

FACT SHEET

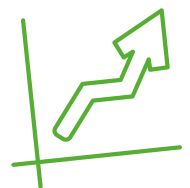
Navigating increased cost of living as a small business



Summary

- The average annual gas and electricity bill for businesses with typical levels of consumption has increased by 96% from the previous winter
- 5.47 million small businesses across the nation are facing steeper energy bills
- Increased energy prices are impacting smaller businesses more as they lack the benefit of consumer protection schemes, such as the energy price cap
- Wages are struggling to keep pace with the rising cost of living, making it harder for many SMEs to attract and retain staff

1. What is causing the rising cost of living?



The increase in the cost of living for smaller businesses is being driven by several factors, including:

Inflation

Smaller businesses are seeing rapid inflation in the cost of materials and business services. In addition to this, increased pressure on consumer budgets is causing many people to seek jobs at larger companies which can offer higher salaries in order to meet the demand of everyday costs.



Supply chains

Fuel prices have soared, resulting in increased costs of transportation and shipping. This is putting strain on many businesses that are involved with the exporting of goods, as well as causing issues further down the chain for those who rely on the importation of products and materials in order to operate.

Energy

Energy costs have increased exponentially since 2021, especially for non-domestic customers. This impacts businesses with high energy consumption such as those within the manufacturing, warehousing, hospitality, and refrigeration sectors.

2. What support is available to businesses?



Energy Bill Relief Scheme (EBRS)

The government's Non-Domestic Energy Bill Relief Scheme aims to support businesses, voluntary sector organisations and public sector organisations with their energy bills this winter. This scheme provides energy bill relief for non-domestic customers in Great Britain, and these discounts will be applied automatically to any energy usage between 1 October 2022 and 31 March 2023.

Advice from the Growth Hub

There are lots of [resources](#) available on our website to help you navigate the cost of living. For further advice and guidance, [contact us](#) to make an appointment with a Growth Hub adviser.



3. Steps businesses can take to tackle increased cost of living

1. Manage your energy use by going green

Prioritising sustainability and going green can be a cost-effective way of reducing energy consumption and can help reduce bills in the process.

Tracking any reductions in your energy bills each month will help you to get a better picture of your accumulative savings as well as highlight areas for improvement, providing you with a better overall understanding of your current energy usage. You can learn more about how to embrace sustainability [here](#).

2. Train staff in energy consciousness

You can't achieve your energy saving goals without the support of your team. Take some time to sit down with your workforce to set realistic targets and collaborate to build an energy saving strategy.

Transparency is key, and by keeping your staff involved in the process of reducing your energy consumption, you will help them understand the impact of their choices within the workplace.

3. Assess options for funding support

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4. Consider budget reallocation

Assessing existing outgoings can help you identify areas which can be cut, or where cheaper alternatives could be sourced. For example, reducing your paper trail can lower your expenditure on the materials required for printing. Opting to go paperless could free up more budget to fund increased bills or could even be used to back investment into more efficient energy sources in the long term.

5. Increase prices with care

Inflation is leaving some businesses with no choice but to raise their prices. But this can be tricky when consumers are also feeling the impact from rising living costs.

If you're having to announce price hikes, whether that's for domestic or corporate customers, be honest and authentic in your messaging. Be clear as to why you're raising prices but highlight the value you're adding to your customers' lives during a tough economic time.

6. Investigate options for sourcing domestically

Opting to source goods domestically can help you circumnavigate expensive shipping and import costs. Buying from local suppliers can often lower costs associated with transportation and can also help reduce the volume of greenhouse gases released through burning fossil fuels.

Domestic supply chains may also be more resilient to geopolitical events, making them a more reliable option for sourcing materials, suppliers, ingredients and goods. You can find out more about Greater Lincolnshire and Rutland suppliers on our website.

7. Invest in your employees

The rising cost of living is having a widespread impact, and it's likely that your team are also feeling the pressure. If your business is unable to accommodate wage increases, consider other ways your business can reduce the burden on staff.

Introducing more work-from-home days to help staff reduce travel costs or signing up for a corporate staff discount scheme can help to alleviate some of the burden on their finances.

Need more support with navigating the cost of living?

Get in touch!

For more information visit www.businesslincolnshire.com where you can request support from one of our advisers by filling in the online contact form.

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