCC Director General, Shevaun Haviland, commented: *"Our latest survey lays bare the huge financial stress that firms across the country are under. The level of inflationary pressures has soared to record levels and we are now truly in uncharted territory. We need to be absolutely clear: this cost of doing business crisis is squeezing firms' finances, driving further increases in prices and directly fuelling the cost-of-living crisis."*

SMALL FIRMS CALL FOR SICK PAY REBATE

The Federation of Small Businesses (FSB) has voiced its concerns for the small business community following the publication of the UK Health Security Agency's 'Living Safely with COVID' guidance and the withdrawal of free lateral flow tests in England and Wales.

Responding to the new guidance, FSB National Chair Martin McTague said that the change from an instruction to 'stay home' for employees testing positive, to one that encourages them to 'try to stay at home' and 'talk to your employer about options' if you do want to come in, will put stress on employers and throw up challenging scenarios.

The FSB National Chair noted that the cost of workplace absence for the average small employer was over £3,500 last year, leaving the small business sector with a collective bill of £5bn; these extra outgoings come together with the withdrawal of the workplace testing initiative and small business sick pay rebate, along with other COVID support measures.

Mr McTague reiterated the recent FSB proposals, put forward in conjunction with the TUC, for a comprehensive small business sick pay rebate that removes the lower earnings threshold of £120 per week. He also urged the government to reconsider the future of workplace testing for employees who cannot work from home.

MORE PEOPLE PLANNING TO START A BUSINESS

A recent study of UK self-employment trends has revealed a significant increase in the number of people planning to start their own venture compared to levels witnessed before the pandemic.

The analysis by Novuna Business Cash Flow used Google data to find commonly searched questions about starting a business. The results show that searches for 'how to start a business' rose from 33,000 in March 2020 to 45,000 in January 2022, a 36% increase over the two years.

Searches for other key phrases relating to setting up a business had also increased across the same time period. For instance, searches for 'how to register a business' jumped by 41%, while 'how to write a business plan' and 'how to get a business loan' were up by 13% and 10%, respectively.

The researchers also analysed LinkedIn data in order to identify UK self-employment hotspots. This analysis suggests that the city of Bath has the highest percentage of self-employed workers in the UK, with Brighton and Hove, St Albans, Worcester and London also featuring among the top five cities. In contrast, Aberdeen, Coventry and Liverpool were found to have the fewest people working for themselves.

OTHER NEWS

QUIRKY QUOTE:

"Show me a man who is a good loser and I'll show you a man who is playing golf with his boss"

— Jim Murray

SMALL FIRMS STRUGGLE WITH 'CARBON JARGON'

Research released by the British Business Bank (BBB) suggests that most smaller firms do not understand how common environmental terms such as 'net zero' apply to their businesses.

The survey of 1,000 senior decision makers in smaller businesses found that just over half feel that the language, terminology and information surrounding carbon emissions reduction is overcomplex. Additionally, over six in 10 said that they would appreciate more information and advice about taking action to measure and reduce their firm's carbon emissions.

As part of its mission to enable the transition to a net zero economy, the BBB has launched a #GreenToGrow campaign, which aims to demystify and alert businesses to the commercial benefits of investing in decarbonisation. Online resources include a new 'Green Decoder' to help decipher terminology, and a series of guides on sustainability and how small firms can start their journey towards net zero.

BBB Chief Impact Officer, Shanika Amarasekara, commented: *"Smaller businesses are far too often put off by the overcomplex 'carbon jargon' that comes with reducing emissions. By helping decipher some of the terminology around decarbonisation, the BBB hopes to show smaller businesses that simple, incremental changes, such as switching off equipment when not in use, can make a difference in their net zero transition."*

HOME WORKER LONELINESS

Recruitment experts are encouraging employers to do more to tackle ongoing issues relating to loneliness among remote workers.

While many people have adapted well to home working, a number of research studies have highlighted the fact that some employees do struggle with feelings of loneliness. One recent study, for instance, found that three in 10 UK-based remote workers are battling with feelings of loneliness and isolation.

Loneliness is the theme for this year's Mental Health Awareness Week, which runs from 9-15 May, and recruitment experts believe more support is needed to combat working from home loneliness. Anne Corder Recruitment's Managing Director, Nel Woolcott, said: *"Mental health and wellbeing are more relevant than ever. There is a big onus on employers of remote staff in particular to ensure that they are meeting their duty of care."*

Specific actions employers can take to address feelings of loneliness include ensuring staff are not working excessive hours and maintain a healthy work-life balance; creating a guilt-free culture in relation to flexible working; actively promoting a culture where employees can talk openly about their mental health; encouraging employees to maintain informal discussions with colleagues; and recognising and rewarding individual and team achievements.

PLASTIC PACKAGING TAX

On 1 April, the UK government's new plastic packaging tax (PPT) came into force. As a result, firms that manufacture or import plastic packaging now need to check if they are liable to register for PPT. The tax is designed to incentivise the use of recycled material in the production of plastic packaging and is charged at a rate of £200 per tonne.

BEST CITIES TO WALK TO WORK

Analysis conducted by flexible office specialist *Workthere* has ranked UK cities according to a variety of factors in order to find the best place in the country for commuting to work on foot. And top of the rankings was Edinburgh, where almost one in six workers currently walks to work. The other cities which featured among the top five rankings were York, Bristol, Newcastle and Cambridge.

OFFICE DOGS CAN BOOST WELLBEING

A survey suggests that office dogs could be the key to creating a happy and engaged workforce. The research, conducted by *Toro Recruitment*, found that more than three-quarters of their employees felt that their mood was improved when the dogs were in the office, while almost nine out of 10 suggested that the dogs had a positive effect on the team. In addition, two thirds would recommend having dogs as office buddies to other companies.

SPRING STATEMENT 2022



On 23 March, Chancellor of the Exchequer Rishi Sunak delivered his Spring Statement to the House of Commons. Among the key business-related measures that were announced or re-emphasised during his speech were:

- A 5p per litre cut in fuel duty on petrol and diesel to last for 12 months
- A £1,000 increase to the Employment Allowance, which will provide smaller businesses with relief of up to £5,000 on National Insurance contributions from April 2022
- The acceleration of an exemption on business rates for green technology by a year to April 2022. This move means that no rates will be due on a range of green technologies used to decarbonise buildings, while a 100% relief will be available for eligible low-carbon heat networks
- A reform to R&D tax credits that will enable businesses to claim relief on the storage of their vital data and pure maths research from April 2023

QUIRKY QUOTE:

"It's just a job. Grass grows, birds fly, waves pound the sand. I beat people up"

— Muhammad Ali

Business reaction

While business groups did welcome some of the Chancellor's announcements, they also expressed their concerns that Mr Sunak had not done enough to protect small firms from the rising cost of doing business.

"The Spring Statement falls short of the action businesses needed to see. While there are some positive announcements that firms will welcome, it did not fundamentally address the huge cost pressures they are facing.

Businesses will be pleased that the employment allowance has been increased. But today was a missed opportunity to rebuild and renew the economy and ensure business has the resilience to weather the uncertain and volatile times ahead."

Shevaun Haviland, Director General of the British Chambers of Commerce

"The Chancellor has taken steps to sustain confidence in our economy. They are welcome but don't do enough to tackle the current challenges facing firms.

The government can't solve every challenge. However, the only enduring response to inflation, energy prices and cost of living challenges is a relentless campaign for economic growth."

Tony Danker, Director General of the Confederation of British Industry

"This Spring Statement marks a good starting point, with welcome measures on business rates, net zero and energy investment taking effect next month.

With steep inflation, energy bills increasing fast, without the same support in place as enjoyed by consumers, and hiring pressures landing hard on small firms, more of the right stuff will be needed in the autumn given this challenging backdrop."

Martin McTague, National Chair of the Federation of Small Businesses

All details are correct at the time of writing (11 April 2022)

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