

Powering the UK High Street

Giving businesses
a fairer energy deal



We're passionate about supporting Britain's businesses, especially SMEs – the backbone of our economy.

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2019 Foreword

from Bill Bullen, Utilita CEO

Utilita has always embraced innovation and entrepreneurship. We were the first to challenge the 'Big 6' in the domestic smart pay-as-you-go energy market, growing from just four people sat around one desk, to over 1,500 staff in Hampshire, Sheffield, Glasgow, Edinburgh, Essex, Chesterfield, Warrington and beyond.

So, we're passionate about supporting Britain's businesses, especially SMEs – the backbone of our economy.

In 2018, Britain's micro-businesses turned over £802 billion, driven by hardworking, ambitious individuals. Our hairdressers, cafes, pubs, restaurants, convenience stores and favourite independents are owned and operated by only a handful of people – sometimes just one – and are reliant on the strength of their communities.

Micro-businesses have much to contend with in today's uncertain economy as business rates continue to climb and the power of the pound fluctuates. Last year micro-businesses paid out £3.5 billion in electricity and gas bills. In fact, more business owners are worried about the rising cost of energy (50%) than they are Brexit (44%), according to our survey. Of the many challenges they face, getting a fair deal on energy shouldn't be one of them.

Earlier this year Ofgem announced a strategic review of the micro-business energy market, due to concern that it isn't working as well as it should.

We commissioned our first annual Powering the High Street report in 2017 as we knew this to be the case, and our latest survey confirms micro-businesses find it difficult to find a better energy deal. We know half of all businesses still aren't shopping around for a better deal at least once a year – despite their concerns about their energy spend.

However, this third year of our research may hint towards a slowly turning tide – 68% of businesses surveyed do believe their provider gives them a fair deal.

We believe customers should not be asked to pay crippling upfront fees. We offer flexible payment options – Pay As You Go, Pay On Receipt and Direct Debit – and do not charge deposits.

We can even help improve your credit rating at the same time.



So, we're passionate about supporting Britain's businesses, especially SMEs – the backbone of our economy.

We're committed to giving you what we believe to be the best deal available for your business.

Utilita is one of Britain's fastest growing independent energy suppliers, supporting nearly 800,000 domestic and commercial customers across Great Britain.

We will continue to look you in the eye because we have been there ourselves. We will continue to do all we can to give our customers a fairer deal and help to power the high street.

Insight from Enterprise Nation

Access to fair deals and trusted support will power the small business base of Britain

The UK is in a strong position when it comes to the size and shape of its small business community. Our nation is home to over five million people operating a company and, added to that, is an estimated one in four employees who are building a business alongside the day job. This adds up to over eight million people undertaking some form of entrepreneurial activity.

The job now is to ensure these start-ups and growing ventures get access to the right support and also to fair deals on business essentials. Support is proven to help businesses grow faster, and deals mean money can be saved and ploughed back into company growth. It's for this reason that we partnered with Utilita to ensure customers were getting both!



In choosing Utilita as an energy provider, businesses know the deal is a fair one and each customer now gets Enterprise Nation as part of the package too. This offers access to 24/7 online support in the form of a library of content on topics from accounting to sales, social media and management, as well as a marketplace of thousands of expert advisers so small business owners can get fast answers to questions – or connect for longer term and more strategic advice relationships. With support on your side and choosing providers that understand your needs, it's possible to focus on making the most of opportunities.

Those opportunities include the potential for international expansion and working towards a more efficient business closer to home. Powerful trading marketplaces have made it perfectly possible to make or design in Britain and sell wares all over the world. Enabling technology such as cloud accounting software and productivity tools can help a business owner make more sales and free up time, all within a reasonable budget.

In short, it's a great time to grow a business in Britain and I hope you'll access fair deals and trusted support to fully make the most of the opportunities around you!



Emma Jones
is Founder of
Enterprise Nation.

Enterprise Nation supports people to start and grow a successful business through in-person events and training, an online support platform, and representing the views of small business to government.

Micro-businesses in the UK

Statistics

There were 5.7 million SMEs in the UK in 2018, accounting for 96% of all businesses. However, this population fell by 0.5% (-27,000 businesses) from 2017 and private sector employment increased by 2% (+304,000).

These figures reflect closures of smaller, non-employing businesses, which fell by 1% (-50,000), whilst larger employing businesses rose by 2% (+23,000).

This decrease in the business population is the first fall in these records, which began in 2000, and reflects the state of our high street today where business collapses and closures are rife.



Micro-businesses are defined as having between one and nine members of staff, with the majority of growth since 2000 due to sole traders with a self-employed owner, which accounted for 87% of the overall increase, according to the Federation of Small Businesses.

Ofgem defines a micro-business as a non-domestic customer that meets at least one of the following criteria:

- + It employs fewer than 10 employees (or their full time equivalent) and has an annual turnover or balance sheet no greater than €2 million
- + It consumes no more than 100,000 kWh of electricity a year
- + It consumes no more than 293,000 kWh of gas a year

In 2018 there were 1.4 million employing businesses and 4.3 million non-employing businesses, 3.4 million of which were sole proprietorships.

Some 75% of businesses did not employ anyone aside from the owner(s).

These micro-businesses account for more than a third (33%) of employment and over a fifth (21%) of turnover in the UK and continue to shape the diverse and dynamic micro-business community we see in the country today.

5.7M

PRIVATE SECTOR
BUSINESSES
UK 2018

96% ESTIMATED MICROBUSINESSES

75% BUSINESSES WHICH DID NOT EMPLOY
ANYONE ASIDE FROM THE OWNER(S)

1.4M

EMPLOYING
BUSINESSES
(AT LEAST ONE OTHER PERSON)

4.3M

NON-EMPLOYING
BUSINESSES

79% SOLE PROPRIETORSHIPS BUSINESSES - 3.4 MILLION

Case Study

Powering businesses at the heart of their community. It's the usual for Utilita...



James - Osborner Pub owner

A pint at the local is one of Britain's oldest traditions, but pubs the length and breadth of the country are having to fight hard just to survive. With rising rents, business rates and supermarkets' continual price cutting, pubs have had to become increasingly innovative to make it worthwhile opening the doors.

One such pub, The Osborne, in Southampton, has refused to call time and is putting the fizzy back into the local 'boozers'.

The friendly local has always prided itself on giving its customers a warm welcome, with a wide range of draught beers and its chefs cooking up a menu of homemade food.

Since taking over the pub 18 months ago, James, and his team, have preserved the pub's appeal while also introducing a number of new initiatives to bring new customers in and make sure the regulars keep coming back.

As the only pub in the area to have all the sports channels, The Osborne has become a destination for fans wanting to watch the 'big game', and even if their team doesn't win it always delivers the right result with range of special drinks promotions whenever the football is on the TV.

Free use of the jukebox and the pool table has also drawn in a crowd, with regular tournaments creating some friendly competition, and a mix of classic tracks and the latest hits playing in the background to create a welcoming environment.

With several community events planned in the coming months, the Osborne is determined to continue being the heart of the community it serves.

Keeping the drinks cold, the TVs on and songs playing puts power supply at the top of the Osborne's needs, and keeping costs under control is something James has a very close eye on to make sure they're getting good value.

Having shopped around for the best deal for their energy James was shocked by some of the deals offered to small businesses.

James said: "One of the 'big 6' told us we'd have to pay a £3,000 up-front deposit just to get connected. A payment of that size would have a significant impact on us and could force us to cut costs elsewhere.

"As a small business we have to keep our overheads under control. If they increase too much we'd be in the unfortunate position of looking to save on other costs which could mean reducing staff hours. We might also have to buy less stock which could limit the choice we offer; that could have a negative impact on our customer numbers if we stopped selling someone's 'usual'."

The Utilita Business Energy smart meter fixed tariff has proved ideal for the Osborne. The business tariff has been designed specifically for small businesses with no up-front deposits or background checks and offers competitive rates with no hidden terms or conditions.

James added: "Finding a supplier that didn't require an up-front deposit was crucial to us and Utilita's deal suits us perfectly."

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The Survey

Carried out by Ginger Publicity

Our third annual Powering the UK High Street survey was carried out by Ginger Publicity, the independent survey consultants. It questioned a total of 1,000 micro-businesses in 10 regions of the UK, with a randomly selected representative sample across a variety of sectors.

Among the businesses taking part were cafes, pubs, restaurants, hairdressers, convenience stores and other retail outlets. Findings were analysed regionally, nationally and by sector. **The 10 questions and the national results are as follows:**

1 Have you ever faced any of the following situations with gas and electricity providers?

- + I have been asked to make large, upfront payments because I am a small business / seen as a credit risk
- + I have been put on a high tariff because I'm seen as a credit risk
- + I have been refused an energy deal because I am a small business
- + I have been cut off because I missed a payment

2 Do you think your current energy provider gives you a fair deal?

3 What kind of tariff are you on?

4 Have you ever shopped around for your energy deal?

5 Which of the following concern you in relation to the future success of your business?



6 Has the price of your energy bill increased in the last year? If so by how much?

7 What have you / haven't you done from the following list to lower the cost of running your business?

8 Have you ever been caught out with unexpected terms and conditions or costs when signing a new energy deal – if so, what were they?

9 Has the current credit rating for your business affected your ability to access certain goods and services?

10 How many hours on average do you work in a week running your business?

Key findings

The tide may be turning – small businesses say they get a fair deal on energy

68% GET A FAIR DEAL ON ENERGY

More than two thirds (68%) of micro-businesses now say they think their current energy provider gives them a fair deal, showing a positive uplift from 51% that felt unfairly treated in 2018.

☑ We will give you our fairest deal and we won't charge you a higher tariff because of your credit score.

18% TURNED DOWN FOR SUPPLY

There is a reduction in micro-businesses being turned down flat for energy supply – whilst last year we saw more than a quarter of businesses being refused energy (26%), in 2019 figures have dropped to 18%.

☑ We will never turn down a small business just because of a credit score.

34% AFFECTED BY CREDIT RATING

However, more than a third (34%) of respondents said that credit rating for their business affected their ability to access certain goods and services.

☑ With our payment options, your credit rating could actually improve.

However, businesses are still slammed with additional payment pressure

68% GET A FAIR DEAL ON ENERGY

More than a third are still being asked to make large upfront deposits (37%) or are on high tariffs (34%) as they're seen as a credit risk.

☑ We won't ask you for a security deposit.

66% CAUGHT OUT BY UNEXPECTED T&Cs

Two thirds (66%) of micro-businesses have been caught out with unexpected terms and conditions or costs when signing a new energy deal.

24% FACE CRIPPLING RATES

29% cite inflexible payment terms and a quarter (24%) face crippling rates.

☑ We are confident we can offer you a fair deal and we'll provide you with a smart meter to put you in control. Come and talk to us.

Key findings

Businesses still aren't shopping around for the best deal often enough

50% AREN'T SHOPPING AROUND

Half (50%) aren't shopping around for a better energy deal every year, with one in ten (11%) never shopping around.

☑ Our fair deal promise and transparent fixed term pricing help put you in control of your energy costs.

Businesses most worried about the rising cost of energy

50% WORRIED ABOUT FUTURE SUCCESS

More business owners are worried about the rising cost of energy in relation to the future success of their business (50%) than they are Brexit (44%).

77% HAD ENERGY COST RISE

More than three quarters (77%) of small businesses have seen the cost of their energy supply rise by at least £100 per year, with one in ten (9%) forking out an additional £500 or more per year.

50% WORK OVER 50 HOURS A WEEK

Half (50%) of micro-business owners work over 50 hours a week, with one in five (19%) working over 60 hours a week.

39% MADE STAFF REDUNDANT

More than a third (39%) have made other staff members redundant to reduce the cost of running their business and almost half (48%) have reduced staff working hours.

☑ Hard work and long hours should go towards the success of your business, not just to pay higher energy costs. We help you control your energy costs so that you can plan with confidence.

About Utilita

Established in 2003

Utilita was the first supplier in Great Britain to install a smart meter (in 2008) and specialises in Pay As You Go smart meters, a sector of the market poorly served by the Big 6 due to it being a high cost to serve.

The Government has recently extended the deadline to install smart meters in every home to 2024. While many energy providers are playing catch-up to meet these targets, Utilita is well ahead of the curve, with more than 90% of its customers having one.

Utilita continues to innovate; in 2019 Ofgem praised the energy supplier for its market-leading self-service app, Power Up, and the business has launched a national roll-out of community energy hubs, putting power back into the high street.

The business has grown rapidly over the last few years and has quadrupled its customer base since 2015 to over 800,000 in October 2019.



The business has grown rapidly over the last few years and now has more than 800,000 customers.





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