



Practical support for UK businesses during the cost of living crisis

What you can find in this guide:

- Introduction
- The current economic climate for UK businesses
- How your business can save money - including energy-saving tips
- How your business can make more profit
- Further resources





Introduction

It's tough being a small business right now. The last few years have seen both large and small businesses struggle against a tide of economic uncertainty. Supply chain shortages, labour gaps, and rising costs have all contributed to a general feeling of unease about the future of small businesses in 2023.

With small businesses representing 48% of employment, and over 90% of British businesses, more needs to be done to help business owners as inflation and energy costs remain high.

To get to the heart of the biggest concerns facing businesses, in February 2023 we asked our customers around the globe to submit answers to our survey on how the current economic climate was directly affecting their businesses. We received many heartfelt replies, such as:

- "The increased rise in energy is hindering my capital allowance on growing my business for the summer trade"
- "[The] cost of energy per month has risen by about 73% since October 2022... the knock on effect is the general public have less disposable income, so are spending less with small businesses"

On top of that, **51.8% of respondents to our survey said they did not feel like they had enough information on sustainable measures they could take to reduce their energy costs.**

For this reason, we have created this guide to give you as much information as possible to help your business. Here at Epos Now, we believe in your business and we'll do everything in our power to ensure you see success.

The current economic climate for UK businesses

In this section, we'll cover the current challenges facing UK businesses, and some of the best ways to navigate these challenges.

What are the top 5 challenges facing SMBs today?

After looking at our current climate and your survey responses, we've narrowed down the following as the key challenges facing UK businesses in 2023:



Economic uncertainty (including worries about rising energy costs)



Supply chain disruption and delays



Retaining staff



Increasing customer expectations

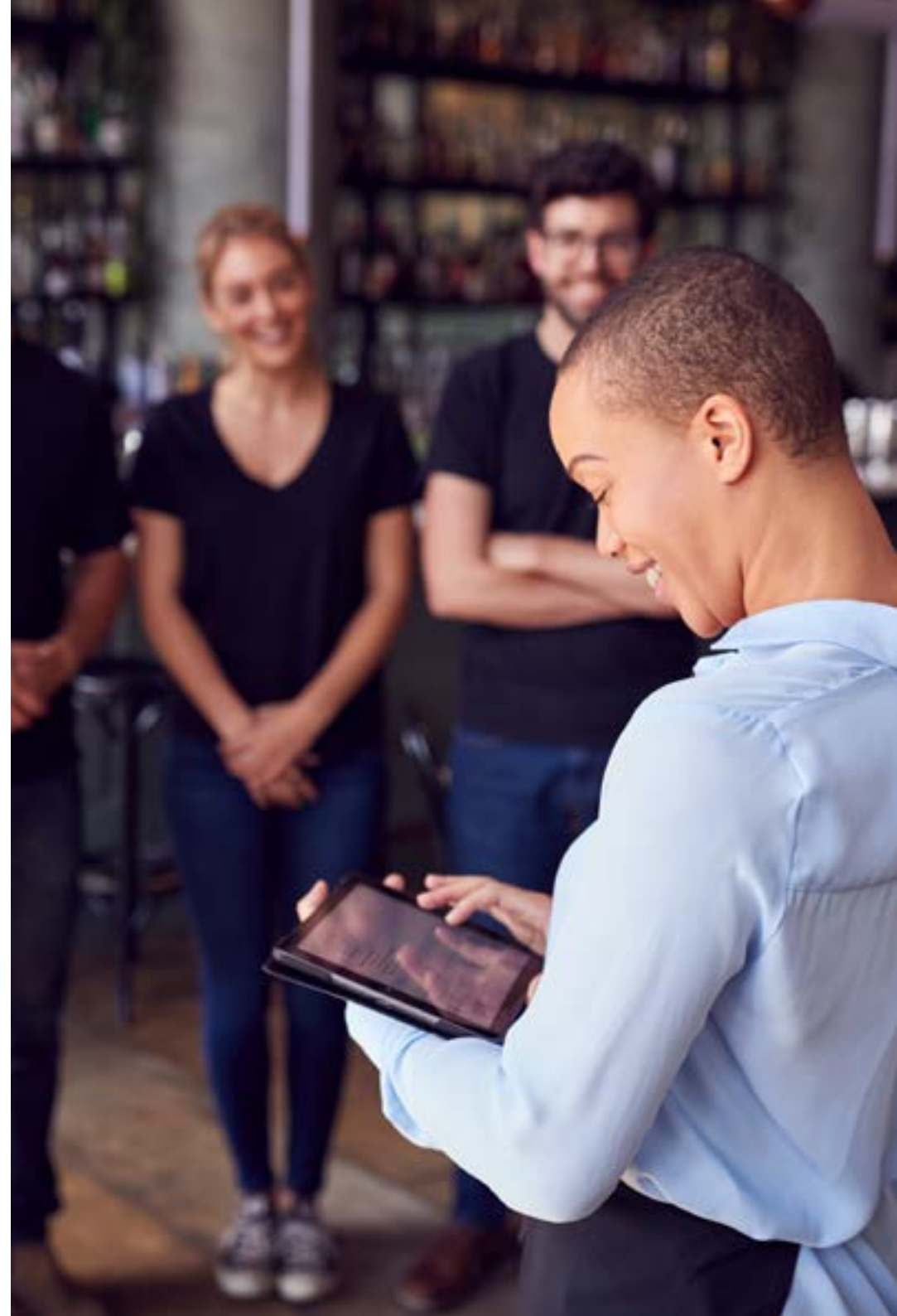


Access to capital

Economic uncertainty and rising energy bills stand as the biggest threat to small business in the UK, according to 41.5% of business owners in our recent survey.

The next biggest challenge was supply chain disruption (12.2%). Retaining staff (8.5%), increasing customer expectations (8.5%) and access to capital (8.5%) all came in as joint third place in our survey. Technological change (2.4%) was one of the lowest concerns for businesses this year.

It is no wonder then, that our survey also found that the majority of respondents (79.5%) indicated that the cost of their energy bill directly affects the growth of their business, compared to 15.4% who said no, and 5.1% who were not sure.





THE CURRENT ECONOMIC CLIMATE FOR UK BUSINESSES



Economic outlook

An ONS survey carried out in August 2022 found that more than [20% of UK businesses said that their main concern was soaring energy prices](#). Since then, it seems this fear has only increased.

It seems the [Autumn statement](#) made in late 2022 didn't dissuade worries for small businesses. Although the statement included the UK Government's growth plan to tackle recession, businesses were still struggling.

In fact, at the start of 2023, statistics from [Towergate Insurance](#) revealed that a shocking 57% of UK small business owners felt their business was at risk of closure in 2023, due to economic instability. Soaring energy costs are a big reason as to why so many firms are out of business.

In more recent months, the 2023 [Spring Budget](#) shared highs and lows for what businesses could expect for the coming months, including the replacement for the Energy Bill Relief Scheme which will run from April 2023 to March 2024. In the economic forecast, following the budget announcement, the Chancellor claimed that the [OBR forecast](#) reveals that the UK will not enter a "technical recession" in 2023, stating:

"...[W]e will not enter a recession at all this year, with a contraction of just 0.2%. And after this year, the UK economy will grow in every single year of the forecast period: by 1.8% in 2024; 2.5% in 2025; 2.1% in 2026; and 1.9% in 2027."

However, quickly following this announcement came the unexpected sharp [rise in inflation](#) to 10.4%. For small and growing businesses, this has painted a confusing picture!

How does this impact your business?

Read our blog for a full breakdown on how the [Spring Budget](#) announcement will impact your business.

The Energy Bills Discount Scheme, which replaced the Energy Bill Relief Scheme, will focus on helping industries that use a lot of energy. So there is less support now for smaller businesses, especially as energy prices are not forecast to fall significantly in the coming months.

The economic forecast is optimistic, with small but continuous growth expected for the years ahead. This should mean spending will gradually increase too. However, this may not happen fast enough for many businesses as customers may not have as much disposable income.

There are also several key [changes you should look out for in this new tax year](#). Here are a few of the key updates and how it may affect your business:

1 Changing income tax

The two big factors surrounding income tax you and any employees need to be aware of are:

- a. The continuing freeze on income tax allowance
- b. Higher taxes for high earners. The reduction of the higher threshold from £150,000 to £125,140, at which point the 45% additional rate is applied. This came into effect from 6th April 2023.

[See more information on income tax here.](#)



2

National insurance remains the same

Workers will continue to pay 12% in national insurance contributions when their salary rises above the £12,570 personal allowance. This threshold has been frozen from 6 April 2023 to 5 April 2028. This “no news, good news” development should see a little extra cash stay in consumers pockets, potentially offsetting some of the pressure from income tax payments. And the annual [Employment Allowance](#) for eligible employers remains at £5,000 for 2023 - 2024 too.

[See more information on national insurance and being an employer here.](#)

3

Cuts to capital gains and dividend allowance

The Spring Budget makes some significant changes to the tax-free allowance on the sales of assets and properties. The tax-free allowance on Capital Gains Tax (CGT) will be halved from £12,300 to £6,000, with further plans to halve it again in April 2024. The allowance on profits from dividends is also being halved, to £1,000 and then to £500 next year. However, the rates for both of these forms of tax will remain unchanged. [Budget here.](#)

[See more information on capital gains and dividend allowance changes in the Spring Budget here.](#)

4

Corporation tax changes

This is a big one. On 1st April 2023, the main rate of Corporation Tax increased from 19% to 25%, for all profits generated by companies with annual profits over £250,000.

For companies with profits between £50,000 and £250,000, they will pay tax at 25% by a ‘Marginal Relief’.

A small profits rate of 19% applies to companies with profits up to £50,000.

[See more about Marginal Relief for Corporation Tax here.](#)



5

Tax is going digital from 2024

The UK government is also planning to make the tax system digital from 2024, meaning you will have to submit your business tax returns online. It's a great idea to get ahead on this now. Read our blog for tips on [how to prepare your business for the digital tax change](#).

6

Statutory Pay and National Minimum Wage increases

From 2nd April 2023, the Statutory Pay for parents has increased to £172.48 per week, as well as the Statutory Sick Pay (SSP). As an employer, this is the minimum amount of sick pay you must pay to eligible workers. Use the [Statutory Sick Pay calculator](#) to work out your employee's sick pay.

The National Minimum Wage (NMW) has also increased, and you will need to make the necessary adjustments to your payroll if you pay any of your employees the minimum wage.

From 1st April 2023:

- For workers aged over 23 years, NMW rose from £9.50 per hour to £10.42 per hour.
- For workers 21 - 22 years, pay is now £10.18 per hour.
- For workers 18 - 20 years, NMW pay is now £7.49 per hour.
- For workers under 18 years and apprentices, NMW is now £5.28.

[See more about changes to the National Minimum Wage and Statutory Pay here.](#)

There is still a great level of economic uncertainty for smaller businesses across the country. We hope this guide will help you know you are not alone if you feel you are struggling with the current economic climate. In the next sections, we'll cover some actionable steps you can take to help increase profits, and cut your costs.





Tips on how your business can save money

Businesses up and down the country have spent the last few years tightening their belts as product and fuel costs rise. While the Spring Budget may have helped in some areas, you may still feel the need to save money wherever you can. Below, we've included some of our top money saving tips.



Improve your energy efficiency

The average small and medium size enterprise could reduce energy bills by 18-25% by installing energy efficiency measures and changing behaviour around energy use, according to research from the [Department of Energy & Climate Change](#).

Simple ways to improve your energy efficiency include turning off appliances when they're not in use, switching to newer devices, and shopping around energy providers for the best deal. In fact, a huge 81% of our Epos Now customers in our survey said they had already started taking additional energy-saving measures since 2023 started.

Here are 5 practical ideas on how to reduce your energy bills, that suit any budget:

Idea 1: Seal up drafts

You could save up to 30% of heating costs by preventing cold air from getting into your building, according to the Department of Energy & Climate Change. Check the seals on your windows and doors, and use cheap draft excluders if needed. If you've got the budget, consider fitting self-closing doors, or PVC strip curtains if doors are being left open.

A great tip from Bee Net Zero is that if you have roller shutter doors, you could look to interlock the controls for the doors with your heating controls. This way, your heating will automatically turn off when the door is opened.

TIPS ON HOW YOUR BUSINESS CAN SAVE MONEY

Idea 2: Upgrade to LEDs

We see this tip everywhere nowadays, but it can make a big difference for businesses to change from halogen light bulbs to energy-efficient LEDs. You could deliver cost savings of up to 80% (compared to incandescent bulbs) for your business, according to [tyl by NatWest](#).

Idea 3: Add insulation

Insulate your pipework and hot cylinders with foam lagging to reduce your energy costs. This is an easy fix that you can fit yourself, and that you can see the pay back on it within weeks. Try not to use portable electric heaters unless absolutely necessary - they are very expensive to run compared to standard central heating!

Idea 4: Service your boiler

Definitely more on the expensive side. But if you have a non-condensing boiler in your business, consider getting it upgraded to a modern condensing boiler.

It's also important to keep your boiler serviced regularly to keep it in optimal working condition. This will greatly improve your energy efficiency.

Alternatively, you could replace your boiler with a heat pump or install radiant heating technology. If you have high ceilings, you could consider installing destratification fans. Look into the costs to find out what is most practical for you and your business.

Idea 5: Use data and turn off unused machines

Using data, such as with a smart metre, can help you make adjustments to save energy. It can show you where you may have a machine on when it's not needed and help you get accurate energy bills.

Turning off equipment at the end of the day, and not keeping them in standby mode, is one of the easiest ways to make a small but significant difference. [Energy Professionals](#) call these 'Vampire Appliances', and suggest that you make sure you tell all your staff to do their part in turning off lights, computers, printers, coffee machines and other appliances when it's time to lock up as part of their routine.

We know these ideas are small in the grand scheme of cutting energy costs, but a little can go a long way. A number of energy companies are also offering discounts or grants to help businesses reduce the costs of installing energy-efficient equipment.





TIPS ON HOW YOUR BUSINESS CAN SAVE MONEY



Financial planning

As the old saying goes, “If you fail to plan, you’re planning to fail”. This is especially true when it comes to your business finances. With proper planning, you can get a full view of your financial health and identify areas where you could cut costs.

For instance, list your best and worst selling products, and evaluate any offerings that may be costing you more than they return profit-wise.

Your Epos Now system automatically creates to-the-minute financial reports that can help you quickly assess your business. With these reports, you can plan for the future and ensure that excess costs are kept to a minimum while you optimise profits



Grow your network

When times are tough, the camaraderie of our fellow businesses can be a lifesaver. Professional relationships have a reputation of cynical transactionality, but at the end of the day, our business relationships can see us through storms.

Take the time to build relationships with your suppliers and other local businesses. If your suppliers know you as a trustworthy client, they’ll be more open to price negotiations. Similarly, a good relationship with other local businesses means that they’ll be more inclined to collaborate and share information with you.



Optimise your team

Labour is one of the most expensive costs in any business. By optimising the way your team operates, you’ll be able to save money without having to let anyone go. When optimising your team, you should focus on two areas.

Firstly, you must train your team to be the best they can be. A well-trained workforce is an efficient workforce and they’ll be able to get more done in less time.

Secondly, you must optimise your shifts so that you’re getting the most out of your team without overworking them. Finding a balance will help staff remain motivated and happy, meaning they’re more likely to stay at your business.

Tips on how your business can make more profit

Even in this period of economic uncertainty, there are many things you can do to ensure your business thrives. In this section, we'll be sharing some helpful tips that will boost your profits despite these trying times.



Expand your customer base

You can't make profit without customers and the more customers you have, the more chance for profit. By expanding your customer base, you open up new revenue streams that your business can take advantage of.

It is essential that you still provide excellent customer service even as you focus on reaching new customers. This can help you retain existing customers as you attract new ones. Respond to customer enquiries, complaints, and concerns promptly and address their needs to ensure their satisfaction.

Now, there are many different ways you can expand your customer base without breaking the bank. Here are a few examples:

Social media

Social media marketing is largely free (unless you decide to pay for ads) and can quickly grow your local audience.

Step 1: Find the right social media platform to match your business. For instance, if you have a business that has a lot of visual products, Instagram or TikTok may be the best channels for you to highlight photos and videos. Above all, pick the platform you know that your customers are using, rather than the one you like the most!

TOP TIP: Start with one platform and master it, before starting a new platform - or you may quickly feel overwhelmed and not have time to analyse what works.





TIPS ON HOW YOUR BUSINESS CAN MAKE MORE PROFIT

Step 2: Be consistent! You're not going to go viral instantly. Instead, you need to post regularly, so that your audience comes to rely on you. For many businesses, this means posting at least once a day, or adding to their stories on social channels like Instagram, Facebook and LinkedIn.

Step 3: Experiment and find what works. You'll need to start off trying out a range of different content to find what sticks with your audience - it will need regular reviewing! This is where many businesses get stuck. Here are a few ideas to inspire you:

- Photos of your products
- Behind-the-scenes videos, photos or live streams of you making products or setting up your service
- Share relevant news or announcements about your business (such as job opportunities, new staff, new products)
- Explain the story of setting up your business or some of your favourite stories about customers
- Use trending music, memes or sound clips and create videos
- Social media contests
- Seasonal/themed content
- Advertising promotions, discounts and loyalty programmes
- Promote local events, charities or companies you support, or collaborate with them
- Share great recent reviews you business has received
- Give out expert tips related to your business
- Reshare customer content when they tag you in their posts

TOP TIP: We know not everyone loves being in front of the camera, so always ask permission first. However, your social media audience will enjoy seeing the face behind the business, and your content is likely to perform better if you add voice overs or show you and your staff.

TIPS ON HOW YOUR BUSINESS CAN MAKE MORE PROFIT

Utilise discounts, promotions and referral programmes

During an economic crisis, customers are often looking for ways to save money. Offering discounts and promotions can entice new customers to try your products or services and helps you retain existing customers.

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Here at Epos Now, we have several apps that sync with your point of sale system where you can develop loyalty programmes. Plus, our newsletter is often full of ideas for marketing promotions you could run around timely events.

Make sure your business can be found

Customers turn to search engines and apps to find places to eat, drink or stay. That's why it's essential your business is listed on online directories, such as Google, Yelp for Business, Yahoo Business Listings, Facebook, and Bing Places for Business.

- **Claim your online profile.** This is really easy to do, and lots of businesses miss this trick! For instance, your Google business profile is free and lets you manage your businesses online presence across Google, including updating opening and closing times, contact information, address (you can appear on Google Maps!), website, photos and more.
- **Encourage customers to leave reviews.** Again - this is a great way to show your quality of service to potential customers who may be scoping out your business. Remember to respond to reviews, both positive and negative, to show that you value customer feedback.

Collaborate with other businesses

Collaborating with other businesses can help expand your customer base by tapping into their existing customer network. Consider partnering with businesses that complement your products or services. See if you could host an event together, or find ways you can promote each other's business to your customers. This may open up a new niche customer base for you.





TIPS ON HOW YOUR BUSINESS CAN MAKE MORE PROFIT

Open an online store

Making it easy for customers to place orders can, quite simply, also help increase sales. Haven't taken the plunge yet, or looking for some ideas to better your online store? Start here:

- **Choose the right ecommerce platform.** Make sure it matches your business needs, budget and technical expertise.
- **Your website needs to be user-friendly.** Use clear, concise language, make navigation simple, and check your website is mobile friendly, as many people use their smartphones to shop online.
- **Use high-quality, accurate photos of your products.** Product photos make or break purchasing decisions!
- **Offer a variety of payment options** to accommodate your customers.
- **Provide excellent customer service.** This means sending automatic emails to confirm orders and deliveries, responding to questions in a timely manner, and offering exchanges or refunds when necessary.
- Remember to **promote your store using your other marketing mediums**, like social media and emails. (Especially if you're running a discount or promotion).
- **Monitor your data.** Use analytic tools to monitor your sales data and make informed decisions about pricing, inventory and marketing strategies.
- Look into how you can **implement some simple SEO techniques**. This will help your website be found on search engines

TIPS ON HOW YOUR BUSINESS CAN MAKE MORE PROFIT



Diversify your offering

Whether you're in the retail or the hospitality industry, offering a wider range of products and services is a great way to boost profits. Your customers have a unique set of needs and wants. By offering a wider selection of products, you can meet and monetise these needs.

Take some time to think about your customers, and ask yourself the following questions:

- What extra products or services could you offer current customers?
- What products are new customers looking for?
- What seasonal or themed products could you introduce?
- Could you offer or use locally-sourced or unique products? (Something that can't be found in competitor businesses)
- How could you integrate these extra products and services into your business' existing stock?

TOP TIP: We know not everyone loves being in front of the camera, so always ask permission first. However, your social media audience will enjoy seeing the face behind the business, and your content is likely to perform better if you add voice overs or show you and your staff.

If you're struggling for ways to improve your customer emails, try looking at examples on sites like [Really Good Emails](#) or research how to write compelling emails using free sites like [HubSpot](#).

Thinking outside the box here could lead to a completely untapped group of customers.

Once you've found a new offering, don't forget to use a range of your marketing channels to promote it. Depending on your budget for advertisements, you could use a combination of the following:

- Emails to current customers
- Add your new offering on the front page of your website
- Social media posts
- Social media ads
- Collaborate with influencers
- Printed media, such as posters and displays in your store
- Host an event to start selling your new offering
- Place an ad in local newspapers
- Direct mail





TIPS ON HOW YOUR BUSINESS CAN MAKE MORE PROFIT



Cut down on waste

For many businesses, particularly those in the hospitality industry, unchecked wastage can be a huge drain on profits and resources. By minimising wastage, you can save money that can then be counted towards your profits. After all, we all know the idiom waste not, want not!

There are all sorts of waste you can target:

- Appliances left on when they're not needed waste energy
- Unused ingredients rot and drive up food costs
- Printers can be expensive with paper and ink costs
- Excessive packaging can be an extra cost
- Leaks and using water-inefficient fixtures can lead to a lot of water waste and high bills

Go through every aspect of your business and identify areas where waste is occurring. After that, it's a case of eliminating any inefficiencies. For instance, you could reduce printing waste by offering email receipts to customers and using digital communication among staff.

These small changes can add up over weeks and months, and some also contribute to being more eco-friendly too - a win-win!



Raise your prices

As the price of energy, supplies, and labour has risen, it is completely justifiable for you to raise your prices. If you price your offering in line with your own raising costs, you can stay above water and even increase your profits. Evaluate your current profit margins and raise your prices on appropriate items.

While raising prices may seem like an obvious way to boost profits, it should be done with the utmost caution. If you suddenly raise prices without informing your customers, it could backfire and lead to lost business.

Being transparent and open about needing to increase your prices will help customers understand the choices you're having to make. With many people feeling the pinch of the economic crisis currently, it shouldn't greatly impact their spending habits with your business. Some businesses have done this by talking to customers individually when they visit their store, or sharing videos on social media explaining the reasoning behind the price changes.

Further resources

Below, we've included some helpful links that offer business owners additional help in saving money and boosting profits.

- [The UK Spring Budget 2023](#) - from the UK Government
- [Adapt and thrive as a small business](#) - from Epos Now
- [Small businesses](#) - from Money Saving Expert
- [SME Guide to Energy Efficiency](#) - from the Department of Energy & Climate Change
- [How small businesses are getting savvy on energy savings](#) - from tyl by NatWest
- [How to save money on my energy bills](#) - from Energy Saving Trust
- [How to adapt and thrive as a small business in a cost of living crisis](#) - from Epos Now

If your business is looking for ways your point of sale and payments systems can help to increase customer loyalty, expand your offerings, and identify cost-cuttings, please [contact us](#).

All information in this guide was factually correct as of March 2023.

