



Businesses' experiences of the energy market 2023: Main Research Report

A report for Ofgem and the Department for Energy Security and Net Zero (DESNZ) by IFF Research

March 2024

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Executive Summary

Ofgem and the Department for Energy Security and Net Zero commissioned IFF Research to conduct research with non-domestic energy consumers in Great Britain (GB), with the aim of improving their understanding of businesses' experiences of the energy market. Specifically, the research sought to determine:

- How energy price increases have impacted businesses;
- What businesses' experiences are of buying energy and managing energy needs;
- How satisfied businesses are with the quality of service delivered by their energy supplier;
- The impacts of the Non-Domestic Energy Consumer Support Schemes on businesses and their ability to pay their energy bills;
- The experiences of businesses falling behind on energy bills; and
- What businesses have done in response to energy price changes.

These findings are based on a telephone survey of 1,000 GB businesses conducted throughout July 2023, followed by 30 qualitative interviews conducted in September and October of the same year. This methodology is similar to a previous study conducted for Ofgem in 2022, also focussing on non-domestic energy consumers' views and experiences of the energy market.²

In December 2023 Ofgem published an interim report of findings from this research that had been used to inform Ofgem's statutory consultation and impact assessment.³ This report is a full report of findings from the research.

Energy contract and supplier experience

Businesses were typically satisfied with the overall level of service that their energy supplier offered (60%), although 13% were dissatisfied with their supplier. Overall satisfaction figures mirrored views of businesses' ability to contact their supplier, with 55% of those who had contacted their supplier in the last 12 months saying it had been easy to do so. Close to one in five (18%) reported difficulty in contacting their supplier, with this more common in small businesses (28%). Qualitative interviews revealed that customer service (including a need for more responsive and 'human' contact) and costs were key determinants of whether businesses had a positive experience with their supplier.

For many businesses, dissatisfaction with their supplier had resulted in a complaint; just over one in ten (12%) of all businesses had made a complaint to their energy supplier in the last six months. Billing issues, overcharging, and metering (including smart meter) issues were the main causes of these complaints. Typically, businesses did not tend to escalate their complaints beyond the standard contact channels for their supplier. This was partly due to a lack of knowledge regarding available options. In some cases, an unresolved complaint led the business to switch supplier.

¹ Throughout this report we will refer to 'businesses'. However, the sample specifically contains only businesses that operate out of non-domestic premises and who have a non-domestic energy contract. This excludes businesses that operate out of a home (domestic property). A business sample was used to identify these consumers; public bodies and charities, who may also have non-domestic contracts, were not targeted.

² This report can be found here: <https://www.ofgem.gov.uk/publications/non-domestic-consumer-research>. Survey fieldwork for this report was conducted between 25th April and 30th May 2022.

³ [Non-domestic market review: findings and statutory consultation | Ofgem](#)

Contracting and switching

Businesses' views of the energy supplier market were mixed. For example, two in five (39%) agreed there was sufficient choice in the range of energy suppliers, compared to 22% who disagreed. Businesses were more likely to disagree than agree that there was sufficient tariff choice (34% disagreed vs 29% agreed). Larger businesses tended to view the market more positively than other sized businesses.

Around a quarter (26%) of businesses had switched energy suppliers or contracts in the last year, although this was more common for small (41%) and medium-sized (45%) businesses, and in the Agriculture, Mining and Energy sector (39%). Common reasons for switching included businesses' contract coming to an end, and another supplier offering a lower priced contract or tariff. Businesses were asked for their reasons for selecting their energy supplier. Most commonly this was because they were the cheapest option (54%). Typically, businesses who switched suppliers found the process easy, although 20% reported some level of difficulty.

Three in ten (30%) businesses reported that they were aware they had used an energy broker when choosing their current contract, with this activity more commonly reported among larger businesses (50% of those with 10+ employees) and those within the Hotel and Catering (44%) and Manufacturing (43%) sectors.⁴ In deciding whether to use a broker, the ability to achieve a cheaper deal with the energy supplier was the key consideration. This was particularly important to businesses as they navigated the recent rises in energy prices.

Of those that reported that they had used a broker, only 7% of businesses reported that they were charged for their services. Of this 7%, just under three-quarters (74%) said that these charges were clear. Qualitative interviews demonstrated that businesses were often uncertain whether they were being charged by their broker, even in cases where an outline of costs was provided.

Experience of energy costs

Most commonly, businesses spend less than 10% of their total business costs on their gas bills – this is also true of electricity. Three in ten (30% gas; 28% electricity) spent up to 4% of their total costs on these bills, while 15% spent between 5% to 9% for each of gas and electricity. It should be noted that 'don't know' responses accounted for a relatively large proportion of answers (34% gas and 29% electricity).

Nearly two-thirds (64%) of businesses experienced an increase in gas and/or electricity bills in the last 12 months. Compared to the 2022 research, there was a small increase in the proportion of businesses having reported an increase in electricity bills (62% compared to 57% in 2022). Most businesses that experienced an increase in bills reported that this led to reductions in their energy usage (76%, most commonly by limiting the use of appliances), while around half reported reduced profit margins (56%), reduced spending in other areas of the organisation (51%), and increased prices for customers (48%, rising to 62% among small businesses). Businesses in the Hotel and Catering sector were more likely than other businesses to have experienced many of the above impacts of increased energy costs.

⁴ Internal Ofgem analysis of supplier data suggests the actual proportion of non-domestic consumers using a broker is much higher than this. There may be a range of reasons why this is lower in the survey results, such as respondent error or the respondent wasn't aware that an energy broker had been used.

Generally speaking – despite the majority (60%) reporting that they were able to keep up with their bills over the last 12 months – businesses were concerned about the impact of energy prices on their business. Six in ten (58%) reported some level of concern, with 42% stating they were ‘very’ concerned. A small minority (4%) reported falling behind with bills, and while many of these contacted their energy supplier about help with paying bills, they reported that suppliers were not always forthcoming in supporting them. Qualitative research revealed strategies to mitigate against future price rises included altering their management of energy contracts. This included signing longer term fixed rate contracts, or even switching from gas to electricity for heating to avoid having a gas bill.

Energy schemes

The Energy Bill Relief Scheme (EBRS), which ran from October 2022 to March 2023, was a government initiative to provide energy bill relief for businesses. Around half (53%) of businesses were aware of the scheme and, of this group, 46% reported that the EBRS was applied to their energy bills. Large businesses were more likely than other sized businesses to be aware of the EBRS (78% compared to 53%). Over three quarters (78%) of businesses who were aware of receiving the EBRS said that it had a positive impact on their ability to manage their energy bills, citing benefits such as increased cashflow and reducing the extent to which costs were passed on to customers.

The Energy Bills Discount Scheme (EBDS) replaced the EBRS and ran from April 2023 onwards. Awareness levels were however somewhat lower with three in ten (30%) reporting awareness. Large businesses were more likely than other sized businesses to have heard of the EBDS (59%) and had it applied to their bills (39%). The vast majority of businesses that had the EBDS applied (82%) said that they thought that the EBDS would have a positive impact on their ability to manage their energy bills.

Energy efficiency

Two-thirds of businesses (66%) agreed that they had a responsibility to reduce their carbon emissions, with large businesses being the most likely to agree (92%). Furthermore, four in ten (41%, rising to 66% of large businesses) agreed that reducing their usage of fossil fuels would help reduce the impact of future energy price rises.

In responding to the need to become more energy efficient:

- 73% of businesses had tried to (or were planning to try to) increase energy efficiency through behavioural change (e.g. encouraging staff to turn off lights not being used). Businesses reported a good level of buy-in from their workforces due to their awareness of the importance of reducing energy consumption.
- 49% had already used or were planning to use energy-efficient technologies and processes within their organisation (e.g. updating equipment to models that use less energy). A lack of money, building restrictions and lack of awareness of options typically restricted further take up of energy-efficient technologies.
- 27% had already made or planned to make energy-efficient building improvements (e.g. installing insulation). Rental contracts, building regulations and financial limitations were key barriers to uptake of building improvements.

When businesses were asked what barriers affected their ability to decarbonise, the most common reason given was the perceived cost of doing so (32%). Small and medium-sized businesses were more likely when compared to other businesses to say perceived costs were a barrier (45% and 48%

compared to 37% for large businesses and 30% for sole trader and micro businesses). Across sectors, those within the Manufacturing and Hotel and Catering sectors (56% and 51% respectively) were also more likely to see costs as a barrier. Just over one in ten (13%) said that they had limited ability to change the building that they were in, as they do not own it. A quarter of businesses (24%) said that they faced no barriers to decarbonisation.

Introduction

Background

The Office of Gas and Electricity Markets (Ofgem) is Great Britain's independent energy regulator. Ofgem's principal objective, set out in law, is to protect the interests of existing and future gas and electricity consumers.

The Department for Energy Security and Net Zero (DESNZ) is a government department with responsibility for ensuring the functioning of the UK's energy market and the security of its long-term energy supply, as well as ensuring the UK is on track to meet its legally binding Net Zero commitments.

The past few years have been a challenging time for energy consumers, with changes in the energy market and wider economic pressures causing widespread concern for both domestic and non-domestic (business) consumers across Great Britain.

A number of businesses were already under pressure post-pandemic. Small and medium-sized businesses (SMEs) are at particular risk – especially sole traders and micro businesses – as they often lack the leverage that larger businesses have to negotiate with energy suppliers. The energy price cap, a backstop protection from the Government for domestic consumers on default tariffs, does not exist for businesses.

In September 2022, the Government announced a package of support to help households, businesses, and public sector organisations with their energy bills. The Energy Bill Relief Scheme (EBRS) provided a discount on wholesale gas and electricity prices for non-domestic organisations, subject to a maximum discount.⁵ This included public sector organisations, and voluntary sector organisations like charities, as well as businesses, for the period between 1 October 2022 and 31 March 2023.

In January 2023, the government announced the new Energy Bills Discount Scheme (EBDS) which is to run for 12 months from 1 April 2023 to 31 March 2024. This provides a discount on gas and electricity unit prices, subject to a maximum discount set lower than for the EBRS.

Alongside this, there have been reports about the difficulties faced by business customers in the Non-Domestic energy supply market.⁶ Some of these difficulties include a lack of offers to contract, leading to an increase in consumers on deemed contracts; some reports of excessive security deposits where contracts are being offered; and increases in standing or management charges.⁷ There are also

⁵ More information on the Energy Bill Relief Scheme and eligibility can be found at <https://www.gov.uk/guidance/energy-bill-relief-scheme-help-for-businesses-and-other-non-domestic-customers>

⁶ [Non-domestic market review: Findings and Policy consultation | Ofgem](#)

⁷ A deemed contract normally applies if you move into new business premises and do not agree a contract. You could also be on a deemed or out-of-contract contract if your current contract ends but the supplier continues supplying the energy that you

reports of businesses having poor experiences with their suppliers; for instance, some have found it difficult to contact their supplier, and there are also reports of long and unnecessary delays in actioning a change of supplier.⁸

Ofgem took a close look at the issues in the Non-Domestic market and found areas where customers needed more support. After further consideration of this stakeholder evidence, together with more detailed information from suppliers and business customer research, Ofgem set out a series of actions that included specific rules for Non-Domestic suppliers, to better support non-domestic Customers and drive-up standards.⁹

Aims and objectives

The primary aim of this research was to build on the existing Ofgem and DESNZ evidence base around business experiences in the Non-Domestic energy market.

The main aims and questions that the research sought to answer were:

- How have energy price increases impacted businesses?
- What are businesses' experiences of buying energy and/or managing energy needs, including experiences of switching, working with a Third-Party Intermediary (such as an energy broker), and the availability of different products and services in the market?
- How satisfied are businesses with the quality of service delivered by their energy supplier?
- What have the impacts of the Non-Domestic Energy Consumer Support Schemes (EBRS, EBDS) been on businesses and their ability to pay their energy bills?
- What is the experience of businesses falling behind on energy bills?
- What have businesses done in response to energy price changes? What do they plan to do or continue to do?

The study incorporated a survey of 1,000 businesses and 30 follow-up depth interviews, as described below.

Survey methodology

Sampling

The target for this research was businesses that are on non-domestic contracts that are supplied by gas or electricity. For brevity, we refer to "businesses" throughout the report.

use. This might happen if the original contract does not state what will happen at the end of the contract or does not have renewal provisions. Deemed contracts are usually among a supplier's most expensive. For more on business energy contracts see: <https://www.ofgem.gov.uk/information-consumers/energy-advice-businesses/types-business-energy-contracts>.

⁸ More information on these issues can be found in Ofgem's non-domestic market review:

<https://www.ofgem.gov.uk/publications/non-domestic-market-review-findings-and-policy-consultation>

⁹ [Non-domestic market review: findings and statutory consultation | Ofgem](#). The consultation follows a [Call for Input on the Non-Domestic Gas and Electricity Market](#) and a [Non-Domestic Market Review Findings and Policy Consultation](#) earlier in 2023

IFF used a Probability Proportionate to Size (PPS) approach to sampling to achieve a robust sample that was representative of the population and had sufficient numbers within each subgroup to enable reliable subgroup analysis.¹⁰ This was a two-stage approach, whereby:

At sector level, half the sample was drawn equally across the 9 macro-level SIC (Standard Industrial Classification) sectors,¹¹ with the remainder distributed in proportion to the population.

This process was then repeated within sector, so that half the sample was distributed equally by size (0-9, 10-49, 50-249, 250+), and the other in proportion to the size distribution within that sector.¹²

Regional targets were set in line with the overall population distribution of GB businesses.

IFF made a sample order of 19,508 businesses from Market Location (a provider of UK business records) using a sample-to-target ratio of 20:1.¹³ More information on the sampling approach and survey quotas can be found in the accompanying technical report.

Questionnaire design

The questionnaire was developed iteratively, with IFF leading the drafting process and working collaboratively with Ofgem and DESNZ to refine the survey for piloting. Initial timing checks were carried out to determine the length of the questionnaire, and necessary adaptations were made to achieve an appropriate length.

The questionnaire explored the following areas:

- Information on energy contracts, payment methods, supplier, and satisfaction with the level of service that their supplier offers;
- Businesses' experiences of recent rises in energy costs;
- Businesses' awareness and uptake of energy schemes, including the EBRS and EBDS;
- Businesses' experiences of switching suppliers and their views on choice within the energy market; and
- Businesses' habits around energy efficiency and decarbonisation, barriers to decarbonisation, and views on their responsibility to reduce carbon emissions.

¹⁰ Population information was based on the Department for Business, Energy and Industrial Strategy's (BEIS) Business Population Estimates 2022. BEIS existed until 2023, at which point its interest were redistributed into the Department for Energy Security and Net Zero (DESNZ), the Department for Business and Trade (DBT), and the Department for Science, Innovation and Technology (DSIT).

¹¹ Sectors: agriculture /mining / utilities; manufacturing; construction; retail and distribution; transport and storage; hotel and catering; finance; property, management and business services; public administration/other.

¹² Throughout this report references to sole traders and micro businesses, small businesses, medium businesses and large businesses directly correlate to the listed employee number sizes (0-9, 10-49, 50-249, 250+).

¹³ See the technical report for a detailed breakdown of sample-to-target ratios within each interlocking size by sector cell.

A specific note relating to questions B6-B9, and B15-B18¹⁴: For those on both a gas and electricity contract (i.e. dual fuel), a decision was made to randomly assign them to questions on either their gas or electricity supply, and they were routed through the survey accordingly. This was due to concerns that these survey respondents would be overburdened by the number of questions they would have to answer about their gas and electricity supply separately.

Survey design and piloting

A small rolling pilot exercise was conducted with 23 businesses between 3rd July and 4th July 2023. This was with the aim of testing survey length, quality of responses, and participants' understanding of questions. Some small changes to the survey were made as a result. For example, adding further answer codes for multi-code questions and enhancing the clarity of some answer codes.

Fieldwork

Fieldwork began on 3rd July 2023 and ran until 28th July 2023. Surveys were conducted by IFF's interviewing panel using Computer-Assisted Telephone Interviewing (CATI) and interviews lasted 22 minutes on average.

Businesses that completed the survey had a non-domestic energy contract. The target respondents were those with responsibility for, or understanding of, energy usage in the organisation. Where businesses had multiple sites, members of staff who had knowledge of energy usage across the entire organisation were interviewed.

Achieved sample

The target of 1,000 interviews was achieved. Further details on interviews achieved against initial targets can be found in the technical report.

The starting sample for the survey was 19,508, with 2,713 contacts being made with eligible respondents. The 1,000 completed interviews therefore represent a response rate of 37% amongst eligible respondents contacted, or 5% of the total starting sample.

Data processing / weighting

Survey responses were processed using IBM SPSS. Descriptive statistics were presented in Excel tables, which showed responses for each question at the top level as well as by key sub-groups.

Weighting was applied to the survey data to account for screening out certain subgroups and to ensure that the data was representative of the population. Due to the ineligibility¹⁵ of certain businesses, data from the screener questions was used to estimate an adjusted population of eligible businesses in Great Britain. The adjusted population figures (as a % of the total population), split by size, sector and region, can be found in the technical report.

¹⁴ These questions relate to contract type, length of contract, smart meter usage, and how they pay their bill for both gas and electricity.

¹⁵ Ineligible businesses were those that: did not have a non-domestic energy contract or were not sure; businesses that could not provide information on their businesses' energy supply; and businesses that had neither gas nor electricity in their premises, or were not sure or refused to answer. Screener questions can be seen in full in the technical report.

Qualitative research

Qualitative research was carried out to obtain deeper insight into businesses' views and experiences of the energy market. This involved conducting 30 depth interviews, each lasting around 45 minutes, with businesses who agreed to be contacted for a follow-up interview as part of the survey.

The interviews focused on the following areas:

- Businesses' needs and priorities regarding their energy supply;
- Businesses' experiences of recent energy price rises;
- Businesses' experiences with their energy suppliers, including satisfaction levels, complaints made and resolutions;
- Businesses' experiences of consulting and using energy brokers; and
- Businesses' views on decarbonisation and details around decarbonisation measures implemented by the organisation.

Qualitative fieldwork ran from 29th September until 23rd October 2023. The achieved sample for qualitative interviews, split by quota, can be found in the technical report.

About this report

In December 2023, Ofgem published a report on interim findings from the 2023 iteration of Ofgem's Non-Domestic Consumer Research.¹⁶ This report is a full report of findings from this research. This report leads with findings from the survey, before providing insight from the qualitative interviews where relevant.

Quantitative and qualitative respondents are referred to as 'businesses' for the purposes of this report. However, the sample is more specifically defined as 'non-domestic consumers', which are businesses that operate out of non-domestic premises and that have a non-domestic energy contract. This excludes businesses that operate out of a home or domestic property. A business sample was used to identify these consumers, with screener questions asked at the beginning of the survey to check that businesses met the pre-requisites for being a non-domestic consumer. While public bodies and charities were not deliberately sampled, they were eligible to take part in the research as long as they operated from a non-domestic premises and had a non-domestic energy contract.

Throughout the report, all reported differences between subgroups of businesses (e.g. by business size or sector) are statistically significant (using a confidence interval of 95%), unless otherwise stated. Where there is a significant difference between a subgroup figure and the average of all other figures, this is signified with an asterisk (*) in a chart or a table.

Where data is based on fewer than 50 interviews, we are less confident that the finding applies to the wider population of GB businesses. These particular findings should therefore be interpreted with caution.

¹⁶ [Non-domestic consumer research 2023 interim findings | Ofgem](#)

Where appropriate, the results from this research have been significance tested¹⁷ against similar non-domestic research that was conducted for Ofgem in 2022, which was conducted using a similar methodology, but earlier in the calendar year (Survey: 25th April – 30th May 2022, Qualitative interviews 24th May – 30th June 2022).¹⁸ Significant differences of note are reported within the relevant chapter.

¹⁷ Statistical significance was tested at a 95% significance level.

¹⁸ This report can be found here: <https://www.ofgem.gov.uk/publications/non-domestic-consumer-research>. Survey fieldwork for this report was conducted between 25th April and 30th May 2022.

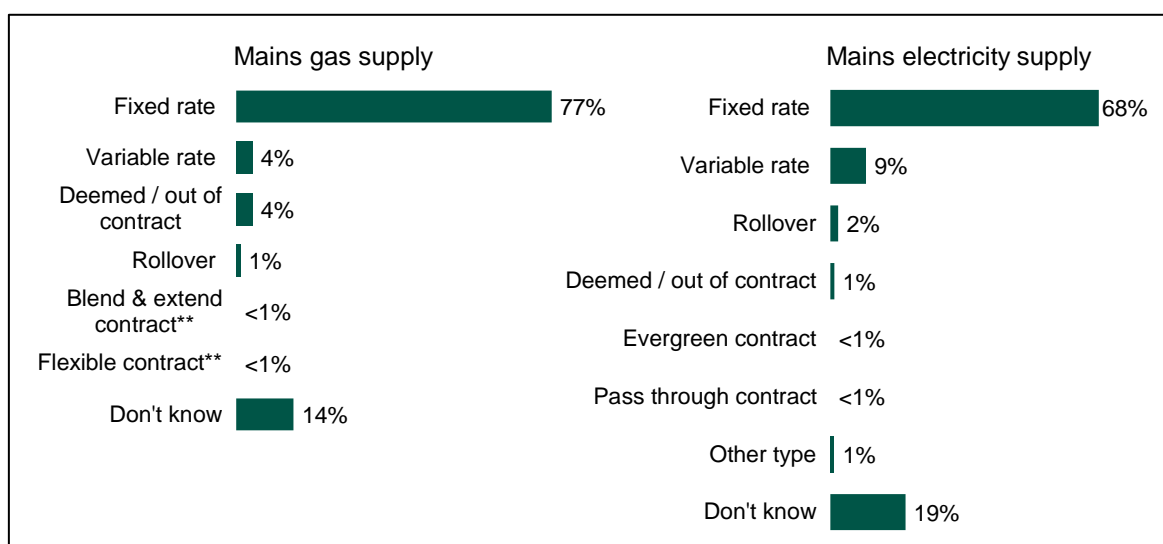
Energy Contract and Supplier Experience

To help understand businesses' energy consumption habits and to contextualise how they have been impacted by the recent changes in the energy market, this chapter explores the nature of businesses' energy contracts, and their usage of gas and electricity. Responses in this chapter are based on those who had either gas mains and/or electricity mains supply.¹⁹ Where businesses had both a gas and electricity supply, to avoid participant fatigue and survey repetition, respondents were randomly routed to be asked questions about one or the other.

Contract and payment information

Over three-quarters (77%) of businesses reported that were on a fixed rate contract for their gas supply, and over two thirds (68%) were on a fixed rate contract for their electricity supply (Figure 0.1 Type of contract for mains gas / electricity).²⁰ A significant minority of businesses did not know what kind of contract they were on for their gas or electricity supply (14% and 19% respectively, or 18% for those who use the same gas and electricity supplier).

Figure 0.1 Type of contract for mains gas / electricity



Base: All answering about their gas supply (226) / electricity supply (774).

B6 / B15. Which ONE, if any, of the following BEST describes what kind of contract you are on for your business's gas /

¹⁹ All businesses that took part in the survey had an electricity contract (100%), 41% had a gas contract. Three in five (59%) of businesses only had an electricity contract, no businesses only had a gas contract (0%). Two in five (41%) had the same supplier for both their gas and their electricity contract.

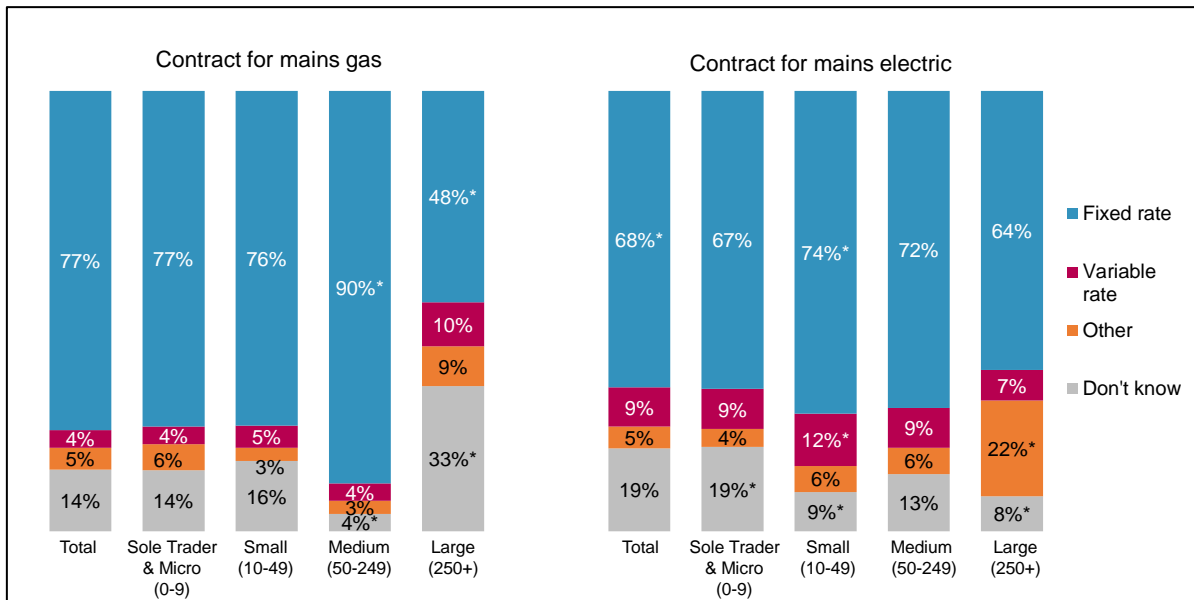
²⁰ Businesses were asked to specify which of the following prompts best described their gas and/or energy contract: **1. Fixed rate:** where you're charged a set rate per unit of energy (measured in kWh) for the fixed term of the contract. This doesn't fix your total bill, which will go up or down with your energy usage. **2. Variable rate:** where the rate charged per unit of energy (measured in kWh) is linked to market activity. So your rate per unit of energy could change throughout your contract. **3. Rollover contract:** this normally applies if you've not agreed a different contract before your current contract end date and there are no renewal provisions. If you are a microbusiness, this contract can't last more than 12 months. **4. Deemed or out of contract:** this normally applies if you move into new business premises and don't agree a contract. You could also be on a deemed or out-of-contract contract if your current contract ends but the supplier continues supplying energy that you use. This might happen if the original contract does not state what will happen at the end of a contract or does not have renewal provisions. **5. Pass through contract:** where some or all Third Party charges (e.g. network charges, agent costs or government levies) are directly passed through by the supplier as separate line items on your bill. **6. An evergreen contract:** a contract which is for a period of an indefinite length and which does not contain a fixed-term period. **7. A blend & extend contract:** this applies where a business can negotiate with a supplier to get current market prices in exchange for an extension of the contract. **8. A flexible contract:** instead of agreeing to the contract rate upfront as with fixed contracts, this allows businesses to buy their energy at different times within the contract period.

electricity supply?

**New answer codes added since previous research.

As shown in Figure 0.2 Type of contract for mains gas / electricity by size of , the use of fixed rate contracts was highest among medium-sized businesses (90%) for gas supply, and small businesses for electricity supply (74%).

Figure 0.2 Type of contract for mains gas / electricity by size of business



Base: All answering about their gas supply (226) / electricity supply (774).

B6 / B15. Which ONE, if any, of the following BEST describes what kind of contract you are on for your business's gas / electricity supply?

Low base size for small and large businesses – gas (43) (41).

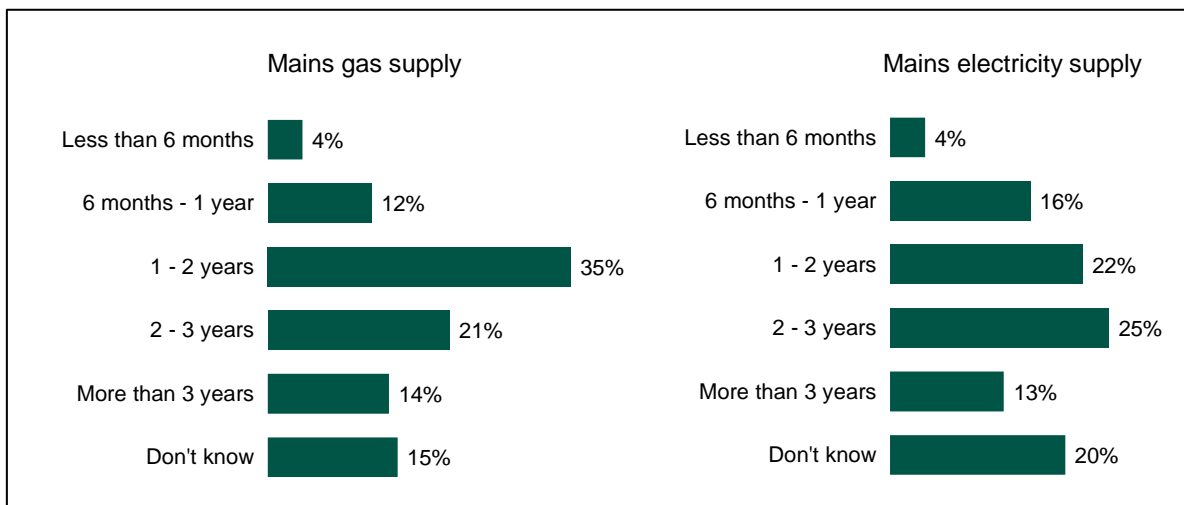
* Indicates a statistically significant difference compared to the average of all other businesses.

When compared with the research conducted in 2022, there appears to have been a significant increase in the proportion of businesses on fixed rates for both gas (56% in 2022 vs 77% in 2023) and electricity (53% in 2022 vs 68% in 2023).

Most businesses had both gas and electricity contracts lasting more than one year (70% and 60% respectively). For those with a gas supply, the most common length of contract was between 1 and 2 years (35%), and for electricity supply this was between 2 and 3 years (25%). A significant minority of businesses did not know the length of their current gas or electricity contract (15% and 20% respectively).²¹

²¹ Please note, this could be caused by several factors including the respondent not knowing/being responsible for this or a lack of understanding about length of the contract.

Figure 0.3 Length of contract on for mains gas / electricity



Base: Businesses with gas mains (226) / electricity mains (774).
 B7 / B16. What is the length of your current gas / electricity contract?

Use of smart meters

Please note, smart meter/ advanced meter reading²²(AMR) findings have been reported across all businesses. We have not differentiated findings by whether businesses fall within DESNZ’s smart meter mandate or Ofgem’s metering arrangement for larger industrial and commercial organisations.²³

Around two-fifths of businesses perceived that they had a smart meter for their gas supply (39%) and electricity supply (42%). Large businesses were more likely than other sized businesses to have a smart meter for their electricity supply (57%). Around a fifth (22%) of businesses had an AMR meter for gas, while only 10% had an AMR for electricity.

Most businesses paid for their gas (82%) and electricity (88%) supply via a monthly or quarterly direct debit. Twelve per cent paid for their gas and 5% paid for their electricity using credit. A minority were unsure how they paid for their gas (5%) and electricity (7%).

Experience and perception of energy suppliers

The most common reason provided by businesses for choosing their main energy supplier²⁴ was that it was the cheapest option (54%). Just under a fifth (18%) said ‘they had always used them’, and one in ten (9%) said their supplier had the best range of products or tariffs. For some businesses, their energy supplier was decided for them (7%) or recommended (5%) by a third party.

²² Advanced meter reading meters provide monthly meter readings automatically.

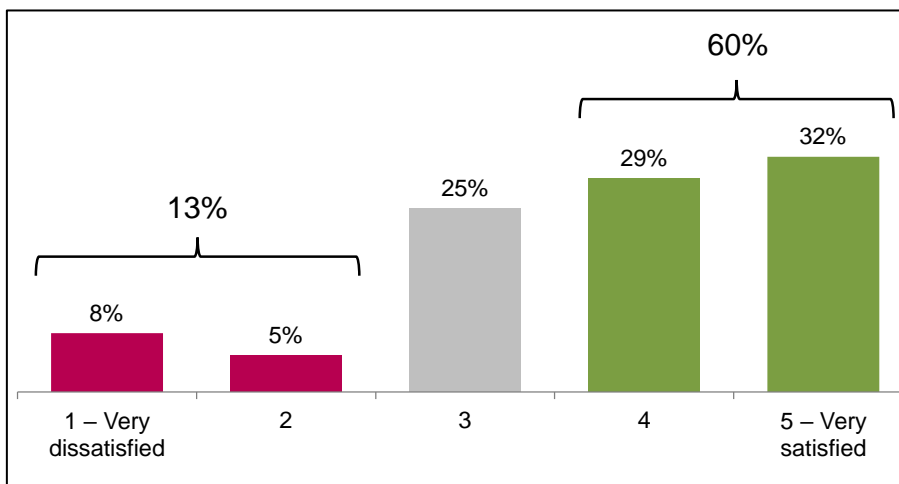
²³ DESNZ govern the smart metering mandate for smaller to medium sized organisations (profile classes 1-4 and gas consumption below 732 MWh per annum), while larger industrial and commercial organisations (profile classes 5-8 and 00 electricity meters and gas consumption above 732 MWh per annum) are outside of the smart metering mandate. Metering arrangements for these larger businesses are governed by Ofgem, and these businesses are typically offered advance meters rather than smart meters.

²⁴ ‘Main energy supplier’ is the supplier used by non-domestic consumers who use the same supplier for gas and electricity.

Sole traders and micro businesses were less likely than other sized businesses to cite price as their reason for using their current energy supplier (52%), but more likely to state that 'they had always used them' (20%), implying that they were less likely to 'shop around' than larger businesses.

The majority of businesses were satisfied with the overall service that their energy supplier offered (60%), as shown in Figure 0.4. However, 13% were dissatisfied and a quarter (25%) held a neutral view on the overall service. Those in the Finance sector were more likely to report being dissatisfied with the service, at 23%.²⁵

Figure 0.4 Satisfaction with the overall service provided by energy supplier



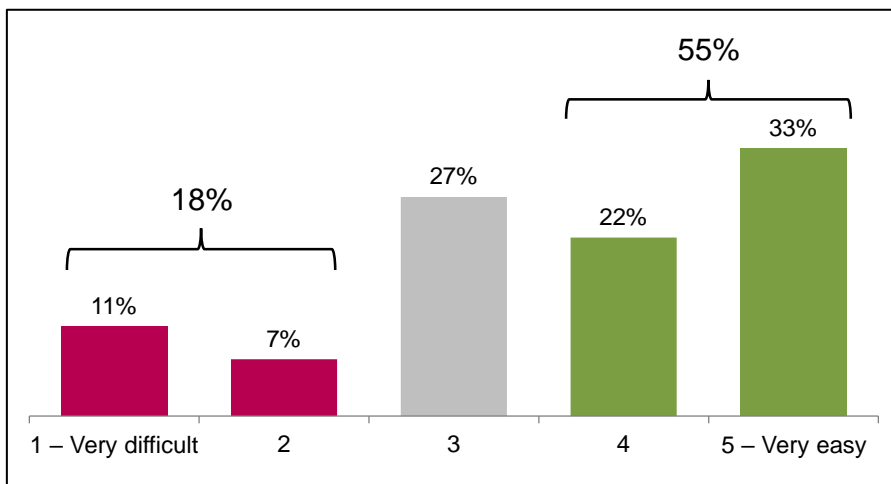
Base: Businesses where gas and/or electricity suppliers are known (841).

B11/B20/B23. On a scale of 1 to 5, where 1 means 'very dissatisfied', and 5 means 'very satisfied', how satisfied are you with the overall service that your gas/electricity/energy supplier offers?

When asked to think about how easy or difficult it was to contact their supplier in the last 12 months, over half (55%) of those who had contacted their supplier said it was easy, and just under one in five (18%) said it was difficult. Small businesses were more likely than other sized businesses to say that contacting their supplier had been difficult (28%). 18% of micro businesses, 23% of medium-sized businesses, and 11% of large businesses said that contacting their supplier was difficult.

²⁵ There were no significant differences of note between overall satisfaction and business size.

Figure 0.5 Ease of contacting supplier in the last 12 months



Base: Businesses that had contacted their supplier in the last 12 months (644).

B10/B19/B22_rebased. On a scale of 1 to 5, where 1 means 'very difficult', and 5 means 'very easy', thinking about the last time your business tried to contact your supplier in the last 12 months, how easy or difficult did you find it to contact them?

Qualitative interviews revealed that customer service and costs were key determinants of whether businesses had a positive experience with their supplier. The reasons provided for satisfaction with their supplier included the supplier being responsive when an issue needed resolving, and that they offered fair prices.

“[Our supplier] was really well chimed into what we needed and very responsive.”

Large businesses, Property / Management / Business Services sector, London

“From our point of view there are no interruptions to supply, the billing has always been accurate, it’s very easy in terms of their portal, and invoicing is very straightforward.”

Sole trader / micro business, Transport and Storage sector, South East

“We send the meter readings, we get the bill, I pay it, that’s basically it. I’m as happy as I would be with most companies at the moment.”

Sole trader / micro business, Construction sector, East Midlands

The key reason for dissatisfaction was difficulty making contact. Some businesses highlighted their frustration at not being able to have a conversation with a real person to get an issue resolved there and then. Some had tried contacting their supplier through multiple channels including chatbots, telephone, and email. They found their supplier to be unresponsive or that they did not give useful answers.

“They just refused to engage with us despite multiple attempts at doing so. You send emails through. They remain unanswered. You phone up, you sit on a waiting call for ages and that didn’t ever get us answered either. Chat bots either don’t work at the time you’re trying to get through to them, or they just refer you to someone to phone. I’ve never had a satisfactory response.”

Medium business, Public administration / other sector, London

"It was difficult to be able to speak to the person who could actually action the changes [needed moving from emergency tariff]."

Sole trader / micro business, Property management / business services sector, South West

"Like with so many companies, they haven't got enough people answering the phone, so you end up spending half an hour on hold while we wait for somebody, or an hour sometimes. We're doing it on email at the moment and finding it's very, very slow."

Sole trader / micro business, Public administration / other sector, South West

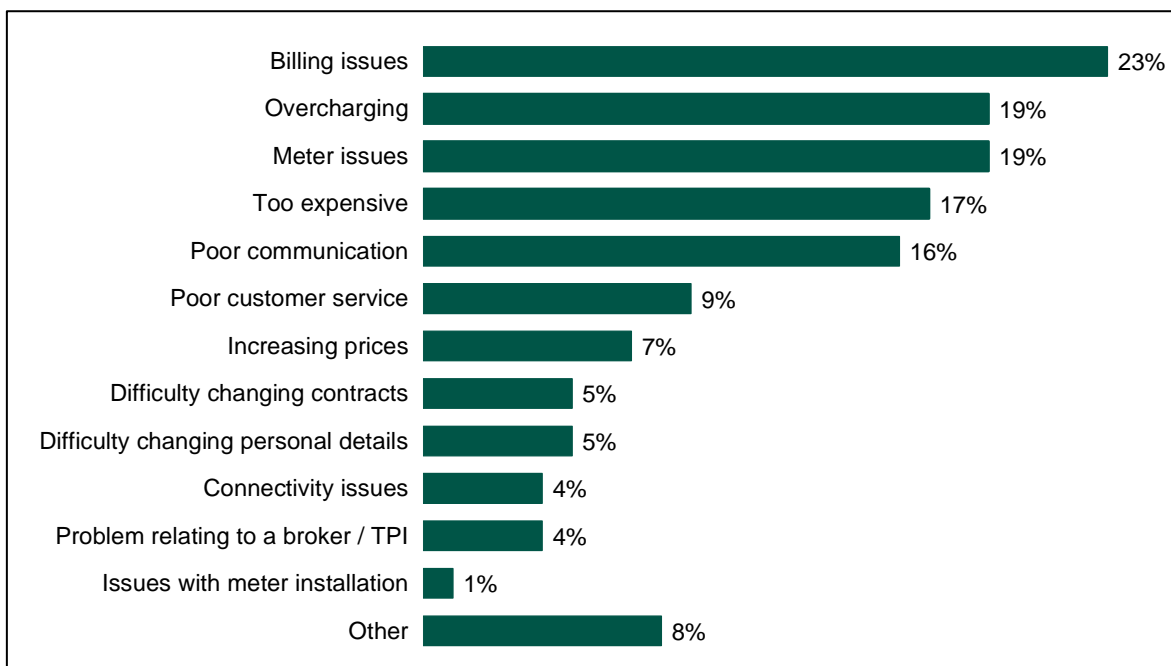
Other reasons causing dissatisfaction with the service were that incorrect rates had been applied to bills and some had experienced issues when switching to other suppliers, causing delays.

Complaints

Around one in eight businesses (12%) had made a complaint to their energy supplier in the last six months. When broken down by business size, medium-sized businesses were less likely than other sized businesses to have complained to their supplier in the last 12 months (7%). By sector, businesses within the Property / Management / Business services sector were less likely to have complained (6%), and those in the Hotel / Catering sector were more likely to have complained (23%).

As shown in Figure 0.6 Reasons for making a complaint, the most common reasons for making a complaint were billing issues (23%), overcharging (19%) and issues with their meter (19%).

Figure 0.6 Reasons for making a complaint to their energy supplier



Base: Businesses that made a complaint (110).

B31. What was the issue that led you to make a complaint? (OPEN-ENDED)

Qualitative interviews explored reasons for dissatisfaction in more depth. It was found that dissatisfaction often stemmed from issues with smart meters, having incorrect rates applied, or very high estimated readings.

"[Supplier] are still chasing us for what they call an overdue payment. It's now become a completely confused and ludicrous issue."

Sole trader / micro business, Finance sector, North East

Several businesses referred to problems with their smart electricity meter as a reason for making a complaint. One customer explained that, due to inaccurate estimations, they were having to send in their own meter readings, while another wanted their meter removed as they were dissatisfied with the standing charge they had to pay.

Businesses did not usually try to escalate their complaints beyond the standard contact channels for their supplier. Some said the reason for this was that they did not know how to do so. Some of those who had raised complaints found that their supplier was unresponsive when it came to resolving the issue and, in some cases, this led them to switch suppliers.

"Trying to get somebody to take ownership of the problem was hard."

Small business, Manufacturing sector, West Midlands

Just over a third of businesses (35%) considered their complaint resolved, although similar proportions considered their complaint to still be unresolved (36%) or in progress (30%).

Businesses discussed their experiences of complaint resolution in the qualitative interviews. For one business, their complaint was still in progress. They had recently changed energy supplier and their old supplier was chasing them for what it considered to be an overdue payment. However, the business believed that the final estimated reading was incorrect. Meanwhile, one business with an unresolved complaint explained that they kept trying to escalate their complaint but with no success. This, along with other issues they faced with their supplier, made them want to switch as soon as possible.

"It still remains unresolved. I've given up trying to keep escalating it. I'm going to just vote with my feet and move supplier as soon as I can."

Medium business, Public administration / other sector, London

Contracting and Switching

This chapter explores businesses' experiences of contracting and switching suppliers. It first covers businesses' opinions on 'choice' within the energy market, before looking at experiences of switching suppliers and experiences with brokers.

Opinions on energy market

Businesses were asked their level of agreement with four statements that related to 'choice' within the energy market. These covered: how the range of energy suppliers had changed over the last year; whether there was sufficient choice in the range of suppliers; whether there was sufficient choice in the products and services available; and whether there was a sufficient range of prices. On the whole opinions were divided and varied by business size, with large businesses more likely than other sized businesses to agree with the statements. Detailed results are presented in Table 0.1.

Out of all the statements, businesses were most likely to agree that there was sufficient choice in the range of energy suppliers in the market (39%), with 26% neutral and 22% who disagreed. However, businesses also felt there was less choice in energy suppliers in the market compared to last year. Thirty-seven percent agreed with the statement, compared to 18% who were neutral, 7% who disagreed and 38% who answered 'don't know'.

Around a third (32%) agreed that there was sufficient choice in the range of products and services, although a similar proportion (27%) disagreed with this statement.

Businesses were more likely to disagree that there was sufficient tariff choice in the energy market. Over a third (34%) of businesses disagreed with the statement, as compared to around three in ten (29%) who agreed and a fifth (20%) who were neutral. Across the four statements, there were relatively high proportions of businesses answering 'don't know' (between 13% and 38%), as shown in Table 4.1. This could reflect a lack of day-to-day engagement with the energy market but may also reflect on the difficulty of answering this question of behalf of larger businesses.

There was some variation in results across the different business sizes. For the statements on sufficient choice in the range of energy suppliers, range of products and services and tariff choice large businesses were more likely than other sized businesses to agree (48%, compared to 32% for sole traders and micro businesses, 33% small businesses and 33% medium businesses). Across all statements, sole traders and micro businesses were more likely than other sized businesses to have responded 'don't know', which could suggest lower engagement levels with the energy market.

Table 0.1 Agreement with statements about 'choice' in the energy market

	All businesses	Sole Trader / Micro (0-9)	Small (10-49)	Medium (50-249)	Large (250+)
<i>Base: All businesses.</i>	1,000	537	181	177	105
There is less choice in the range of energy suppliers for businesses than there was this time last year					
Agree	37%	36%*	44%*	44%	35%
Neither agree nor disagree	18%	18%	18%	18%	32%*
Disagree	7%	7%*	12%*	10%	13%*
Don't know	38%	39%*	27%*	28%*	20%*
There is sufficient choice in the range of energy suppliers in the energy market for businesses					
Agree	39%	38%	42%	51%*	50%*
Neither agree nor disagree	26%	26%	30%	19%	31%
Disagree	22%	22%	20%	21%	10%*
Don't know	13%	14%*	8%*	9%	8%
There is sufficient choice in the range of products and services in the energy market for businesses					
Agree	32%	32%	33%	33%	48%*
Neither agree nor disagree	19%	19%	19%	18%	16%
Disagree	27%	27%*	36%*	35%*	21%
Don't know	21%	22%*	12%*	13%*	15%
There is sufficient tariff choice in the energy market for businesses					
Agree	29%	30%	27%	31%	38%
Neither agree nor disagree	20%	20%	19%	18%	16%
Disagree	34%	33%*	45%*	40%	32%
Don't know	17%	18%*	9%	11%	15%

E8. To what extent do you agree or disagree with each the following statements about the energy market for businesses such as yours?

* Indicates a statistically significant difference compared to the average of all other businesses.

Businesses' views on the energy market also varied across sectors. Businesses in the Agriculture, Mining, Energy sector were more likely to agree that there was sufficient choice of energy suppliers, and of products and services (57% and 51% respectively). Hotel and Catering businesses were more likely to disagree there was sufficient choice of energy suppliers and tariffs (37% and 56% respectively). They were also more likely than other businesses to disagree that the range of energy suppliers was fewer compared to last year (16%). Manufacturing businesses were more likely to disagree there was sufficient choice of products and services, and of and tariffs (40% and 46% respectively).

In comparison to 2022's non-domestic research, businesses were less likely to disagree that there was sufficient choice in the range of energy suppliers (22% compared to 26%), range of products and services (27% compared to 32%), and tariffs (34% compared to 44%).²⁶ Businesses were also more likely to agree that there was sufficient choice in the range of products and services (32% compared

²⁶ In 2022's research, the corresponding statement was "There is sufficient choice in the range of prices in the energy market for businesses".

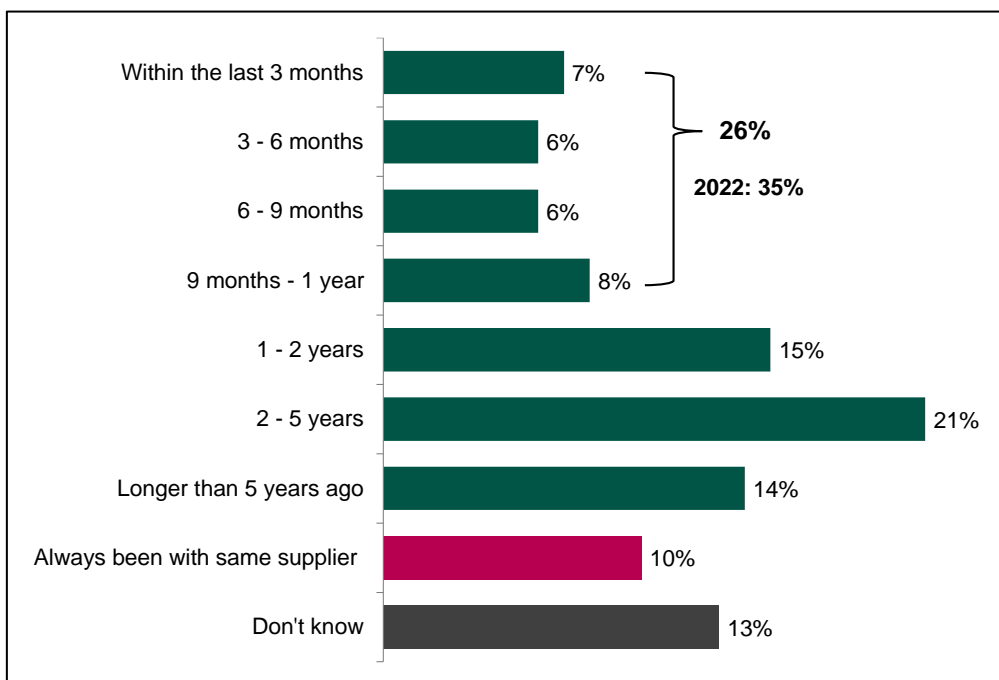
to 26%) and of tariffs (29% compared to 19%). Overall, this suggests that businesses have a more positive view of these aspects of the energy market compared to 2022.

Experience of changing suppliers/tariffs

A quarter (26%) of businesses reported having switched energy suppliers or contracts in the last year.²⁷ Around the same proportion (24%) reported that they last switched more than five years ago (14%) or had always been with the same supplier (10%). This is shown in **Error! Reference source not found.**

Compared to 2022's non-domestic research, fewer businesses reported that they had switched energy suppliers or contracts in the last year. In 2022, 35% of businesses had switched in the last year (compared to 26% this year). However, there was also a larger proportion of businesses that had switched suppliers 2-5 years ago (21% compared to 11%) and longer than 5 years ago (14% compared to 5%).

Figure 4. 1 Last time business chose to switch gas or electricity supplier(s) or contract



Base: All businesses (1,000).

E1. Approximately, when was the last time your business switched its gas/electricity supplier(s) or contract?

There was some variation in results across size and sector. Small and medium businesses were more likely than other sized businesses to have switched in the last year, with 41% and 45% of such businesses having done so. In comparison, sole traders and micro businesses (25%) were less likely than other businesses to have switched in the last year. Sole traders and micro businesses were also more likely than other sized businesses to have last switched more than 5 years ago (15%, compared to 8% for small businesses, 4% for medium businesses and 5% for large businesses). They were also more likely to have always been with the same supplier (10% for sole traders and micro businesses, compared to 5% for small businesses, 2% for medium businesses, and 1% for large businesses).

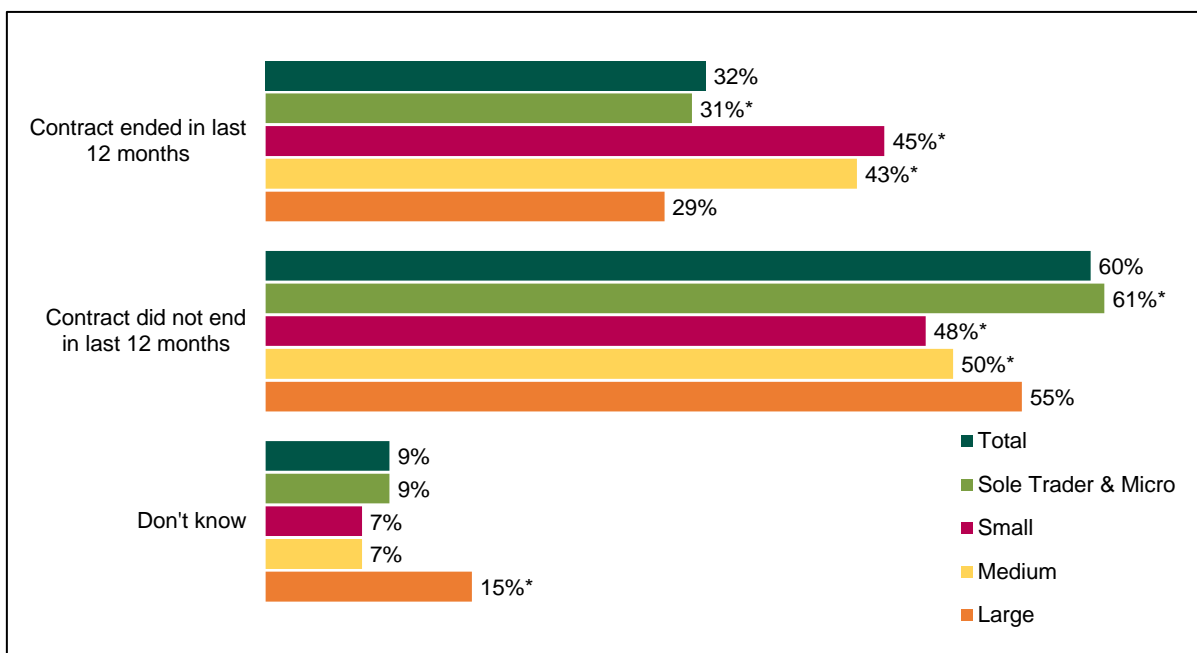
²⁷ Given fieldwork took place May-June 2023, businesses would have been reflecting on the period June/July 2022 to May/June 2023 depending on when they took part in the survey. Please note there can be issues around accuracy of recall with time based survey questions.

Businesses in the Agriculture, Mining and Energy sector (39%) were more likely than other businesses to have switched suppliers or contracts in the last year.

Concern about energy prices and satisfaction with suppliers were also linked to a business's tendency to switch suppliers or contracts. Those with the highest concerns about energy prices were more likely than other businesses to have switched in the last year (29% compared to 26%), while those who were satisfied with their supplier were more likely than other businesses to have switched more than one year ago (62% compared to 50%).

In the survey, businesses were asked if any of their energy contracts had ended in the last 12 months. A third (32%) of businesses reported that this was the case, as shown in **Error! Reference source not found.**

Figure 4.2 Contracts ending in the last 12 months by business size



Base: All businesses (1,000).

E6. Have any of your energy contracts ended in the last 12 months?

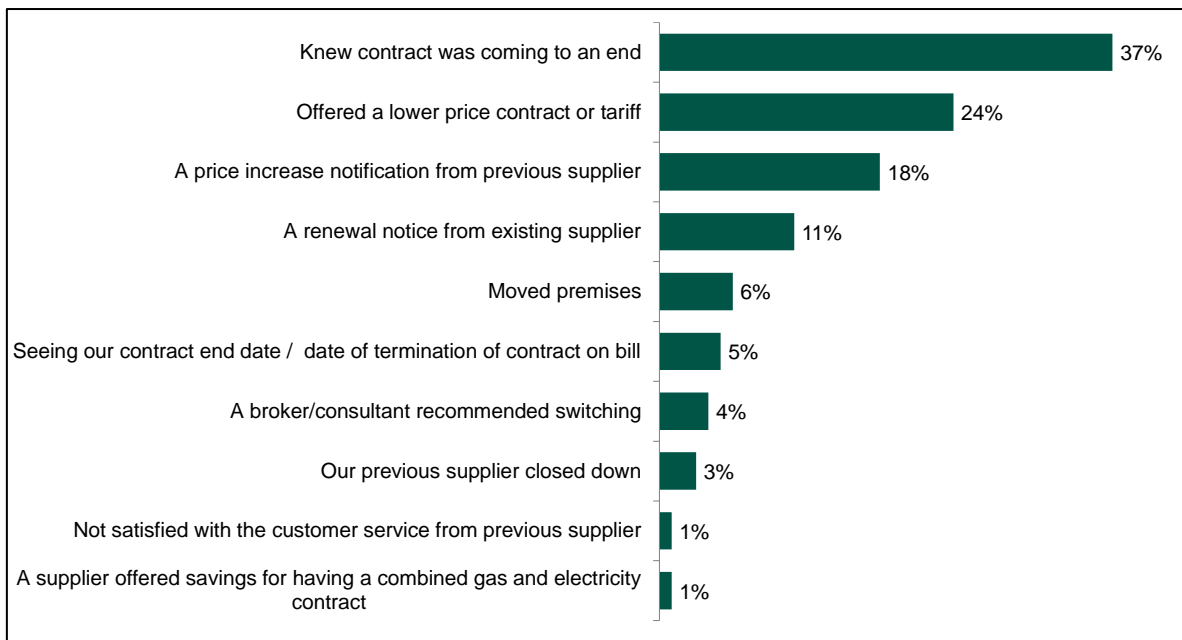
* Indicates a statistically significant difference compared to the average of all other businesses.

There was some overlap across businesses who had their energy contracts end in the last 12 months and those who switched energy suppliers or contracts in the last 12 months (discussed above). As such, the subgroup differences for these results were fairly similar. Small and medium businesses (45% and 43%) were more likely than other sized businesses to have had their energy contracts end in the last 12 months and sole traders and micro businesses were less likely than other sized businesses to have experienced this (31%). Large businesses were more likely to have answered 'don't know', with 15% compared to other businesses (9%). Similar to switching energy suppliers and contracts, those in the Agriculture, Mining, and Energy sector (44%) were more likely than other businesses to have had their energy contracts end in the last 12 months.

Businesses that had switched suppliers or contracts in the last 12 months were asked what prompted them to do so. As shown in **Error! Reference source not found.**, customers gave a range of reasons, with the most common being that they knew that their contract was coming to an end (37%) or price related reasons. Price-related reasons included: businesses being offered a lower price

contract or tariff (24%); a price increase notification from their previous supplier (18%); or a supplier offering savings for having a combined gas and electricity contract (1%). For other businesses, they had received a renewal notice from their existing supplier (11%) or saw their contract end date on their bills (5%).

Figure 4.3 Reasons for switching gas / electricity supplier or contract in the last 12 months



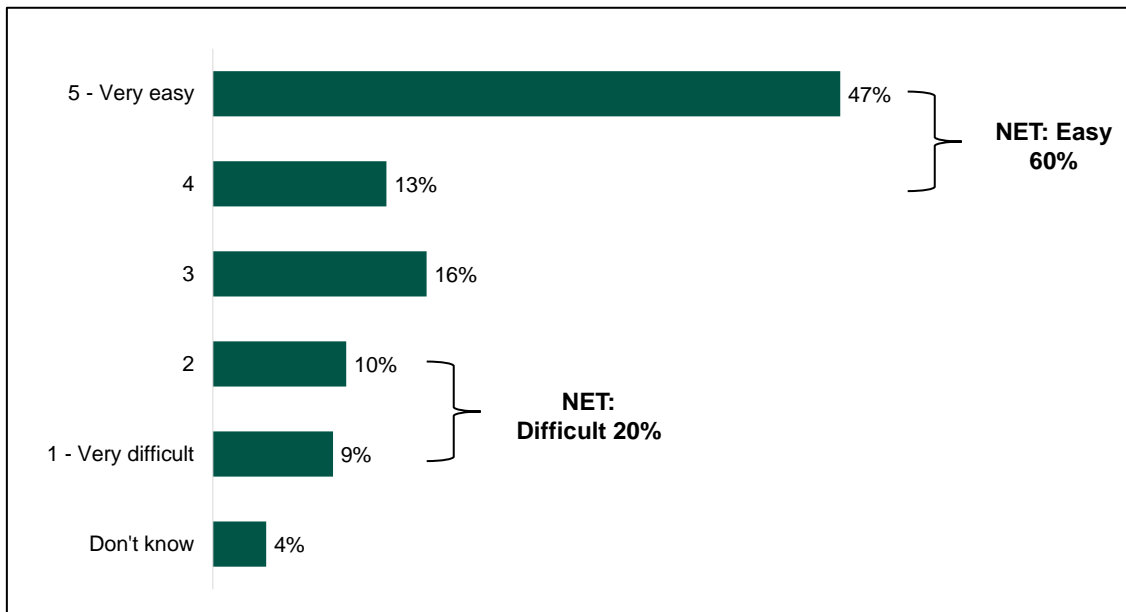
Base: Businesses who switched their energy supplier in the past 12 months (321).

E2. What prompted you to switch gas/electricity supplier or contract in the last 12 months? (MULTICODE)

Businesses’ reasons for switching suppliers or contracts were different compared to 2022; there was a greater proportion of businesses selecting the top three reasons compared to 2022. Businesses were more likely to report that they switched because they knew their contract was coming to an end (37% in 2023 compared to 12% in 2022), because they were offered a lower price contract (24% compared to 16%), and because they received a price increase notification from the previous supplier (18% compared to 11%). Compared to 2022, more businesses switched because of a broker or consultant’s recommendation (4% compared to 1%). On the other hand, fewer businesses have switched because of moving premises (6% in 2023 compared to 22% in 2022) or because of dissatisfaction with the customer service of their supplier (1% compared to 5%). There was no further evidence from the study to aid understanding of these differences in responses.

Finally, businesses that had switched their energy supplier in the last 12 months were asked to rate how easy or difficult they found the switching process on a scale of 1 to 5 (where 1 is “very difficult” and 5 is “very easy”). As shown in **Error! Reference source not found.**, six in ten (60%) reported that switching was easy (4 or 5), while a fifth (20%) found the process difficult (1 or 2).

Figure 4.4 Ease of switching process



Base: Businesses who switched their energy supplier in the past 12 months (321).

E3. On a scale of 1 to 5, where 1 is 'very difficult' and 5 is very easy, how easy did you find the switching process?

There were some variations in the results, with certain groups more likely to find the switching process difficult. Almost half (48%) of those that were dissatisfied with their energy supplier found the switching process difficult (compared to other businesses). Around a quarter of each of the group of businesses who had difficulty keeping up with bills (26%) and the group of businesses with the highest concern about energy prices (25%) also found the switching process difficult.

Use of brokers

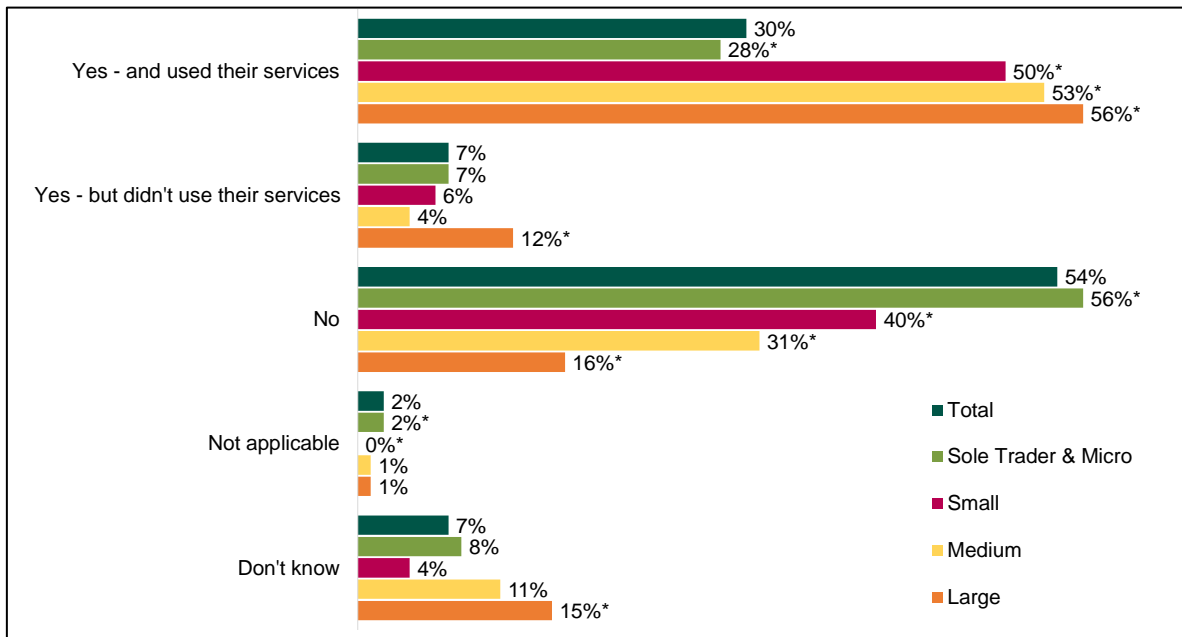
All businesses were asked whether, when choosing their current contract, they consulted an energy broker.²⁸ Three in ten (30%) reported that they did so and went on to use their services, while a further 7% reported that they consulted a broker but did not end up using their services.

Size appeared to be a determinant of broker use. As shown in

²⁸ A prompt was added to the survey if respondents were not clear on what an energy broker was. It was defined as 'an energy broker is a company that will find the best possible energy deals for business customers.'

, sole traders and micro businesses were less likely, compared to all other business sizes, to consult an energy broker and use their services (28%, compared to 50%-56% among all other sizes). Large businesses were more likely than other sized businesses to say they had consulted a broker but not used their services (12% compared to other businesses). Businesses in the Hotel and Catering and Manufacturing sectors were more likely compared to other businesses to report having consulted an energy broker and used their services (44% and 43%).

Figure 4.5 Use of broker by business size



Base: All businesses (1,000).

B26. When choosing your current gas/electricity contract or tariff did you consult an energy broker?

* Indicates a statistically significant difference compared to the average of all other businesses.

Of those that did use a broker, most commonly businesses said the broker had approached them (60%), while around three in ten (28%) approached the broker themselves. The qualitative research found that businesses tended to look for brokers by going online and requesting quotes, or through word-of-mouth recommendations from similar, local businesses. Some respondents grouped together with other businesses (by industry or location) and appointed a broker to make collective deals on their behalf as they felt it increased their bargaining power and ability to get better deals.

"Initially it saved us a great deal of money on the strength of that (buying as a group of 200 businesses)."

Small business, Hotel / Catering sector, South West

In the qualitative research, businesses were asked why they chose to use/not use a broker after consulting with them. Price was a major consideration. Those who did use a broker's services who we spoke to did so because they felt the broker offered them better prices than they could get on the market themselves. Conversely, businesses who did not ultimately use a broker's services after consulting with them reported that it was because they did not feel the broker had offered them a better deal. One business felt that the broker's commission fees were too high which meant the lower contract rate was not worth it. The qualitative research revealed that overall businesses felt brokers have become increasingly important as energy prices rise, as they help businesses find the best deal financially.

"If you can better my price then I would go with you, that's what I would say to them again. If I can beat them then I'll go with it myself, but if they can beat me then I'll go with them."

Small business, Agriculture / Mining / Energy sector, South West

Another reason for engaging brokers was the perception that brokers were able to secure longer term deals that energy suppliers did not offer directly to consumers. As well as the importance of securing a good rate, the price consistency was felt to be beneficial for their businesses.

"They were the only people to get me four years, I couldn't do it myself, and it was about a year in advance so I got a decent rate...If I've got a problem, I'll speak to them, and they'll speak to [supplier] on my behalf."

Small business, Agriculture / Mining / Energy sector, South West

Businesses we spoke to in the qualitative research said that they preferred using brokers because of their perceived expertise in the energy market, especially regarding different contract types, strategies and market advice. Businesses felt that this saved time and reduced the administrative burden associated with securing energy deals, especially if they did not have a specific energy manager within the company. They felt that brokers' established relationships with energy suppliers might ensure better results when trying to resolve issues on behalf of their clients, compared to businesses who try to resolve issues with the supplier directly. Some businesses also felt that brokers may have a better understanding of business needs and therefore provide more tailored guidance.

"He [the broker] knows when our energy [contract] is due for renewal, he monitors the market and contact us with the best deals. He sorts out all the paperwork and he deals with all that administrative side, and he will advise and be part of that conversation whether to have a two, three, or four, or 10 year deal... He is a lot closer to the dialogue that goes on amongst energy companies and amongst other brokers."

Small business, Hotel / Catering sector, South West

"It takes a hassle out of having to look at all of these [Energy] contracts because you just get bombarded...from all these different energy companies. They [the broker] will do all the hard work."

Medium business, Retail / Distribution sector, North West

"They [the broker] are there for anything we need, to speak to the provider which is always painful because big organisations don't like to let you speak to a person anymore. They seem to have a contact to be able to get things resolved a lot easier than we would do dealing directly with the energy company."

Medium business, Manufacturing sector, Yorkshire and the Humber

Finally, some businesses mentioned that engaging a broker meant that they could show their own customers they were getting the best energy deal and any pass-through price rises were justified.

One non-domestic consumer was less satisfied however, because the broker had poor after-sales service and did not help when they had an issue with the supplier. Another concern amongst some was the volume of calls they received from the broker selling their service after getting in touch with them.

"If you show any sign of weakness, they are on the phone to you constantly."

Small business, Manufacturing sector, West Midlands

Broker charges

Businesses who reported having used a broker when choosing their current contract or tariff were asked if the broker charged them for their services. The majority (77%) thought that they did not pay for this.²⁹ A further 3% reported that they were not aware the broker applied charges and 14% were unsure. Only 7% said they were charged by the broker.

When further probed in the qualitative research, many businesses thought that the broker was paid a commission by the energy supplier and that they were not charged themselves. Some thought that the broker costs were built into the unit rate that they paid their energy supplier.

“My understanding is that the fee is built into the unit rate”

Medium business, Manufacturing sector, Yorkshire and the Humber

“I don’t think we were charged directly, but I think they get commission from [the supplier].”

Sole trader / micro business, Retail and distribution sector, North West

Businesses were asked if they had received an outline of costs from their broker. Some had received it, but others had not, and some were not sure what an outline of costs was. One business that had been with the same broker for a while mentioned that with previous contracts, they had not received an outline of costs, but that they had for the most recent contract they secured with the same broker. Even in cases where businesses reported receiving an outline of costs, they were not sure if they were being charged by their broker. Some said they might not have read the document closely and were thus unsure about a broker charge, while one reported that they did receive an outline of costs but there was no broker charge listed.

“It’s a load of pages of conditions in small print and I didn’t read it all.”

Small business, Agriculture/mining/energy sector, South West

“They do take a cut I think, about two and a half percent. It doesn’t show up on my bill...I said what’s that two and a half percent and he said it’s nothing to do with you.”

Small business, Agriculture / Mining / Energy sector, South West

Those who said that they were charged by the broker were further asked if the charges the broker applied for their service were clear to them. Of the 7% who said they were charged by their broker, three-quarters (74%) of this group felt that the broker charges were either “fairly clear” or “very clear”, while a quarter (23%) felt that they were not clear at all or not very clear.

The qualitative research sought to get a deeper insight regarding the experience of broker fees. Some businesses were charged a one-off fee for broker services, and thus were aware of what they had paid for. For others, charges were clearly defined in the contract they signed with the broker. However, some did not understand the charges as the language was too technical.

²⁹ Broker fees are often charged indirectly. This means the fees will be added on to the customer's energy costs. The supplier will pay the broker from the customer's energy fees. This can lead to some customers being unaware they are paying fees, believing it is the supplier who pays the fees.

"I don't fully understand them, [the] language [is] very technical. I'm just a farmer... [it uses] a lot of technical language and acronyms."

Large business, Agriculture / Mining / Energy sector, Yorkshire and the Humber

Switching suppliers in future

Businesses that had switched their gas or electricity supplier previously (but not in the last 12 months) were asked if they were considering switching suppliers or contracts in the next 12 months. Results were mixed, with two-fifths (41%) planning to switch, while 54% were not, and 5% responded 'don't know'.

Results varied by business size, sector, and experience with suppliers and with price rises. Large businesses (57%) were more likely than smaller organisations to be considering switching suppliers or contracts in the next 12 months, as were businesses in the construction sector (59%). Those who were dissatisfied with their energy supplier were more likely than those who were satisfied to be considering switching (63% compared to 33%). The higher a business's concern about price rises, the more likely they were to be considering switching. Almost half (48%) of those with high concern were considering switching, compared to a third (33%) of those with middle concern and 27% of those with low concern.

The most common reason that businesses gave for not considering switching energy suppliers or contracts within the next 12 months was that they were tied to their existing contracts (42%), or that they were satisfied with their existing supplier (41%). Additionally, 13% of businesses felt that switching would not result in significant savings and 5% felt that switching was too much hassle.

Experience of Energy Costs

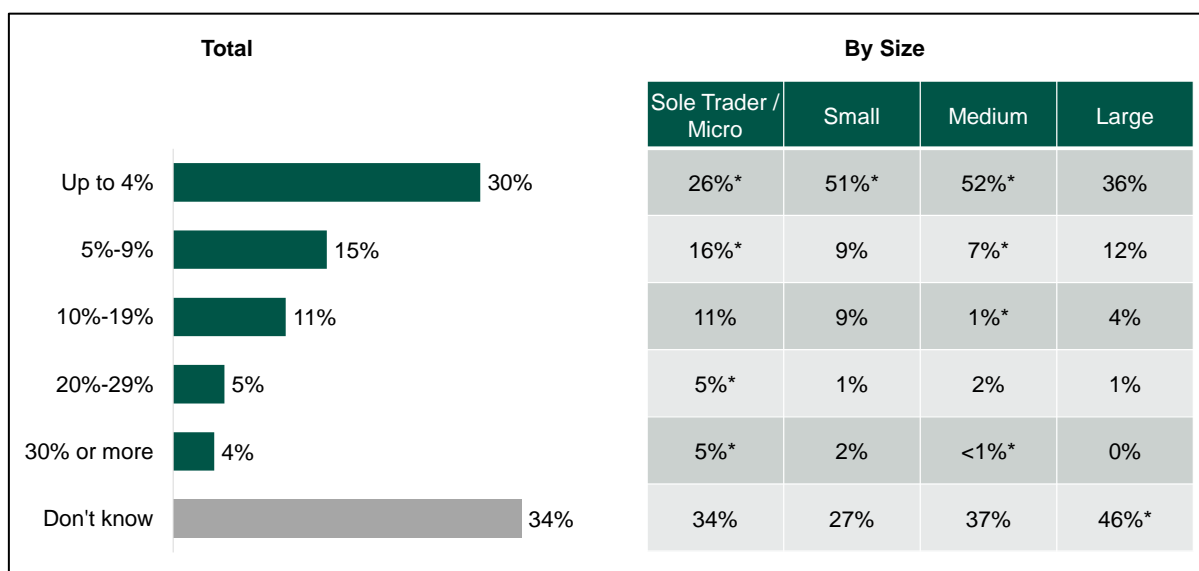
This chapter explores businesses' experience of their energy costs. It first presents how much they spent on energy and how bills have changed in the last 12 months, then discusses how businesses have been keeping up with bills, the impacts of price increases, and businesses' perceptions on their future ability to pay bills. The chapter compares findings to the 2022 report. To note, fieldwork for that report occurred slightly earlier in the year which impacts comparability. It is considered that different times of year correlate with different energy consumption behaviours (April-May 2022 compared with July 2023).

Gas and electricity costs

Businesses reported typically spending less than 10% of their total business costs on their gas bill. As shown in Figure 0.1, three in ten (30%) businesses spent up to 4% on their gas bill, while 15% spent between 5% to 9%, 11% spent between 10% and 19%, 5% spent between 20% to 29%, and 4% spent over 30%. However, a third (34%) of businesses responded 'don't know' to this question, including 46% of large businesses, which means that some comparisons between business sizes should be treated with caution.

The amount spent on gas varied across business sizes and sectors. Sole traders and micro businesses spent a higher proportion of their business costs on gas. Medium and small sized businesses were more likely than other sized businesses to spend less than 4% of the total business costs on gas (52% and 51% respectively).

Figure 0.1 Gas costs as proportion of total business costs, by business size



Base: Businesses with gas mains (499).

C1. Approximately what proportion of your total business costs are spent on your gas bill?

* Indicates a statistically significant difference compared to the average of all other businesses.

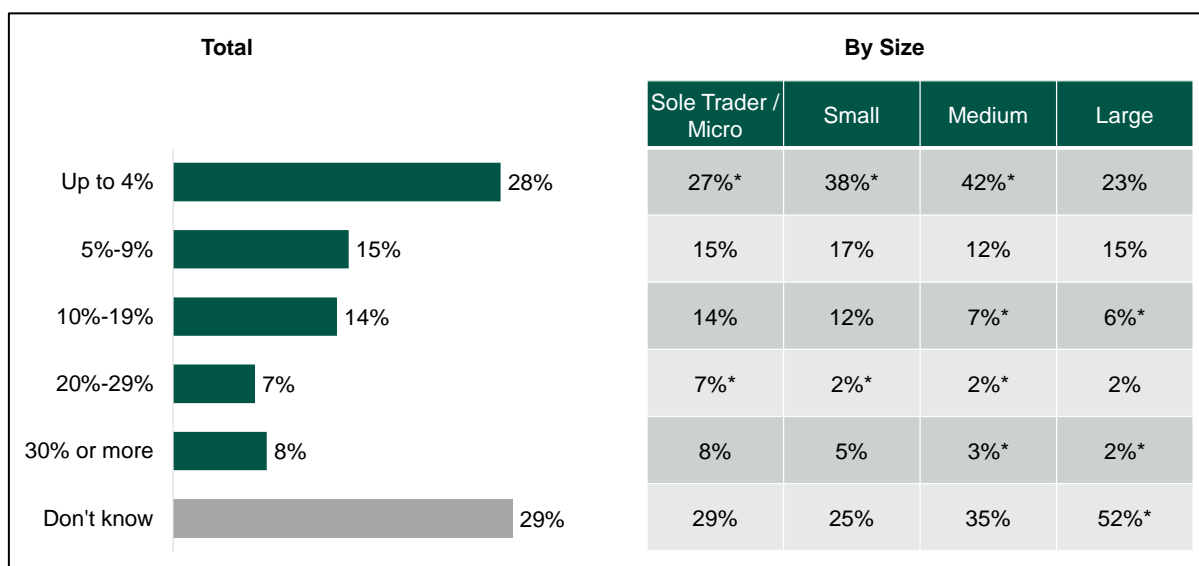
Businesses in the Hotel and Catering sector were more likely than other businesses to have spent more on gas. A quarter (26%) of the businesses in this sector spent between 10% and 19% of their total business costs on gas, and 15% spent between 20% to 29%. In the Construction sector, 10% of businesses spent 50% or more of total business costs on gas.

The proportion that businesses spent on gas was broadly consistent with 2022. However, there was an increase in the proportion of businesses that spent between 20% and 29% (5% compared to 2% last year).

Trends relating to the spending on electricity bills was similar to that of spending on gas bills. Nearly half of businesses (43%) of businesses spent up to 10% of their business costs on electricity, 14% spend between 10% and 19%, 7% spent between 20% and 29%, and 8% spent 30% or more on electricity. Around three in ten (29%) responded 'don't know' to this question.

The differences by size and sector for electricity costs reflected those of gas costs. Sole traders and micro businesses spent a higher proportion of their business costs on electricity, with a higher proportion spending 20%-29% compared to other businesses (7% compared to 2% for each of the small, medium and large groups), as well as a higher proportion spending 30% or more (8% compared to 6%, 3% and 2% respectively), as shown in Figure 0.2 Large businesses (52%) were also more likely than other sized businesses to have responded 'don't know' to this question.

Figure 0.2 Electricity costs as proportion of total business costs, by business size



Base: Businesses with electricity mains (998).

C2. And approximately what proportion of your total costs are spent on your electricity bill?

* Indicates a statistically significant difference compared to the average of all other businesses.

Those in the Hotel and Catering, Transport and Storage, and Manufacturing sectors were more likely than other businesses to spend a larger proportion of overall costs on electricity. A quarter (24%) of businesses in the Hotels and Catering sector spent between 10% and 19%, while just under a quarter (22%) spent 30% or more. Of those in the Transport and Storage sector, 18% spent 30% or more of their business costs on electricity.

Again, results were consistent with those from 2022. There was an increase in the proportion of businesses spending between 20% and 29% of the business costs on electricity (7% compared to 4% last year).

Those with mains gas supply were asked how much the price paid for gas has changed compared to 12 months before. More than half of all businesses experienced an increase in gas bills in the last 12 months (56%), including a fifth (22%) who reported an increase of 50% or more in their bills. A quarter (25%) of businesses reported that gas bills had stayed the same.

Those in the Hotels and Catering sector were more likely to have reported an increase in gas bills. Almost eight in ten (78%) experienced an increase in gas bills, with 45% experiencing an increase of more than 50%. As might be expected, those with the highest concern about energy prices were also more likely to have experienced an increase in gas bills (70%, compared to 50% of businesses with medium concern about energy prices and 26% of businesses with low concern about energy prices).

Most businesses also experienced an increase in electricity bills in the last 12 months. Sixty-two percent of businesses experienced an increase in electricity bills, including 30% of businesses who experienced an increase of more than 50%. Around a quarter (23%) reported that their electricity bills had stayed the same.

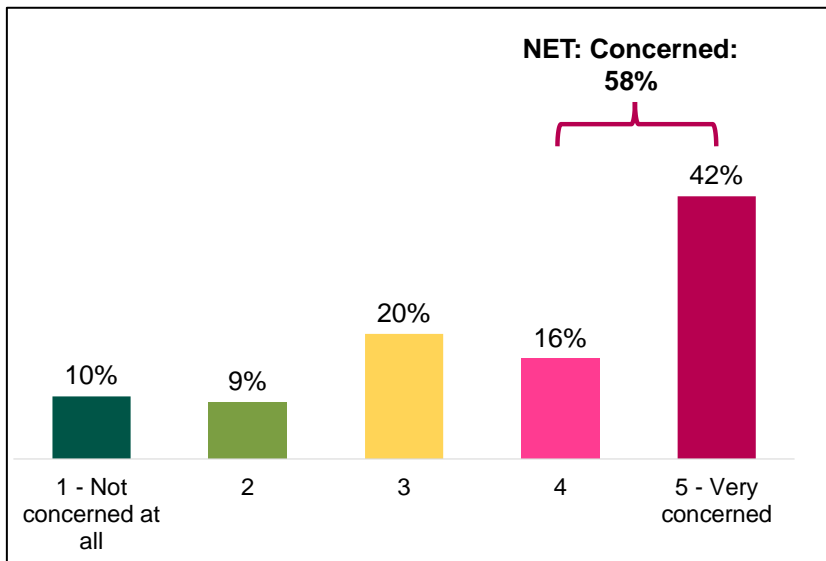
With electricity bills, there was less variation across business sizes, although once more businesses in the Hotels and Catering sector were typically more likely to report increases. Just over three-quarters (77%) of those in Hotels and Catering reported an increase to their electricity bill, with 62% of this sector reporting an increase of at least 50%. Other subgroups in which electricity bills were more likely than other businesses to have increased included those who were on variable rate electricity contracts (96%), those who switched energy contracts in the last year (84%), those dissatisfied with their energy supplier (82%) and those with the highest concern about energy prices (75%).

Compared to the 2022 research, more businesses saw electricity bills increasing by more than 50% (30% compared to 25%) and less than 20% (10% compared to 7%). However, the proportion of businesses answering 'don't know' reduced from 22% in 2022 to 13% in 2023, which is likely to have at least in part contributed to the rise in businesses reporting an increase in electricity bills. Overall, there was also an increase in the proportion of businesses having reported an increase in electricity bills (62% compared to 57% in 2022).

Concern about energy prices

All businesses were asked how concerned they were about the impact of energy prices on their business, on a scale of 1 to 5, where 1 meant 'not concerned at all', and 5 meant 'very concerned'. Three in five businesses (58%) reported being concerned about energy prices (selecting either 4 or 5), while a fifth (20%) were neutral and 19% were not concerned (selecting either 1 or 2).

Figure 0.3 Concern about impact of energy prices



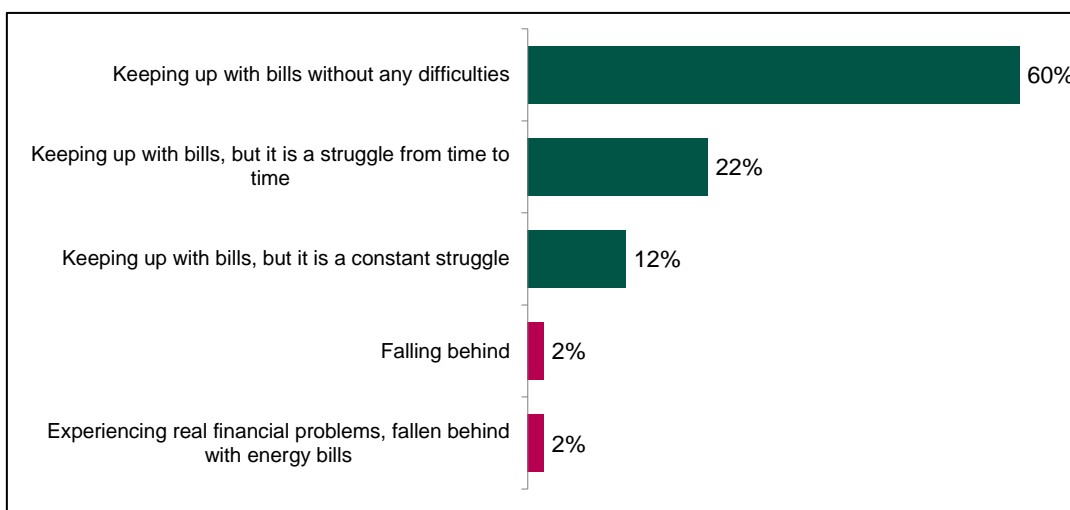
Base: All businesses (1,000).

C3. On a scale of 1 to 5, where 1 means 'not concerned at all', and 5 means 'very concerned', how concerned are you about the impact of energy prices on your business?

Large businesses were more likely than other organisations to be concerned about energy prices: 74% of these businesses reported concern, compared to 57% of medium-sized businesses, 67% of small businesses and 58% of sole traders and micro businesses. Those in the Hotel and Catering (88%) and Manufacturing sectors (75%) were also more likely than other businesses to be concerned about energy prices. Levels of concern, including levels of concern within subgroups, were in line with the research conducted in 2022.

All businesses were asked to describe how they kept up with electricity and gas bills over the past 12 months. The results are presented in Figure 0.4. Most businesses were keeping up with energy bills, including 60% that were keeping up with bills without any difficulties. Two-fifths (39%) reported to be struggling in some way, and 4% said that they had fallen behind with bills.

Figure 0.4 Extent to which business has been keeping up with energy bills over past 12 months



Base: All businesses (1,000).

C6. Which one of the following statements best describes how well your business has been keeping up with gas/electricity bills over the past 12 months?

Smaller sized businesses were more likely than other sized businesses to report that they were struggling with bills. Amongst sole traders and micro businesses, 40% were struggling, compared with 31% of small businesses, 23% of medium businesses and 14% of large businesses.

Sectors that were most likely to be concerned about energy prices were also most likely to report struggling to keep up with payments; 73% of those in the Hotel and Catering sector and 49% of those in the Manufacturing sector reported struggling to keep up with their bills. Businesses in Retail and Distribution and Transportation (48%) and Public administration / other (44%) were also more likely than other businesses to have reported to be struggling with bills.

In the qualitative research, businesses that were struggling with their bills described having to make significant adjustments in response. This included reducing energy consumption, letting go of staff, or passing on price increases to customers. Despite these mitigation measures, businesses reported having to at least partially absorb the cost increases and faced significantly reduced profit margins as a result. Businesses were also worried about how this would affect their competitiveness in their industries, and some were contemplating shutting down.

“From a commercial and business point of view we are limited in what we can pass on to our end customer in terms of cost or price rises. So as a business, we have stepped in and actually put a cap on those price rises that we pass on to our customer. So, we’ve taken a financial hit.”

Large business, Property / management / business services sector, London

“[My competitors who have fixed rate contracts] are still benefiting from lower prices and we are having to put up our prices to cover our costs. It affects competition that way as well.”

Medium business, Manufacturing, Yorkshire and the Humber

“There’s only so much you can do about cutting electric costs with LED lights, etc, before you’re at the stage where you have to consider shutting the actual business.”

Sole trader/micro business, Retail / distribution sector, North West

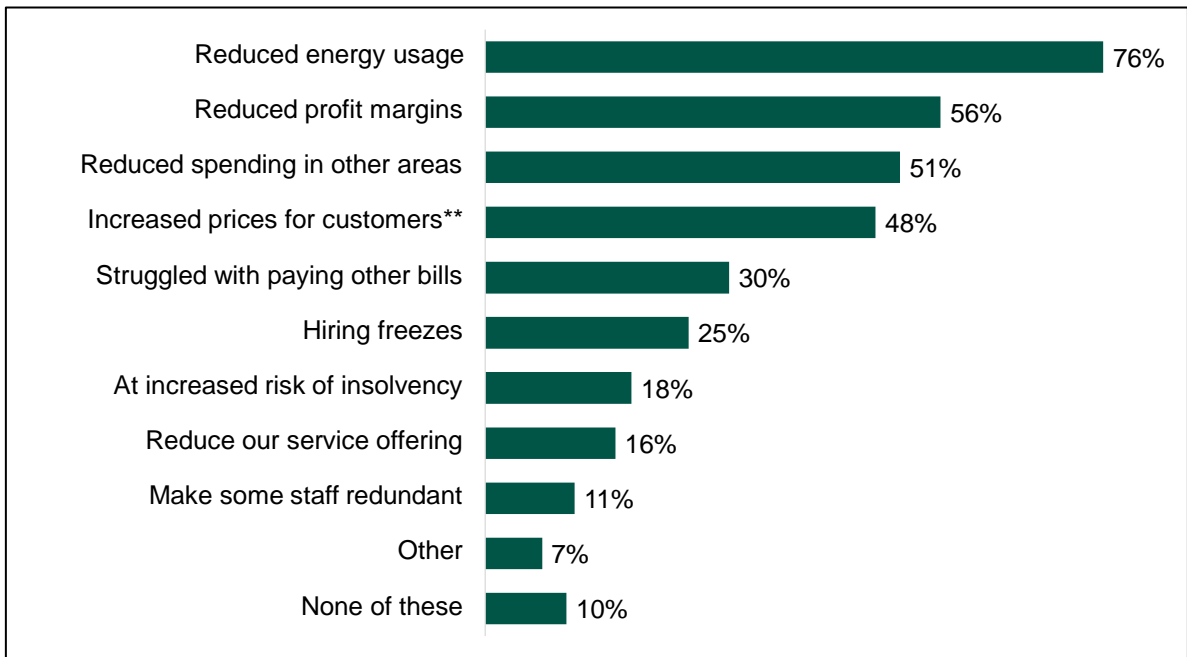
“We were at the point where we were looking at the bills and actually beginning to calculate when we’d have to shut the doors. We are still not out of the woods yet, and a lot of that has been energy cost.”

Sole trader/micro business, Public administration/ other sector, South West

Impact of energy price rises

Businesses who experienced an increase in energy costs were asked about the impacts that had on their business. The most common impact, as shown in Figure 0.5, was that businesses reduced their energy usage, with three quarters (76%) doing so. This marked a 7% increase compared to 2022’s research, where 69% of those who experienced an increase in energy costs reduced their energy usage.

Figure 0.5 Impacts of increased energy costs in the last 12 months



Base: All who have experienced an increase in energy costs (648).

**Wording last year: “transferred increased costs to customers”. This was also coded from verbatims last year compared to a pre-code this year so the data has not been compared with last year’s figures.

C9. Which, if any, of the following impacts have the increased costs of gas/electricity had on your business in the last 12 months? (MULTICODE)

Businesses in qualitative interviews felt that the increase in energy costs would have wide ranging impacts on their future.

“The greater our fixed costs are the higher the impact it has on our profit, and our ability to create a profit, and also our ability to invest in the future. So where we are squeezed in all particular directions it has an overall impact on both the profit of the business but also with the attitude in terms of risk and inward investment and positivity of what our outlook is for the future.”

Sole trader/micro business, Property / management / business services sector, South West

Around half (48%) of businesses who experienced an increase in energy costs increased prices for their customers. Small businesses were more likely than other sized businesses to have increased prices for customers, with 62% doing so. Those in the Transport and Storage (67%), Manufacturing (61%) and Public administration / other (56%) sectors were also more likely than other businesses to have increased their prices.

The qualitative interviews revealed that when businesses had put their prices up, it was not enough to mitigate the impact of the increase energy costs and they still faced reduced profit margins.

“All our suppliers put their prices up. All our energy costs went up but obviously we were in contracts so we couldn't necessarily put all our prices up...The construction industry is just down a bit anyway, obviously we've had to kind of take a hit anyway.”

Medium business, Transport and storage sector, South East

In the quantitative survey, more than half of the businesses (56%) reported having reduced profit margins as a result of increased energy costs, and 51% also reduced spending in other areas as a result. Other impacts businesses faced included struggling to pay other bills (30%), being at

increased risk of insolvency (18%), having to reduce their service offering (16%) and having to make staff redundant (11%).

Sole trader and micro businesses were more likely than other sized businesses to have reported having struggled to pay other business costs or bills (31%, compared to 26% of small businesses, 8% of medium businesses, and 7% of large businesses). Small businesses were also more likely than other sized business to have reduced spending in other areas of the business (63%). On the other hand, medium and large businesses were less likely than other sized businesses to have reported being at an increased risk of insolvency (6% and 5% respectively) and having to reduce service offerings (9% and 2% respectively).

“We’ve cut back on any non-essential maintenance... Things like maintaining the roof, redecorating. Our main hall floor is used for dance and other activities and that’s in need of desperate renovation...and we can’t afford to do that right now...It’s kicking the can down the road and hoping that things don’t go horribly wrong in the meantime.”

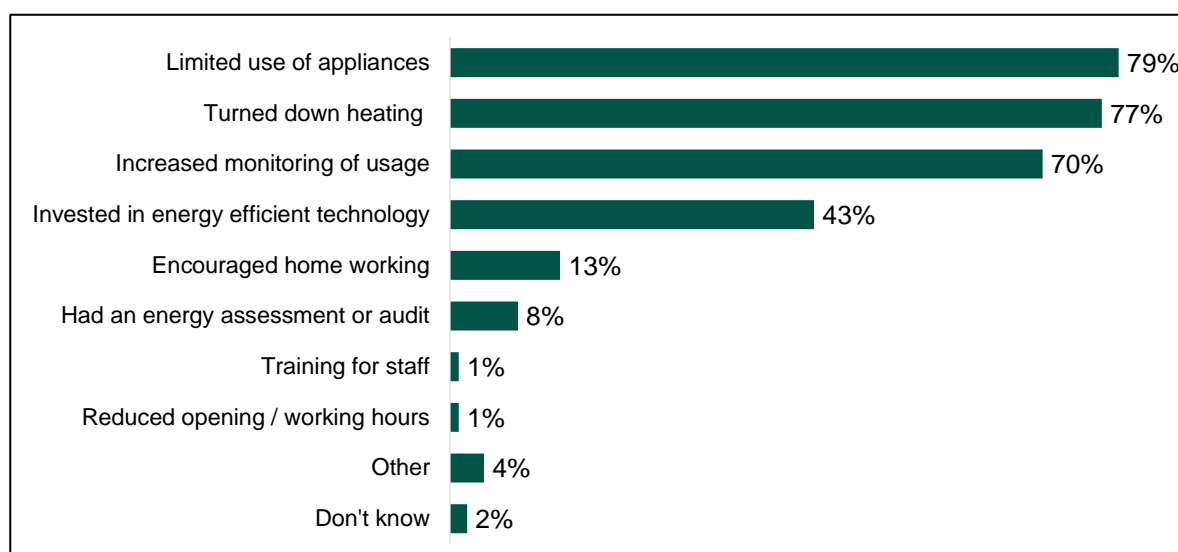
Sole trader/micro-business, Public administration / other sector, South West

Businesses in the Hotel and Catering sector were more likely than other businesses to have experienced many of the above impacts of increased energy costs. A greater proportion of Hotel and Catering businesses experienced reduced profit margins (76% compared to an average of 56%), reduced spending in other areas (65% compared to 51%), struggled with paying other bills (44% compared to 30%), had to reduce their service offering (37% compared to 16%), made staff redundant (32% compared to 11%) and reported being at increased risk of insolvency (28% compared to 18%).

The most popular ways to reduce or limit energy consumption cited by businesses were limiting the use of appliances (79%), turning heating down to a lower temperature (77%), or increasing monitoring of usage (70%).

Figure 0.6 shows a breakdown of the different ways businesses have been limiting energy consumption.

Figure 0.6 Methods for reducing energy consumption in the last 12 months



Base: Those who have limited their use of gas or electricity (470).

C10. In what ways, if any, have you tried to limit or reduce the amount of electricity or gas you use in the last 12 months?
(MULTICODE)

As shown above, over two-fifths (43%) of businesses have invested in energy efficient technologies or appliances in order to reduce their energy consumption. Table 0.1 details the types of technologies or appliances used.

Table 0.1 Types of energy efficient technologies or appliances used

Energy efficient technology or appliances	Percentage	Energy efficient technology or appliances	Percentage
LED lighting	19%	Motion sensor lights	11%
Lighting changes	14%	Solar panels	11%
Heating appliances	12%	Insulation	5%
Time controls for heating	9%	Other	15%

Base: Those who invested in energy efficient technology or appliances (247).

C10. In what ways, if any, have you tried to limit or reduce the amount of electricity or gas you use in the last 12 months?
(MULTICODE)

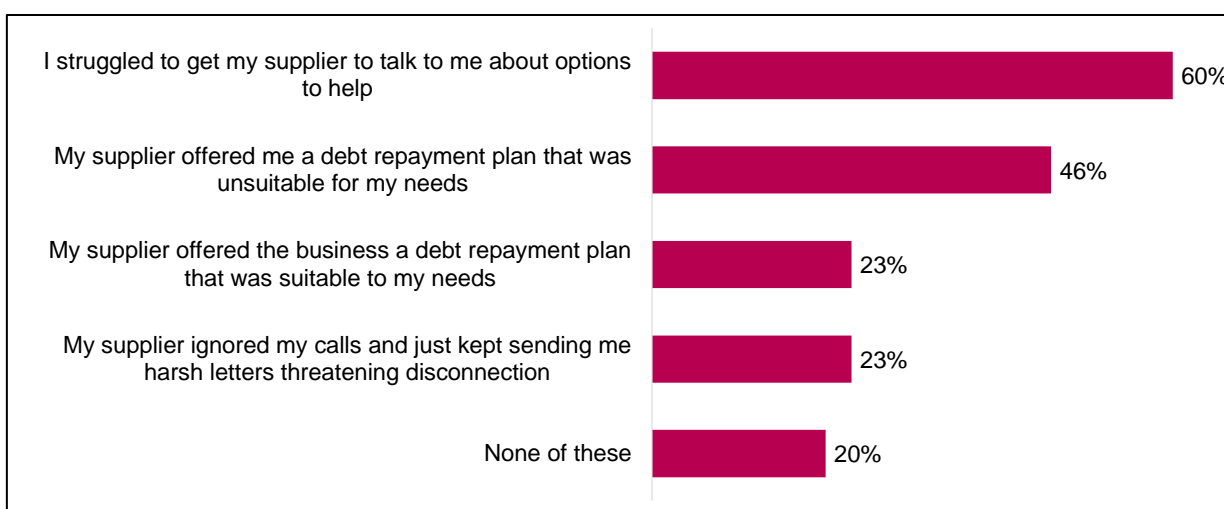
There was some variation by size across the different methods of reducing energy consumption. Sole traders and micro businesses were more likely than other sized businesses to limit the use of appliances in their businesses (81%). Small sized businesses were more likely than other sized businesses to have reduced opening or working hours (9%). Amongst larger businesses, increasing the monitoring of usage, having energy assessments or audits, and encouraging home working were more commonly mentioned (compared to other businesses). More than four-fifths of large (87%) and medium (82%) sized businesses had increased their monitoring of usage, 62% of large businesses and 35% of medium businesses had energy assessments or audits, and 26% of large and 21% of medium businesses encouraged home working. Business size also correlated with the likelihood of investing in energy-efficient technologies or appliances – 85% of large businesses did this, compared to 75% of medium businesses and 42% of sole traders and micro businesses.

Across sectors, variations were more limited. Businesses in Property/ Management/ Business services were less likely compared to other businesses (26% compared to 43%) to invest in energy-efficient technologies or appliances.

Experiences of those who had fallen behind with bills

Businesses who reported falling behind with bills (4% of all businesses) were asked if they had been in contact with their gas or electricity supplier about help with paying bills. A significant majority, 85%, had done so. Most commonly, businesses contacted their supplier first (76%), while for 9%, their supplier had contacted them instead. However, as shown in Figure 0.7, three fifths (60%) of those who had fallen behind with bills reported struggling to get their supplier to discuss options. Almost half (46%) said their supplier offered them a repayment plan that was unsuitable for their needs, and a quarter (23%) said their supplier ignored their calls, instead sending harsh letters threatening disconnection. Only 23% said their supplier offered a suitable debt repayment plan.

Figure 0.7 Experiences of those who had fallen behind with bills



Base: All who are falling behind with bills (30).

C8. When your business fell behind with energy bills, did you experience any of the following? [MULTICODE]

Qualitative interviews with businesses that had fallen behind with bills further discussed their experience. They revealed that these businesses felt that suppliers offered no or limited support, although not all businesses in this position chose to seek support from their supplier as they did not expect a helpful response. Support offered to businesses who did receive it included deferred payments or payment plans, which businesses felt only helped in the short term.

“I did try once or twice to ask their supplier for their support but they don’t seem to be interested. There was a government scheme, and they didn’t even mention it to me.”

Sole trader / micro business, Hotel / catering sector, London

“What could they do? The idea of contacting them was pointless as ultimately, they wouldn’t reduce the bills.”

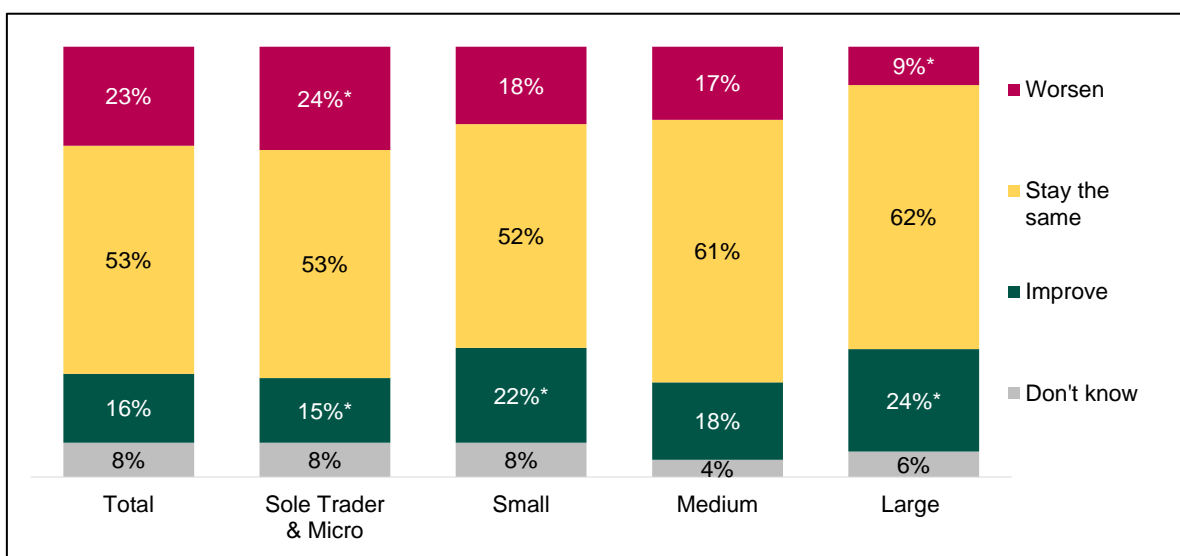
Sole trader / micro business, Hotel / catering sector, South West

Future ability to pay bills

Over half (53%) of businesses expected their ability to keep up with energy bills to stay the same over the next 12 months. One in eight (16%) expected their ability to keep up with bills to improve over the next 12 months, while 23% expected it to worsen. This is shown in Figure 0.8.

Large businesses were more likely than other sized businesses to expect their ability to keep up with energy bills to improve (24%). The Retail and Distribution and Transportation sectors were more positive than other businesses, with 28% expecting an improvement in their ability to keep up with bills. Those in the Manufacturing sector were more negative, with a third (34%) who expected their ability to keep up with bills to worsen. In the Hotel & Catering sector, 17% answered 'don't know'.

Figure 0.8 Expectation of businesses' ability to keep up with energy bills in next 12 months by business size



Base: All businesses (1,000).

C12. How do you expect your business' ability to keep up with gas/electricity bills to change over the next 12 months?

* Indicates a statistically significant difference compared to the average of all other businesses.

In the qualitative interviews, businesses were asked how they expected their organisation to be impacted by higher energy prices in the next 12 months. A concern was that energy prices were likely to remain high or even continue to increase. Some businesses had secured fixed rate contracts and hoped this would allow their energy costs to be consistent. However, others with fixed rate contracts were still worried that they would not be able to sustain operations after those contracts end in one to two years, with concerns that this could lead to insolvency and closure.

"I don't think it will impact upon us because as I say we've bought forward, we've locked in, so it will only affect us if our consumption profile changes, which we don't anticipate."

Large business, Transport and storage sector, London

"We've gone into a fixed contract prices which I think are either 12 or 24 months ahead, so we're hoping that will stabilise our costs...but beyond that we're really not sure and it's a source of significant anxiety. I think what gives everybody stress is not knowing whether we can stay open...and the [potential] loss of staff."

Sole trader / micro business, Public administration / other sector, South West

The qualitative research also showed that some businesses have implemented or plan to implement changes in order to manage risks associated with future price rises. One strategy was altering their management of energy contracts, signing longer term fixed rate contracts or even switching from gas to electricity for heating to avoid having a gas bill. Others have reduced energy consumption through introducing low carbon energy technology (e.g. solar panels) or energy efficiency measures. However, the high initial costs of such measures serve as a barrier for some. Finally, some have resorted to further cutting their operations to keep costs sustainable.

"We'd like to invest in energy-efficiency stuff in terms of contracts, but we are a little bit stuck because we are not connected to the grid for the bulk of what we require [Gas], so we are dictated to by our supplier without being able to have expenditure to get gas pipes put in."

Medium business, Manufacturing sector, Yorkshire and the Humber

"I can't see the situation rectifying itself in the next 12 months. There is still far too much uncertainty. It will probably be more of the same that we will have to reflect that in our pricing again...We've already started making plans for the winter so instead of opening at 9 o'clock when we normally would, we would open at 10."

Small business, Hotel / catering sector, South West

On the whole, in the 2023 survey, businesses were more positive about energy affordability than in the 2022 research, with more businesses (16% compared to 7%) expecting an improvement in their ability to keep up with energy bills and fewer (23% compared to 42%) who expected their ability to keep up with bills to worsen.

Energy Schemes

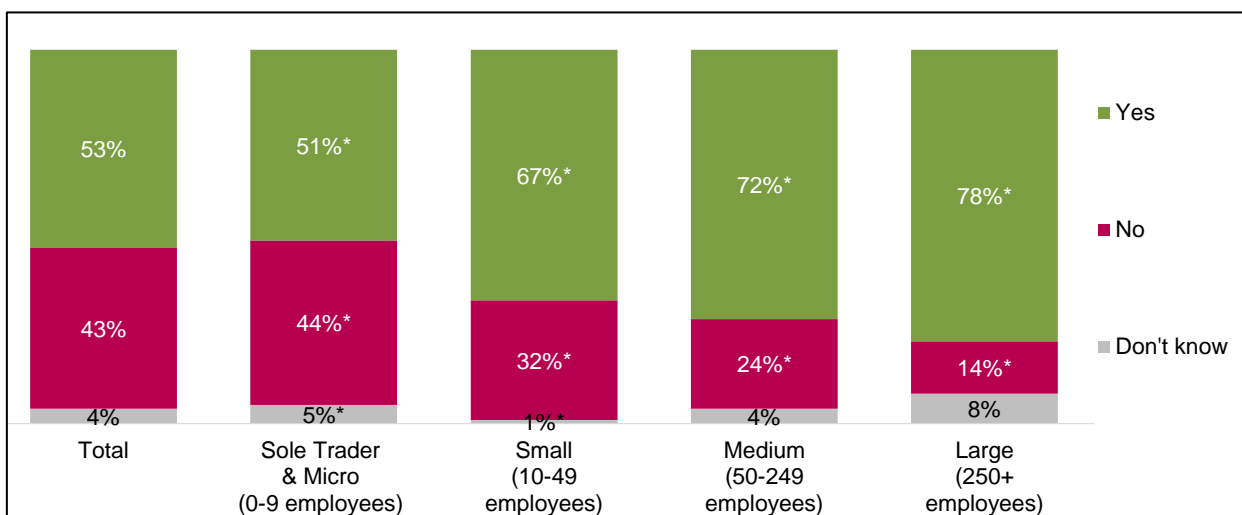
This section discusses two of the energy schemes implemented by the government in response to the energy crisis. These are the Energy Bills Relief Scheme (EBRS) that ran from October 2022 to March 2023, as well as the Energy Bills Discount Scheme (EBDS) that replaced the EBRS and ran from April 2023 onwards. It covers scheme awareness, coverage and impact. It also discusses why some businesses did not receive the discounts they expected to under the scheme.

Energy Bills Relief Scheme (EBRS)

Around half of businesses were aware of the Energy Bill Relief Scheme (EBRS) that ended in March 2023. Of this group, 46% reported that the EBRS was applied to their energy bills.

Awareness of the EBRS and whether it was applied to energy bills differed across size and sector. The larger the business, the more likely it was that they were aware of the EBRS, with 78% of large businesses being aware compared to 51% of sole traders, 67% of small businesses, 72% of medium businesses, and 51% of sole traders and micro businesses (Figure 6.1). Sole traders and micro businesses (45%) were also less likely than other businesses to have had the EBRS applied to their energy bills (Figure 6.2).

Figure 6.1 Awareness of EBRS by business size

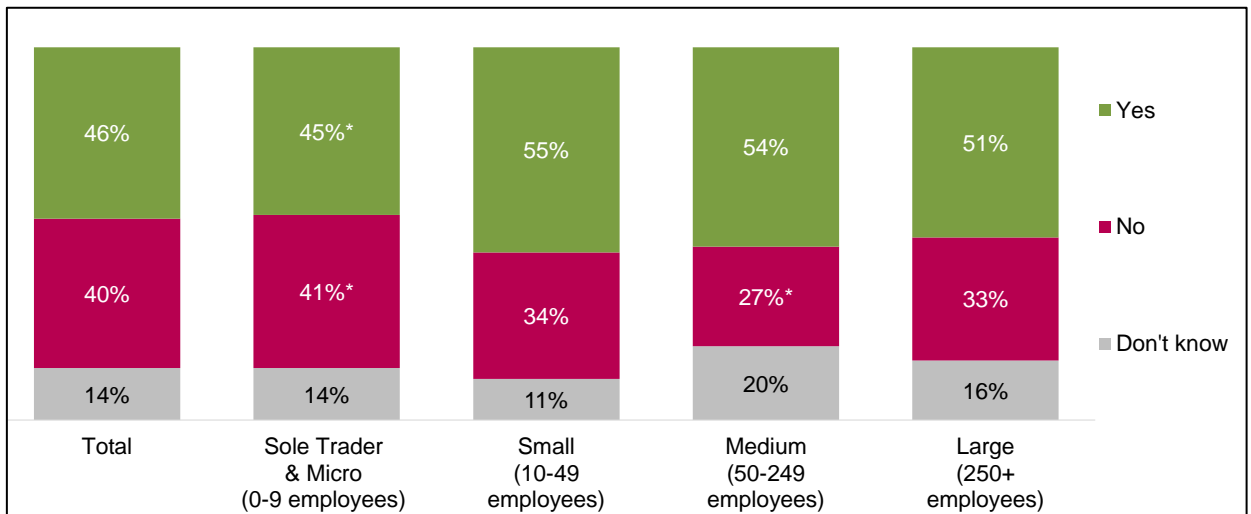


Base: All businesses (1,000).

* Indicates a statistically significant difference compared to the average of all other businesses.

D1. As a business, were you aware of the Energy Bill Relief Scheme (EBRS) that ended in March 2023?

Figure 6. 2 Whether aware EBRS was applied to bills by business size



Base: All who are aware of the Energy Bill Relief Scheme (EBRS) that ended in March 2023 (608).

* Indicates a statistically significant difference compared to the average of all other businesses.

D2. Was the EBRS applied to your energy bills?

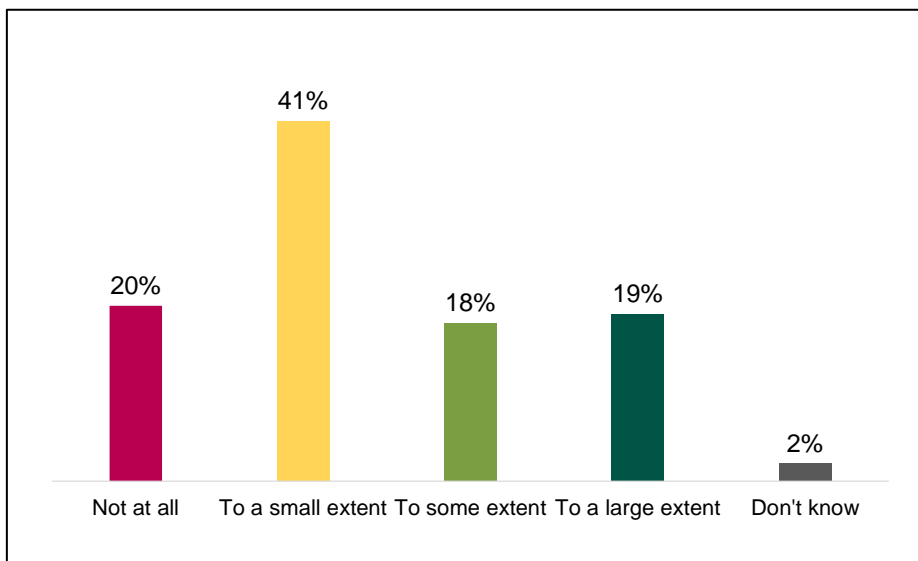
Across sectors, businesses in the Agriculture, Mining, and Energy (78%), Transport and Storage (76%), and Manufacturing (62%) were more likely than other businesses to be aware of the EBRS, while those in the Public administration/ other sector (45%) were less likely to be aware. However, of the businesses that were aware of the EBRS within the Public administration/ Other sector, they were more likely than other businesses to report that the EBRS was applied to their bills (57% compared to 46%). While those in the Manufacturing sector were more likely to be aware of the EBRS, they were less likely to say they had had it applied to their bills (35% compared to 46%).

When asked why they did not receive the EBRS, businesses were largely unsure. Three in ten (28%) responded 'don't know', the most common answer, followed by 19% responding that their business was not eligible, but they did not further elaborate on why. Seventeen percent of those that did not have EBRS applied to their bills said it was because they were on a fixed contract, while 8% reported being on a low-cost tariff.

Medium and small sized businesses (43% and 30% respectively) were more likely than sole traders and micro businesses (15%) to report that they were on a fixed contract. Sole traders and micro businesses were more likely than other sized businesses to have responded 'don't know'.

Nearly half of businesses (43%) felt that the EBRS had impacted their ability to manage energy bills to a small extent. Around a fifth each of those who had the EBRS applied to their bills said that it had impacted their ability to manage energy bills to a large extent (19%) and to some extent (18%). Another 20% said it had no impact at all. This is shown in Figure 6.3.

Figure 6.3 Impact of the Energy Bills Relief Scheme on managing bills



Base: All where the Energy Bill Relief Scheme (EBRS) was applied to bills (291)

D4. To what extent did the EBRS have a positive impact on your business's ability to manage its energy bills?

Businesses were asked about the impact of the EBRS in qualitative interviews. The interviews suggested that the EBRS did make a difference and increased cashflow for businesses in that period, which meant they could reduce the extent to which costs had to be passed on to customers or mitigated the effect of increased energy costs on profit margins.

“That was fantastic...I think it was around thirty odd pence that was cut from the price and I think around that time the price was about fifty something pence per kilowatt hour...Very significant.”

Large business, Transport and Storage sector, London

“[The EBRS] helped lessen the cost of the charge every month. Cashflow was better because of that, [and] materials could be paid for.”

Sole trader / micro business, Construction sector, West Midlands

However, the impact of the EBRS depended on how much of a discount businesses received, as well as the proportion of total costs that energy bills represented. The extent of the energy price increase meant that the discount did not entirely prevent cost increases or other impacts. For instance, one business would have had to let go of 40% of their staff, but with the EBRS, they only let go of 20%.

For some businesses energy bills were not a large part of their overall costs, and they faced simultaneous cost increases in other areas that could not have been mitigated by the EBRS, so the perceived impact of the schemes was limited. Businesses felt another reason that the impact of the scheme was limited was because it only ran for five months, and they were still experiencing financial struggles after that.

The extent of the relief received did have a bearing on the perception of the scheme. This will depend on the proximity of their energy spend to the scheme's threshold, as well as how much their total energy bills were before the discount. For example, a business close to the financial threshold and with low energy bills will save less when compared to a business with high energy bills.

“We still reduced our amount of energy consumption, but ultimately it helped us survive a bit longer...It didn't have enough of an effect on us for us to not increase prices...If we hadn't had the 5 months [discount] I think we'd probably had to let go another 20% of staff.”

Sole trader / micro business, Retail and distribution sector, North West

“[The impact of EBRS was] negligible. I got about two pence off... but I'm still paying twenty pence more than I paid before.”

Sole trader / micro business, Manufacturing sector, North West

“It wasn't a lot of money. It certainly wasn't enough to cover the bills, I think it was less than a third. It helps a bit, but all it's done is pushed our closing date further down the calendar.”

Sole trader / micro business, Public Administration/other sector, South West

Energy Bills Discount Scheme (EBDS)

Overall, the awareness and impact of the Energy Bills Discount Scheme (EBDS) was more limited compared to the EBRS. Three in ten (30%) businesses had heard of the EBDS. Of this group, only a quarter (25%) reported that the EBDS was applied to their energy bills, around half (48%) said it was not applied to their bills, and 27% said that they did not know if it was applied to their bills. This is shown in Figure 6.4 and 6.5.

Size and sector variations of the awareness and use of EBDS were similar to that of the EBRS. Larger businesses were more likely than small and sole trader and micro-sized businesses to have heard of the EBDS. Around six in ten (59%) large businesses had heard of it, compared to 45% of small businesses and 29% of sole traders and micro businesses. Again, sole traders and micro businesses were less likely than the other businesses (23% compared to 25%) to have had the EBDS applied to their energy bills, and more likely to have responded 'don't know' to the question. Small (42%) and large (39%) sized businesses were more likely than other sized businesses to have had the EBDS applied to their bills. Like with the EBRS, businesses in the Manufacturing sector were more likely than other businesses to have heard of the EBDS (43% compared to 30%) but were less likely than other businesses to have had the EBRS applied to their energy bills (70% did not have it applied to bills).

Figure 6.4 Awareness of EBDS by business size

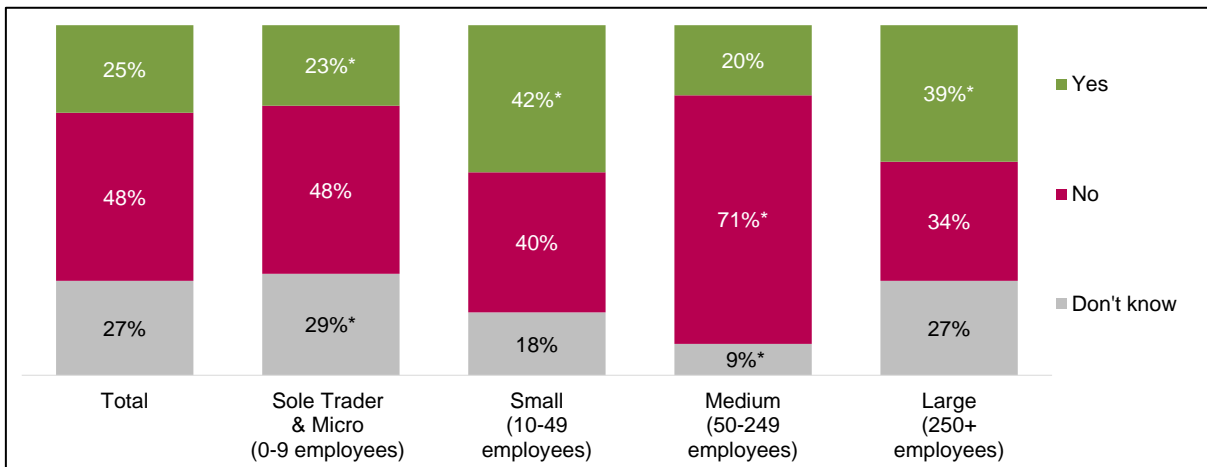


Base: All businesses (1,000).

* Indicates a statistically significant difference compared to the average of all other businesses.

D5. Before this survey, had you heard of the Energy Bill Discount Scheme?

Figure 6.5 Whether EBDS was applied to bills by business size



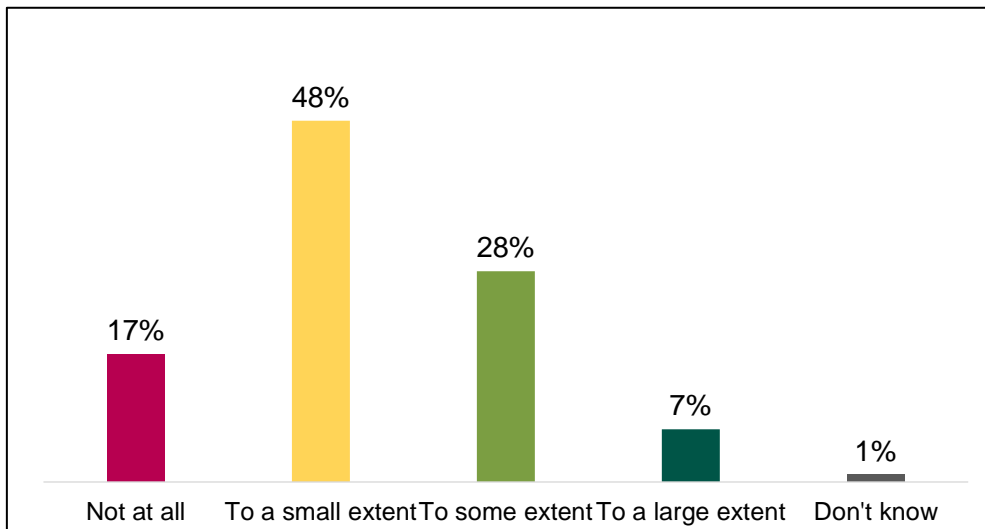
Base: All who are aware of the Energy Bill Relief Scheme (EBDS) (382).

* Indicates a statistically significant difference compared to the average of all other businesses.

D6. Was the EBDS applied to your energy bills?

Most commonly, businesses felt that the EBDS will have a positive impact on their ability to manage energy bills to a small extent, with 48% reporting this. Seven percent felt that it will impact their energy bills to a large extent, 28% felt it would impact to some extent and 17% felt it will not have any impact.

Figure 6. 6 Impact of the Energy Bills Discount Scheme



Base: All where the Energy Bill Relief Scheme (EBDS) was applied to bills (107).

D13. To what extent do you think the EBDS support will have a positive impact on your business's ability to manage its energy bills?

In the qualitative research, businesses reported that the EBDS had impacted their business in ways similar to the EBRS, but to a lesser extent. Businesses felt the EBDS had a lesser impact because the reduction in bills provided by the scheme was lower compared to the EBRS, and some businesses that had received the EBRS did not meet the threshold to qualify for the EBDS. Some businesses did not anticipate that the EBRS would be switched to the EBDS and were not prepared for the increased costs.

"[EBDS] has given us that little bit of respite in terms of knowing that we could make operational decisions that we need to and give us that time to evaluate what we're doing."

Medium business, Manufacturing sector, North West

"That was a waste of time...the government stopped paying the subsidy [EBRS] at the end of March so we have been really struggling since then...We're on a negligible amount of discount [EBDS], it's nothing much really...if it weren't there it wouldn't make much difference."

Sole trader/micro business, Retail/distribution sector, North West

"I think it depends on how much your bill is and the percent of your bill compared to what you do. Our bills are only about one percent of our turnover every month."

Medium business, Transport and storage sector, South East

"There was a significant reduction in our cost [from the EBRS]. We budgeted for that; we knew that that discount was coming. What we didn't anticipate unfortunately, was the [increase] post the 31st of March 2023."

Large business, Property/ management/business services sector, London

Other Support

Businesses did not seek support from sources other than their supplier or from the EBRs/EBDS. This was because they felt that they either did not need additional support or (for those who did need it) they did not know what other avenues of support were available to them.

"I didn't think there was any to tell you the truth. With me being a sole trader the buck stops with me."

Sole trader / micro business, Manufacturing, North West

"I actually didn't believe there was any support available."

Small business, Agriculture / Mining / Energy sector, South East

"I haven't actually been made aware of what [support] is out there that maybe we would qualify for, it's not something we've chased really."

Small business, Hotel / Catering sector, South West

Energy Efficiency

This chapter explores businesses' approach to energy efficiency. This includes their monitoring of energy usage, the technologies and approaches they already or plan to implement, as well as their opinions on reducing carbon emissions and any barriers they may experience to decarbonisation.

Monitoring energy usage

All businesses were asked about how they monitored their energy usage. While 89% did monitor their energy usage in some way, most did not have specific tools (such as monitoring software) for doing so. Three-quarters (75%) said they just checked their bills regularly and half (51%) checked energy usage through their meters. A third of businesses (34%) monitored energy usage through smart meters. A tenth (10%) said they did not monitor their energy usage.

Larger sized businesses were more likely to monitor their energy usage, with 99% of large businesses, 94% of medium businesses and 96% of small businesses doing so, compared to 88% of sole traders and micro businesses. Large businesses and medium businesses were more likely than other businesses to utilise smart meters or have a third-party monitor energy use. Sixty-three percent of large businesses and 42% of medium businesses perceived that they had smart meters (compared to an average of 34%), while 4% of large businesses and 3% of medium businesses had a third party monitor their energy use (compared to less than 1% for other businesses). Large businesses were also more likely than other businesses to have monitoring software, with 7% using this compared to 1% for other businesses.

Sectors that were more likely to be concerned about energy prices were also more likely than average to monitor their energy usage, including 98% of those in the Hotel & Catering sector and 97% of those in the Manufacturing sector. There were also higher rates of smart meter usage (compared to the average 34%) amongst businesses in the Public administration/ Other sector (40%).

Technologies and approaches

All businesses were presented with a list of energy efficiency technologies and approaches and asked whether they had heard of them, if they had already used them, or if they have plans to implement them. Those who participated in the qualitative stage were asked to provide more detail on the specific technologies and approaches. The energy efficiency technologies and approaches included: behavioural changes within the business to improve energy efficiency, energy-efficient technologies and processes, and energy-efficient building improvements.

Across all measures, those in medium and large-sized businesses were more likely than smaller businesses to use or plan to use all three of the listed energy-efficiency technologies and approaches,³⁰ as shown in Table 7.1. Those with high levels of concern about recent energy price rises were also more likely compared to other businesses to use or plan to use all three measures.³¹

³⁰ Specifically, Behavioural changes within the business to improve energy efficiency (NET: Has plans/ already utilises, implements or has installed. Total 73%; Medium 82%; Large 88%); Energy efficient technologies and processes efficiency (NET: Has plans/ already utilises, implements or has installed. Total 49%; Medium 67%; Large 86%), Energy efficient building improvements efficiency (NET: Has plans/ already utilises, implements or has installed. Total 27%; Medium 49%; Large 63%).

³¹ Specifically, Behavioural changes within the business to improve energy efficiency (NET: Has plans/ already utilises, implements or has installed. Total 73%; High concern 80%); Energy efficient technologies and processes efficiency (NET: Has plans/ already utilises, implements or has installed. Total 49%; High concern 53%), Energy efficient building improvements efficiency (NET: Has plans/ already utilises, implements or has installed. Total 27%; High concern 30%).

Overall, there were few significant differences by supplier type, contract type, alternative heating method use, and intermediary use.

Behavioural changes to improve energy efficiency

Nearly three in four (73%) businesses were making or planning to make behavioural changes within their business to improve their energy efficiency. Specifically, two-thirds (66%) already encourage behavioural changes to improve energy efficiency, with an additional 6% planning to. This was significantly higher for medium and large-sized businesses, compared to smaller businesses (82% for medium and 88% for large-sized businesses, compared to 73% for both sole traders and micro businesses, and 73% for small businesses).

Those who were 'keeping up with their bills without any difficulties' were significantly more likely to implement, or plan to implement, behavioural changes to improve energy efficiency than those who did have difficulties. Those in the Construction sector were significantly more likely compared to other businesses to say they had never heard of behavioural changes in this context (7%, compared to 3%).

Qualitative interviews revealed behavioural changes businesses were already implementing, such as turning off appliances when not in use (such as lights and heaters), shutting doors and windows (one business also referenced ensuring industrial fridge doors are closed), and wearing extra layers in the winter to reduce heating usage.

Businesses generally had a good level of buy-in from their workforces because they understood the importance of reducing energy consumption and were conscious of environmental issues, although some businesses referred to constantly having to remind staff to follow their behavioural guidelines. For businesses, reducing energy costs seemed to be the main driver of encouraging these behavioural changes.

"We have encouraged staff to do basic things like turn lights and heating off when leaving rooms."

Large business, Transport and Storage sector, London

Many found the impact of the behaviour changes to be limited or difficult to measure. After making behavioural changes one business estimated the energy spend savings to be less than 1%. Another business, having shared internal communications with energy-saving tips and advice, were then unable to hire a professional to develop an energy efficiency behaviour change programme and measure efficacy because of a lack of funds.

"It helps reduce costs a lot but it's kind of low level cost reduction really in terms of what we spend on energy costs which are probably about seven and a half million on electricity and around a million on gas."

Large business, Transport and Storage sector, London

Energy-efficient technologies and processes

Half (49%) of businesses had used or planned to use energy-efficient technologies and processes. Specifically, 35% said they already utilise these technologies and 14% had plans to. This was significantly higher for medium and large-sized businesses (67% for medium and 86% for large-sized businesses), compared to other businesses, as well as specifically sole trader and micro and small businesses (49% in total, as well as sole trader and micro 49% and small-sized businesses 50%).

Businesses within the Hotel and Catering sector were significantly more likely when compared to other businesses to use or plan to use energy-efficient technologies and processes (69%, compared to 49% for all other business sectors). Again, those who work in the Construction sector were significantly more likely compared to other businesses to say they had never heard of energy-efficient technologies and processes (7%, compared to 4% for the total). Those who use a smart meter³² were significantly more likely than those that do not use a smart meter to currently use or plan to use energy-efficient technologies and processes (52% and 45% respectively).

Qualitative responses showed the reasons why businesses were not planning to utilise energy-efficient technologies and processes. These included: already using the most energy-efficient options available, lack of money, restrictions due to building regulations (such as being in a listed building), and not knowing what else they can feasibly do. Some businesses said they would want to save on energy usage, but that they just did not know how.

"We're in a listed building and there are some things you're not allowed to do in a listed building. You can't put double glazing in or anything like that."

Sole trader / micro business, Finance sector, North East

"Anything that would save on energy use that I could deploy without a massive amount of outlay, I would of course absolutely do it, but I don't know what that is."

Sole trader / micro business, Property / Management / Business Services sector, South West

The types of energy-efficient technologies and processes that businesses intended to introduce included solar panels and converting lighting to LED. However, they faced some challenges around cash flow and lack of senior leadership buy-in.

The qualitative research identified what measures businesses already using energy-efficient technologies and processes had introduced. These included; LED lights, motion detectors to control lighting, improved insulation, updated equipment, improved heating systems, recycled workwear, and net zero suppliers/partners. In terms of drivers, these changes were usually motivated by reducing business costs or a corporate aim to improve their reputation, although some mentioned the importance of decarbonisation as an environmental concern. Most had no issues with implementing the technologies and experienced cost savings, although were unable to say exactly how much.

"The energy price rises have pushed us to do it where we have been on the fence previously, but we will continue to do it because once it's in place it's usually an upfront cost... Once it is there it makes complete sense to carry on."

"It's the reason we do anything, to make money, if it cuts cost brilliant... [with] energy prices rising we can see [increased] costs coming... it all comes back to reducing potential costs and saving current costs."

Medium business, Manufacturing sector, Yorkshire and the Humber

"The main reason was wanting to do something to decarbonise rather than cost. To be honest, the cost wasn't the biggest issue. The biggest issue was I felt we should do something positive to decarbonisation."

³² Analysis by 'smart meter' includes 'Use Smart Meter or AMR meter'.

Medium business, Public Administration / Other sector, London

Energy-efficient building improvements

Just under three in ten (27%) businesses had already made or planned to make energy-efficient building improvements. This was the least commonly actioned of the listed approaches, with 18% already installed and 10% planning to. This was significantly higher for medium and large-sized businesses, compared to smaller businesses (49% for medium and 63% for large-sized businesses, compared to 29% for small sized businesses and 26% for sole traders and micro businesses).

Businesses within the Hotel and Catering and Construction sectors were significantly more likely when compared to other businesses to have already made or be planning to make building improvements (42% and 41% respectively, compared to 27% for the total). This was more likely to be the case for all businesses who use a smart meter compared to those that do not (34% vs 19%).

Qualitative research dug deeper into the reasons provided by businesses for not planning to use energy-efficient building improvements. These included; the building being rented, restrictions due to building regulations, and financial limitations. Those with plans to use energy-efficient building improvements intended to introduce; loft insulation, and solar panels, and said the greatest challenge to introducing these measures was the cost.

In the qualitative research, those already implementing energy-efficient building improvements said they had introduced the following; insulation, draught exclusion on doors, solar panels, motion sensors for lighting and heating, energy-efficient lighting, and double glazing. Businesses said that these changes were a response to increasing energy costs, and to improve their business image with customers. However, it was mentioned that it is hard to measure the impact of the changes.

"[I'm] not sure it's made much of a difference but it must have... I hope... there's nothing real to measure how good the insulation has been...if it's a mild winter we can't tell if the insulation has done anything."

Sole trader/micro business, Retail /distribution sector, North West

"We don't measure the impact, but it's got to be the right thing and it impresses our customers also."

Large business, Agriculture / Mining / Energy sector, Yorkshire and the Humber

Table 7.1 Heard of energy-efficient technology/approaches and if so, have any plans to, or already, utilise them

NET: Has plans/ already utilises, implements or has installed	Total	Sole Trader & Micro	Small	Medium	Large
Behavioural changes within the business to improve energy efficiency	73%	73%	73%	*82%	*88%
Energy efficient technologies and processes (e.g. updating to equipment that consumes less energy)	49%	49%	50%	*67%	*86%
Energy efficient building improvements (e.g. installing better wall insulation)	27%	*26%	29%	*49%	*63%

Base: All businesses (1000)

F1_1. Have you heard of the following technology/approaches and if so, have any plans to, or already, utilise them?

* Indicates a statistically significant difference compared to the average of all other businesses.

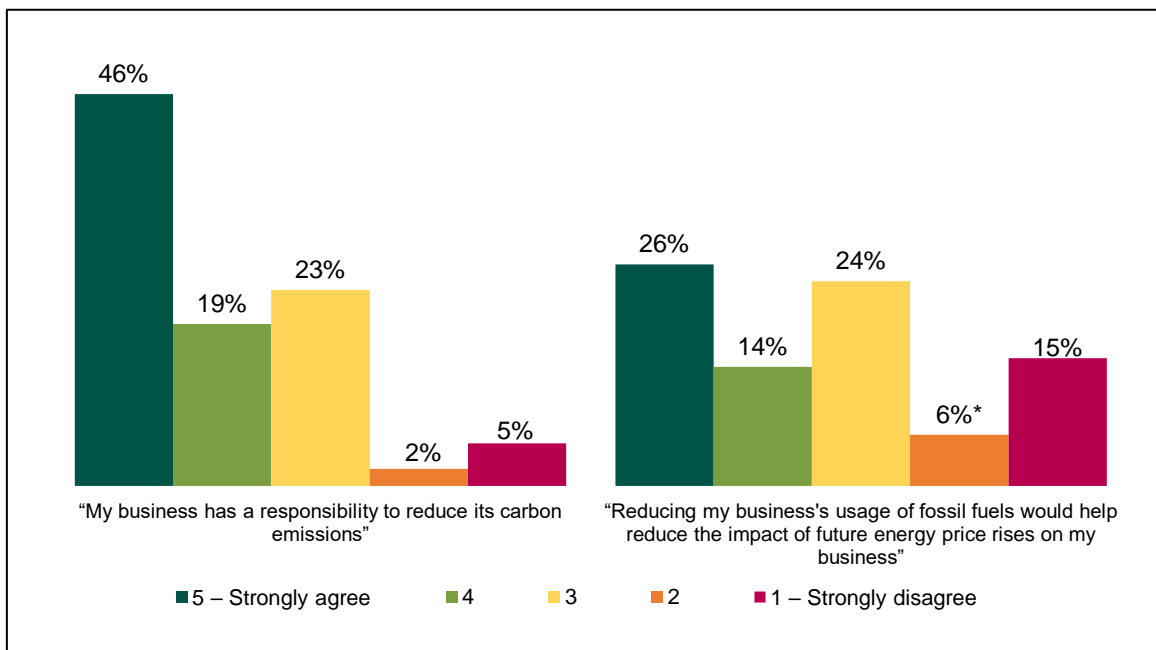
Opinions on reducing carbon emissions

In the quantitative survey, all businesses were asked to what extent they agree or disagree with two statements relating to reducing their carbon emissions; 'my business has a responsibility to reduce its carbon emissions' and 'reducing my business's usage of fossil fuels would help reduce the impact of future energy price rises on my business'. The majority of businesses felt a responsibility to reduce their carbon emissions (66% agreed with this statement), but they were less clear on how a reduction in their use of fossil fuels might reduce the impact of future energy price rises (41% agreed with this statement).

Focusing on the statement 'my business has a responsibility to reduce its carbon emissions', two-thirds (66%) of businesses agreed, the majority of which strongly agreed (46%). Nearly all large businesses agreed (92%), as did three-quarters of medium sized businesses (74%). Those in the North West region (79%) and in the Manufacturing sector (76%) also had significantly higher levels of agreement with this statement, when compared to other businesses.

The level of agreement with the statement 'reducing my business's usage of fossil fuels would help reduce the impact of future energy price rises on my business' was lower (41% agreeing, including 26% strongly agreeing). There is also a significant minority that neither agreed nor disagreed with both of these statements, 23% for 'my business has a responsibility to reduce its carbon emissions' and 24% for 'reducing my business's usage of fossil fuels would help reduce the impact of future energy price rises on my business'. It's important to consider the potential impact of social desirability bias for both of these statements, in the sense that levels of agreement might be higher as a result.

Figure 7.1 Opinions on reducing carbon emissions



Base: All businesses (1000).

F2. On a scale of 1 to 5, where 1 is strongly disagree and 5 is strongly agree, to what extent do you agree or disagree that your business has a responsibility to reduce its carbon emissions?

F4. On a scale of 1 to 5, where 1 is strongly disagree and 5 is strongly agree, to what extent do you agree or disagree that reducing your business's usage of fossil fuels such as oil, coal and gas would help reduce the impact of future energy price rises on your business?

In the qualitative research, those who disagreed with the statement ‘my business has a responsibility to reduce its carbon emissions’ in the quantitative survey were asked to elaborate on their response. They explained this was because they felt they were limited in what they could do. Limitations mentioned were regulations and legislation (such as restrictions on what can be done with listed buildings), as well as there not being the technology available for them to do things differently. One sole trader/ micro-sized business was sceptical about climate change and their business's impact because they only use a single room.

“There's nothing we can do to reduce it. We already do recycling so we're good people, it's quite a core part of our business. Unless somebody comes up with the technology to do it another way, there's nothing we can do.”

Medium business, Transport and Storage sector, South East

“I don't believe in climate change, and as long as China, Russia and the rest keep polluting what difference does it make. It's a non-question in regards to us, not least because [the business] it's a single room.”

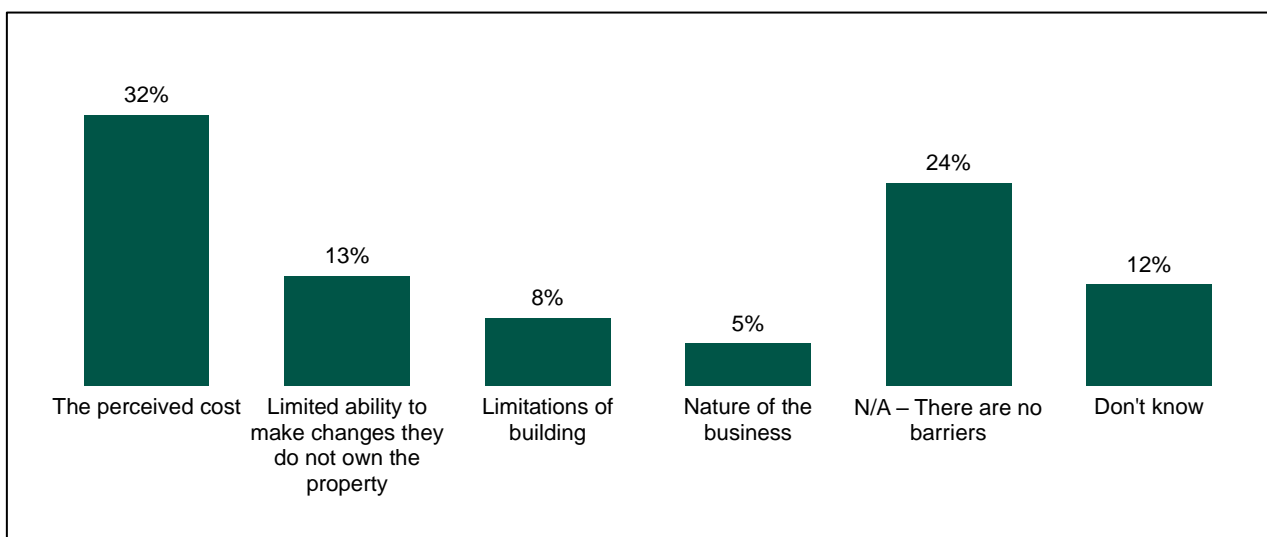
Sole trader / micro business, Finance sector, North East

Barriers to decarbonisation

All businesses were asked what barriers were affecting their ability to decarbonise.³³ The most popular response was perceived cost (32%), and 13% that said they have limited ability to make changes because they do not own the property. One quarter felt that there were no barriers (24%).

Manufacturing and Hotel and Catering businesses were more likely compared to other businesses to say that perceived costs were a barrier (56% and 51% respectively). Small and medium-sized businesses were more likely when compared to other businesses to say perceived costs were a barrier (45% and 48% compared to 37% for large businesses and 30% for sole trader and micro businesses). Sole Trader & Micro-sized businesses were more likely compared to all other business sizes to say there were no barriers (25%, compared to 13% for small sized businesses, 12% for medium sized businesses and 14% for large sized businesses), the qualitative research did not offer any insight or explanation for this finding.

Figure 7.2 Barriers to decarbonisation



Base: businesses (1000).

F3. What barriers are affecting your ability to decarbonise? [MULTICODE]

The qualitative research findings mirrored the survey results. The most popular barrier was cost, particularly the initial investment required. Some explained that they are more focused on business survival currently, and that decarbonisation was not a main priority for them.

Some businesses were limited in what they could do as the building was listed or because they did not own the premises. Some businesses were also unsure of what else they could do. For some, this was because they felt they had already implemented several things in relation to decarbonisation, while others said they needed more information about what they could do.

³³ The survey did not include a definition of decarbonisation for respondents, nor any examples of how it might relate to them. This means that interview participants might have had different understandings of the term when answering the question.

“At the moment we just seem to be firefighting, trying to keep the business going, but we haven't got enough time to look at the other factors in terms of helping this aquarium's future...we haven't got the cash flow to invest in reducing carbon.”

Sole trader/micro business, Retail/distribution sector, North West

“The people are saying why do we need to spend money on that when we've got other priorities, so it's not a unanimous decision when we're talking about some of these changes to go to zero carbon. People are saying we haven't had to do this in the past why should we do it now...All part of this is an education process as well...Not everybody buys into the whole climate change thing.”

Sole trader/micro business, Public Administration/Other sector, North West

Conclusion

Key findings from the research include that six in ten businesses reported being satisfied with the overall service that their energy provider offered. Just over one in ten said they were dissatisfied, with this driven by prices, poor customer service and poor communication.

The majority of businesses reported an increase in their gas and electricity bills in the last 12 months and were concerned about the impact of energy prices. Two in five were 'struggling' to keep up with their energy bills, broadly in line with 2022 findings. Those in Hotel and Catering sector were much more likely to say they were struggling.

The qualitative research shed more light on businesses' perceptions. That they have experienced at least a doubling in their energy bills, or that they described having to make significant adjustments to their business in response, such as reducing consumption or passing on price increases to customers.

Those that experienced an increase in energy costs were most likely to have tried to limit or reduce the amount of electricity or gas used, reduce their profit margin as a result, or reduce their spending in other areas of the business. Close to half reported passing on additional costs to the customer. Qualitative interviews found that current needs and priorities regarding organisations' energy supply were most commonly related to costs. Some explained that they were trying to reduce their consumption to keep energy costs down.

Overall, around one in ten businesses had made a complaint to their supplier. By sector there were no substantial differences in consumers' experiences of their suppliers. However, businesses in the Hotel and Catering sector were much more likely than average to have made a complaint to their supplier in the last six months.

The top reasons for complaints were issues around billing and meter issues, such as receiving estimated bills despite having a smart meter and consumers feeling that they were overcharged, for example, businesses feeling they were charged incorrectly or received unexpected/hidden charges. For most businesses who had made a complaint, the issue was now considered resolved. However, satisfaction with the outcomes was mixed.

Two-thirds of businesses agreed their business has a responsibility to reduce its carbon emissions, but they were less clear that a reduction in their use of fossil fuels might help reduce the impact of their future energy price rises. Three-quarters of businesses were making behaviour changes to improve energy efficiency, but only one-quarter went as far as to install energy-efficiency building improvements. While many felt their business had a responsibility to reduce its carbon emissions, businesses that disagreed that they have a responsibility most commonly explained this was because they were limited in what they could do.

Many businesses had already implemented energy efficiency technologies, behavioural changes and building improvements. Reducing energy costs was the main driver but at the same time cost was often cited as the main barrier to implementing energy-efficient changes.

Consistently across key measures, businesses within the Hotel and Catering and Manufacturing sectors tended to be more negative compared to the average (satisfaction with supplier, made a complaint to supplier, not keeping up with bills, concern over energy costs). They were also more

likely compared to the average to have a sense of responsibility to reduce their carbon emissions and to already/ plan to use energy-efficient technologies/approaches.

When we look at the quantitative research profile of those 'struggling to pay energy bills', these were most likely businesses within the sole trader and micro-sized businesses and two-fifths of them were within the Public administration / Other sector.

“

IFF Research illuminates the world for organisations businesses and individuals helping them to make better-informed decisions.”

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Whether employer or employee, client or collaborator, we are all humans first and foremost. Recognising this essential humanity is central to how we conduct our business, and how we lead our lives. We respect and accommodate each individual's way of thinking, working and communicating, mindful of the fact that each has their own story and means of telling it.

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