

ENERGY EFFICIENCY

The Department of Energy and Climate Change estimate that the average SME could reduce its energy bill by 18-25% by installing energy efficiency measures with an average payback of less than 1.5 years. Small businesses need support and information to help make these savings wherever possible.

Recent FSB research suggests that the vast majority of small businesses (90%) want to be energy efficient and see the direct benefits of energy efficiency (86%). The majority think energy efficiency is important for saving money (78%), protecting the environment (70%) and increasing profits (67%).

However, many small businesses do not feel empowered to make these savings because of a lack of information, available cash, or suitable motivation. So the Government needs to do more to incentivise and support small and micro businesses to use energy more efficiently. Promoting energy efficiency is in the interest of consumers (cheaper bills), Government (targets met) and energy companies (better risk and supply management).

FSB research also suggests that many small businesses have started to take steps to become more efficient. 58 per cent have made changes to improve the energy efficiency of their business. The most widely reported measures were the installation of more efficient lights, lamps and bulbs (40%), switch off/ turn down policies (23%) and improved insulation (23%). However, despite the high number of businesses recognising the value of energy efficiency measures, not all firms are taking action and far fewer are making significant changes to their operations. It is clear that, depending on their diverse circumstances and priorities, small businesses are motivated and hindered by different things.

The main issues preventing many small businesses becoming more energy efficient are leased/rented premises (45%) and lack of concern around energy costs (45%). Many also cite access to finance and available capital.

Apart from costs, the two key things that small businesses said would encourage energy efficiency were enhanced tax relief (61%) and environmental protection (56%).

Small businesses require a fairly quick return on their energy efficiency investment. Most small businesses surveyed (55%) require a return on their investment within two years. Over a third (39%) would require a return on their investment within one year.

SMART METERS

Smart meters are critical for helping small firms understand and take control of their energy use, and reduce costs. Energy companies must roll out smart meters for all homes and small businesses by 2019. Smart meters will provide customers with real-time information, allowing them to take control of their energy use and reduce their costs by increasing their energy efficiency. They will provide consumers and suppliers with more accurate information and aim to put an end to estimated billing. The FSB is supportive of smart meters but we have a number of concerns around their roll-out and installation, particularly around their interoperability, the ongoing programme of support that accompanies them, their excessive costs, and a lack of planning to specifically engage with small businesses during their roll-out.

KEY STATISTICS

- 31 per cent of FSB members highlight the cost of energy as a barrier to growth
- Energy efficiency can reduce bills by 18-25% with an average payback of less than 1.5 years
- 90 per cent of small businesses want to be energy efficient
- Only a fifth of FSB members say their energy supplier has offered energy efficiency advice
- 45 per cent of small businesses say leased/rented premises prevent further efficiency
- 61 per cent of small businesses say enhanced tax relief would encourage energy efficiency
- 56 per cent of small businesses are motivated by environmental protection

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