

Monthly Newswire

Welcome to our monthly newswire. We hope you enjoy reading this newsletter and find it useful.

December 2020

Is your business ready for Brexit?

The UK left the European Union on 31 January 2020. The transition period ends on 31 December 2020.

The Covid-19 pandemic has dominated the news headlines this year but Brexit is still progressing. During the transition period, the UK remains in both the EU customs union and single market. Until the end of the transition period (31 December this year), most things stay pretty much the same. So, what do businesses need to think about in terms of UK-EU trade, supply chains, etc. from 1st January?

Brexit could affect your business in a number of ways. For example, businesses that import or export goods between the UK and the EU will need to consider what operational changes they will need to make in advance of January 1st. The UK Government has set up a helpful webpage which includes useful guides and checklists
<https://www.gov.uk/transition>

A new customs regime will come into force on 1 January 2021. Hopefully a trade deal can be agreed by then, as the final arrangements are still not clear.

UK businesses that trade with countries outside the European Union will already be familiar with an Economic Operation Registration Identification (EORI) number. From 1 January, British companies will not be able to trade with the EU without an EORI. In the absence of an EORI number, goods could be held up at ports.

In addition, non-compliant businesses won't be able to take advantage of any special measures such as deferred tariff payments that look set to be introduced to smooth the flow of trade.

Another consideration for businesses is taxation. HMRC offers guidance on its website for the future treatment of payments between UK companies and EU member states. As ever, tax can be a complicated subject and it is often best to invest in some tax advice from an expert.

Finally, businesses that trade with the EU may need to consider any additional regulatory obligations that come about as a result of Brexit. As things currently stand, there are a lot of unanswered questions as we still don't know if a last-minute trade deal will be agreed between the UK and the EU. Either way, it's worth keeping an eye on the gov.uk website for any additional guidance or updates.

Are digital banking platforms suitable for businesses?

Digital banking platforms such as Starling Bank or Monzo have risen in popularity, but are they suitable for business use?

Digital banks have built popular apps for personal users to manage their current accounts from their smartphones. The apps allow users to easily manage their money, make payments and track their transactional activity. The digital banking model has proven popular and now Monzo, Starling, and others offer business accounts. Opening a business account with a traditional bank can be a long-winded process involving branch appointments, submitting paperwork, etc.



The apps used by digital banks can save you a lot of time as users can apply online at any time and get a quick decision, rather than waiting weeks as is often the case with high street banks.

The Monzo Business Lite account is free and an upgraded Business Pro version costs £5 per month. Starling Bank also offers a free business banking service as well as a more feature-rich business account costing £7 per month. Both Monzo Business and Starling Bank Business accounts offer free UK transfers, free ATM withdrawals, fee-free spending abroad, cash and cheque deposits and 24/7 customer support.

The paid-for 'Pro' version of both Monzo and Starling's business accounts add features such as VAT management, spending alerts, and integration with accounting systems which are helpful features for business users. Physical cards are issued to users and they are full debit cards. IBAN transfers are possible on both Starling Bank and Monzo Business accounts. Receiving transfers from abroad is free unless a payment is sent in a currency other than GBP, which results in foreign exchange charges. For businesses that regularly deal in Euros as well as GBP, there are Euro Account add-ons available to users.

Monzo and Starling are regulated by the Financial Conduct Authority (FCA). This means that up to £85,000 of your money is protected by the Financial Services Compensation Scheme if the bank were to become insolvent. Businesses must be UK registered companies or sole traders.

There is a lot to like about digital banking platforms and their business offerings, but there are some limitations too. Both Monzo and Starling have limits on the amount of cash that users can deposit in their business accounts.

These business accounts are generally aimed at small businesses and sole traders so they may not offer the features that a medium to large size business might require.

New ways of working

Lockdown has forced businesses to rethink their office space requirements and how staff will work, in the long term.

Prior to the Coronavirus pandemic, most businesses had enough desks or workstations for each and every employee. The remote working revolution that has come about as a result of Covid-19 has forced businesses to rethink their premises strategy. Firms are now asking themselves whether they need desks for everyone and whether they really need so much (expensive) office space.

Throughout the last 20 years or so, offices have evolved. Workspaces have become more open plan. Not everyone is a fan of this - some people find that open plan working involves too many distractions. However, others, conversely, find the added interaction with colleagues in an open plan office inspires innovation and fosters collaboration.

Open plan offices, hot desking, and other modern premises strategies were generally designed around assumptions on the number of staff, number of desks required, and so forth. However, the work from home revolution has suggested that businesses don't need desks, workstations, or offices for all staff.

Another consideration is new attitudes to virus transmission and social distancing. People no longer want to sit close to others.

Many firms have already responded by launching permanent work from home policies. Some firms want people to work from home for one or two days per week, while others only want to see their employees in the office one or twice a month.

Many people will celebrate this new development. No more commute, a comfortable working environment at home and a better work-life balance. That is fine for those who want to live in the countryside and who have a spare room to convert into an office or study. However, it may not work as well for those who live in small apartments, who cannot afford the luxury of a dedicated home-office.

Businesses may benefit from reduced premises costs and staff may benefit from reduced travel time and commuting costs so it can be a win-win scenario for those with a suitable remote working setup.

All of this points to the end of being expected to attend the office every day. It could mean the end of hot desking, open plan working, and the distraction of others. However, businesses need to think carefully about how to train and develop their people remotely. This will involve an investment in terms of time, effort, technology and money.

There is an opportunity for businesses to reduce premises costs but a shift in thinking will be required in order to make this effective. It seems likely that the best businesses will invest some of the savings back into their people and they are the firms that will most likely succeed in the longer term. Change is upon us and it's time to adapt accordingly

Having difficult conversations remotely

Nobody likes having a difficult conversation with an employee but it's even more challenging on screen

In the current environment, many businesses are still working remotely.

As we move towards the end of the year, managers will be preparing to have end-of-year review conversations with employees.

It's challenging enough having a review meeting with an employee over a video conference or on the phone but it's even trickier when you need to have a difficult conversation with an under-performing team member. When a face-to-face conversation is not possible, the next best option is to arrange a video call.

Treat it like an in-person meeting

Whilst meeting with an employee on a video conference isn't the same as meeting in person, the key point is to engage in two-way communication. Make eye contact, ask questions and give the other person time to really engage in the conversation. Prepare any paperwork ahead of time and have it ready to send by email, for e-signature (if required).

Consider the place and time

If you're working with employees across time zones, set up a call that is appropriate for everyone's schedule. Ensure that you leave sufficient time to answer any follow-up questions at the end.



Consider if others need to join

If you are having a disciplinary conversation, it is often a good idea to have another manager join the video conference. At the beginning of the call, you should explain why there is another person in the meeting, then go through the agenda for the call. Having a witness on a disciplinary video conference can be beneficial for all involved as it ensures transparency in the interaction.

Final points

Ensure you follow up after the video conference call and include a summary of key points and next steps, if any. It may also be useful to set up another call, in a few days' time, in case the employee has any questions, once they have had a chance to reflect on the meeting.
