

Written 20 September 2022

## **Business News England**

Welcome to our round-up of the latest business news for our clients. Please contact us if you want to talk about how these updates affect your business. We are here to support you!

### **New beginnings in uncertain times**

The 70-year reign of Queen Elizabeth II was marked by her sense of duty and her determination to dedicate her life to her throne and to her people. For many of us, she became a constant in a rapidly changing world. King Charles III paid tribute to the reign of the late Queen, “unequalled in its duration, its dedication and its devotion”, as he was formally declared the nation’s new Monarch.



A new era begins for us all. Not only is there a new Monarch, but we also have a new Prime Minister and Cabinet facing the toughest economic conditions in decades.

### So what actions can we expect from the government in the next few weeks?

Chancellor Kwasi Kwarteng will outline how the government intends to fund the measures to help with the cost-of-living crisis on Friday 23rd September in what is described as a “fiscal event”. We can also expect further details about the household annual energy cap and the support for businesses. Government plans also outline the lifting of the ban on fracking and new licenses for North Sea oil and gas to help increase UK domestic supplies.

### One of the key questions is whether Liz Truss will keep her promises on tax cuts.

During the run-up to the leadership election, the new Prime Minister promised tax cuts to stimulate economic growth, including the abolition of the 1.25% Health and Social Care Levy and cuts in corporation tax and income tax. It will be interesting to find out if and when those tax changes take effect. We should find out by the end of September as part of the “fiscal event” outlined above.

Normally before a formal Budget, there needs to be a report by the Office of Budget Responsibility which reports on the state of the economy and the likely impact of the fiscal announcements. These reports provide reassurance to the financial markets. Many commentators, including the Chairman of the Treasury Select Committee, Mel Stride, have strongly recommended that such a report should be prepared. If the markets are spooked then interest rates could escalate as a result, increasing government borrowing costs. There are already concerns about the exchange rate against the dollar, the lowest since the 1980s which will result in higher UK inflation.

The main concern is the likely increase in government borrowing, which some estimate could be as much as an extra £200 billion over the two-year period of support. Liz Truss has categorically refused to introduce a further “windfall tax” on energy companies stating that would discourage investment in the UK and stifle growth. Therefore, the major question is can the country still afford the promised tax cuts in light of the massive increase in government borrowing? Remember that when the Health and Social Care Levy was announced, we were told that the new Levy would bring in an extra £36 billion over three years. That seems a small amount compared to the potential cost of support for energy bills. With a general election within the next two years, tax increases are unlikely but future generations may well have to bear the brunt of paying the spiralling government debt.

### Faced with uncertainty, what actions should a business owner take right now?

Take some time to look at your business’s strengths, weaknesses, opportunities and threats. Get a clear understanding of its position in the marketplace, the competition, the systems and the way things are done to find improvements that could be made. Focus on what the business is to look like when it is “complete” or running profitably and successfully. Then, you can determine priorities – the big issues that need to be focussed on – and make a plan.

It is also a good idea to plan for a range of scenarios (good and bad) so you can be flexible about the direction your business should take.

Please talk to us about your plans, we can assist with cash flow planning and “what if” scenarios.

## Successful recruitment strategies

The latest official figures released by the Office for National Statistics (ONS) show that the UK's unemployment rate fell to its lowest level since 1974 in the three months to July. The jobless rate fell to 3.6% over the period, although this may change with a future recession.

For many businesses, recruiting employees remains challenging, and we've seen some very inventive clients adopting new strategies. For example, some employers are now offering "Wellbeing leave" in addition to the usual holiday package. If you want to recruit, you have to get serious about the process and be on it 365!

There are a number of actions you can take to make your business attractive to new staff. In addition to reviewing your pay and conditions to be as competitive as possible, some things you could do to improve include:

- Tasking recruitment as a permanent process;
- Regularly asking existing staff, customers and suppliers for introductions;
- Offering incentives for referrals;
- Make sure you are running constant online social media posts and local advertisements;
- Embracing flexibility in hours and location in your business;
- Introducing a "Golden Hello" and loyalty bonuses based on length of service (typically one to three years);
- Advertising testimonials from existing staff;
- Using government initiatives for apprentices;
- Make your company and the job sound as attractive as possible by outlining the position to sound prestigious and challenging - These two factors are big incentives for bright potential candidates;
- When advertising the role, knowing that job satisfaction comes from feeling respected and having the opportunity to learn new things and excel in the face of obstacles; and
- Conveying your business's personality so potential employees get a feel for what it would be like to work for you.

Useful guidance on the procedures for recruitment can be seen in the ACAS guide "Recruiting staff" which can be seen here: [Recruiting staff \(acas.org.uk\)](https://www.acas.org.uk/recruiting-staff)

## Working capital finance explained

Working capital finance solutions offer businesses the opportunity to improve cash flow. The world of commercial finance and asset-based lending (ABL) is complex and expansive with products, terminology and contractual interpretation varying from lender to lender.

The benefits of arranging working capital include:

- Up to 90% of outstanding invoice value can be advanced within 24 hours;
- Flexible lending – funding increases in line with your growth (UK and Export);
- Confidentiality – lenders can offer a completely confidential service – your customers need not know you have a facility in place;
- Lenders allow you to manage your funding at all times;
- Sector-specific finance is often available;
- Structured ABL – funding for management buy-outs/management buy-ins;
- Trade Finance & Supply Chain Finance Solutions.

Specialists in this area can advise on:

- Invoice Finance - an effective way of quickly accessing a proportion of the value (up to 90%) of your invoices. Effectively, a business 'sells' its invoices to the lender in return for accessing cash at the point products and services are sold. Specific sector-based offerings are available, as is the ability to arrange finance for selected invoices only.
- Structured ABL - generate a higher level of funding by unlocking the maximum value tied up in the combined assets within your business, including Debtors, Inventory, Plant & Machinery and Property. Additional forms of funding can be structured in addition to this, such as top-up loans in order to drive growth.
- Trade Finance - supply chain finance with various options, enabling the purchasing of goods from overseas where you are otherwise unable to obtain credit from suppliers.

Typically, you will need to ensure that your management accounts are up to date, you make available current detailed lists of debtors and creditors, and you might need to provide up-to-date projections before an expert will consider your application. Please talk to us about finance - our working capital finance experts have many years of experience and success in advising businesses across a wide range of sectors in obtaining working capital finance solutions. We can help you find a specialist to help you find the right solution for your business.

## Thinking of retirement?

The ultimate aim of every serious business person is to build a company that has value, so that it can be sold or transferred, allowing the entrepreneur to exit gracefully and profitably.



Recently, we have been helping a number of our entrepreneur clients develop exit strategies. There are many factors to consider:

- When do you want to retire?
- Can the business be sold to your employees?
- Is a trade sale more likely?
- Are there children involved?
- How much is the business worth?
- What needs to be done to enhance the value of the business?
- How long will it take?
- Do you want or need to stay on after the sale or transfer?
- What are the tax consequences?

We have a tried and tested methodology to address these issues and to help you prepare your business for sale, find potential buyers and help you negotiate to get the maximum price. If you would like to discuss your personal exit plans, we would be happy to do so with you — Just give us a call!

## **The move from CHIEF to Customs Declaration Service (CDS) – importers and exporters**

HMRC is closing the CHIEF system for imports on 30 September 2022 and exports by 31 March 2023. They are encouraging all businesses to move to CDS. You can find information for you and your importers below.

Declarant Checklist – Moving to the Customs Declaration Service: [Declarant checklist – moving to the Customs Declaration Service - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/declarant-checklist-moving-to-the-customs-declaration-service)

Trader Checklist – Moving to the Customs Declaration Service: [Trader checklist – moving to the Customs Declaration Service - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/trader-checklist-moving-to-the-customs-declaration-service)

## **ICO SME web hub – advice for all small organisations**

The Information Commissioner's Office (ICO) has a useful webpage with advice and guidance for all small organisations, including SMEs, small businesses, sole traders, small charities, groups and clubs, and small start-ups.

The webpage includes a run-through of data protection and bite-sized advice on how to build trust and save money through stronger data protection compliance.

Topics include:

- Getting started with data protection;
- Key data protection terms you need to know;
- Compliance checks;
- How to respond to a personal data breach; and
- How to deal with data protection complaints.

See: [SME web hub – advice for all small organisations | ICO](https://www.ico.gov.uk/small-business)

## **How to prepare a health and safety policy**

The law states that every business must have a policy for managing health and safety.

A health and safety policy sets out your general approach to health and safety. It explains how you, as an employer, will manage health and safety in your business and should clearly state who does what, when and how. If you have five or more employees, you must write your policy down. If you have fewer than five employees, you do not have to write anything down, but it is useful to do so.

You must share the policy, and any changes to it, with your employees.

A health and safety policy should cover three areas.

### Part 1: Statement of intent

State your general policy on health and safety at work, including your commitment to managing health and safety and your aims. As the employer or most senior person in the company, you should sign it and review it regularly.

### Part 2: Responsibilities for health and safety

List the names, positions and roles of the people in your business who have specific responsibilities for health and safety.

### Part 3: Arrangements for health and safety

Give details of the practical arrangements you have in place, showing how you will achieve your health and safety policy aims. This could include, for example, doing a risk assessment, training employees and using safety signs or equipment.

See: [Prepare a health and safety policy - HSE](#)

## **Tax diary for October**

The following dates are important tax deadlines for October. Please contact us if you need support in meeting these filing dates.

1 October 2022 – Due date for Corporation Tax due for the year ending 31 December 2021.

19 October 2022 – PAYE and NIC deductions are due for the month ending 5 October 2022. (If you pay your tax electronically, the due date is 22 October 2022)

19 October 2022 – The filing deadline for the CIS300 monthly return for the month ending 5 October 2022.

19 October 2022 – CIS tax deducted for the month ending 5 October 2022 is payable by today.

31 October 2022 – Latest date you can file a paper version of your 2021-22 self-assessment tax return.