

HERTFORDSHIRE  
GROWTH HUB



# Cost of Living Business Survey Results

The impact of rising energy costs and inflation  
on Hertfordshire businesses  
**2023**



Part of

Hertfordshire  
Local Enterprise  
Partnership



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# Introduction

Hertfordshire Growth Hub's overarching aim is to provide practical advice and support to strengthen the resilience of Hertfordshire businesses and set them on a trajectory of growth.

Our Cost-of-Living Business Survey was launched in September 2022 as businesses grappled with the economic uncertainty triggered by Brexit, COVID-19 and Russia's invasion of Ukraine, compounded by rising energy costs and inflation at its highest level in four decades.

The aims of the survey were to better understand how the challenges businesses were facing were impacting on them, the actions they had already taken and what the Growth Hub could do to support them further.

While costs rose due to supply chain shortages, a scarcity of staff and skills stunted outputs and put pressure on the workloads of existing employees. Rising costs and low consumer confidence inhibited spending, lowering profits.

A range of support mechanisms were launched or extended by Government to help ease the pressure and kickstart growth, however trading conditions for businesses remain difficult.

The results gathered in this survey, which ran to April 2023, have helped the Growth Hub to better understand the challenges faced by local businesses and their concerns about the future. This, together with the intelligence provided by partners from across our business support ecosystem, have enabled us to offer timely support where required and shaped the Growth Hub's interventions to date.

This report sets out the survey findings and the Growth Hub's response, as we work to ensure that all Hertfordshire SMEs are supported to realise their potential and continue contributing to our economy.



# Methodology

This survey conducted between September 2022 and April 2023 collected responses online using the 'Key Survey' tool and via telemarketing activity conducted by Blueberry Marketing.

## A total of 377 businesses took part in the survey.

The survey was shared with partners across Hertfordshire including local authority economic development teams to encourage responses from businesses located across the county. Telemarketing activity was focused on ensuring businesses across all sizebands were given the opportunity to participate.



# Survey Engagement

These tables demonstrate the spread of the survey responses across all sizebands and districts.

## Overall Breakdown of Businesses in Hertfordshire by Size

	Business Count (%)	Survey Responses (%)
Micro (0-9)	87%	69%
Small (10-49)	10%	28%
Medium (50-249)	2%	2%
Large (250+)	1%	1%
<b>Total</b>	<b>100 %</b>	<b>100%</b>

Source: Office for National Statistics (ONS) UK Business Counts 2022 – Local Units

## Survey Responses by Local Authority (%)

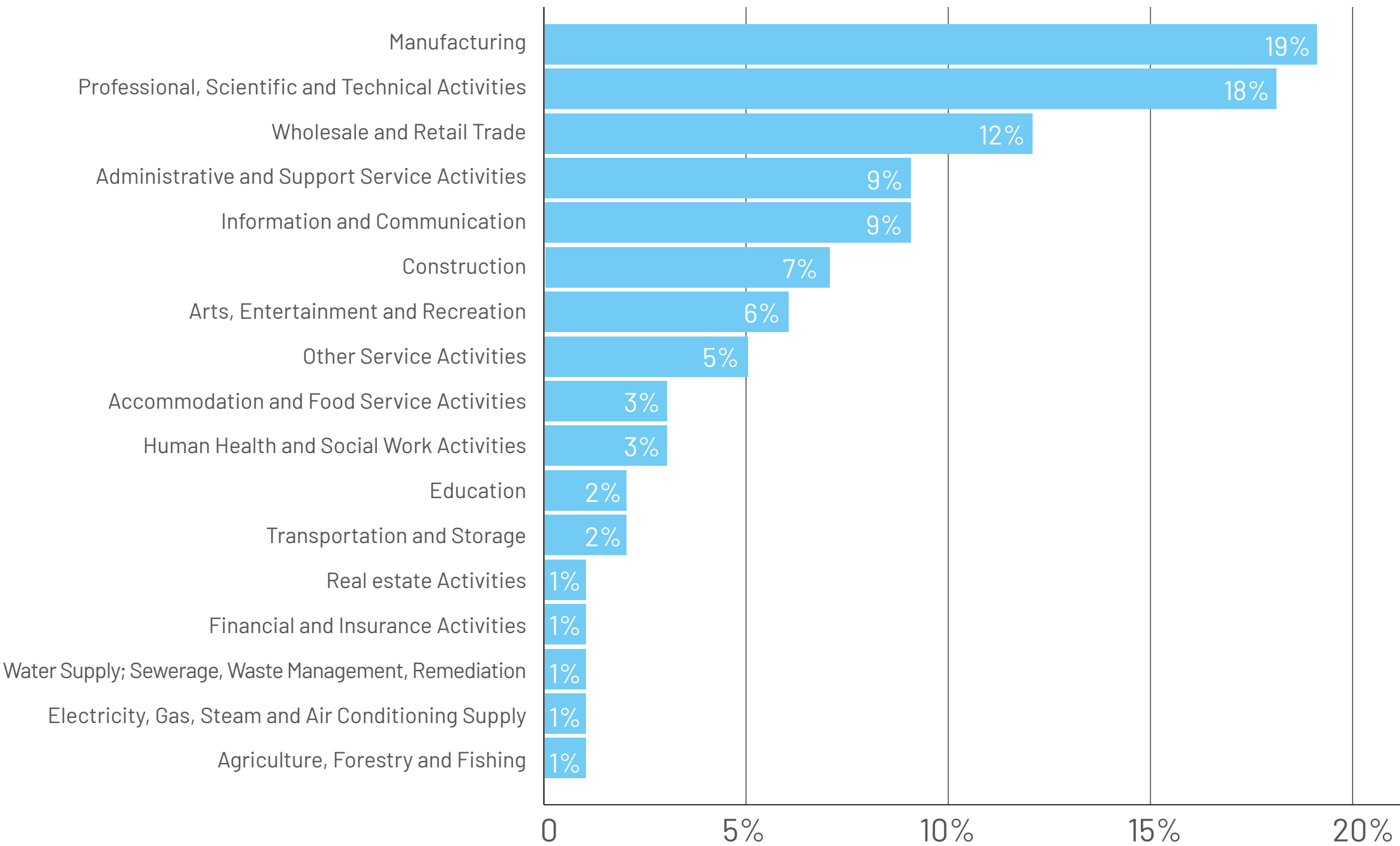
Local Authority	Total Business Count	Total Business Count as a %	Responses %
<b>Broxbourne</b>	4,885	7	7
<b>Dacorum</b>	8,950	13	13
<b>East Hertfordshire</b>	8,970	13	14
<b>Hertsmere</b>	8,560	12	9
<b>North Hertfordshire</b>	6,830	10	15
<b>St Albans</b>	10,160	14	13
<b>Stevenage</b>	3,425	5	6
<b>Three Rivers</b>	5,985	9	6
<b>Watford</b>	6,160	9	9
<b>Welwyn Hatfield</b>	5,775	8	8
<b>Total</b>	<b>69,625</b>	<b>-</b>	<b>-</b>

Source: Office for National Statistics (ONS) Business Demography

### Survey Responses by Business Sector

The survey responses were received across 18 identified sectors and are represented as follows:

**Figure 1** Survey Responses by Business Sector



**The top three sectors represented in the survey responses were:**

- 19%** Manufacturing
- 18%** Professional, Scientific and Technical Activities
- 12%** Wholesale and Retail Trade



# Survey Headlines

**29%** of businesses reported that their business has been **significantly impacted by the rising cost of living.**

Businesses in the **manufacturing sector were most likely to report** that the rising cost of living had **significantly impacted their business – 30%.**

**33%** of businesses have **adopted low carbon or energy saving** practices due to rising costs.

**Two thirds** of businesses anticipated their **profit would increase or stay the same** in the next 12 months.

**1 in 4 (25%)** cited **staff recruitment and retention** as a **challenge** facing their business.

**A third of businesses** said that the **cost** of making changes/ taking action was the **main barrier to addressing their challenges.**

**39%** of employers were **'Very concerned'** and **47%** **'Somewhat concerned'** about the **financial and mental wellbeing** of their workforce.

# Impact

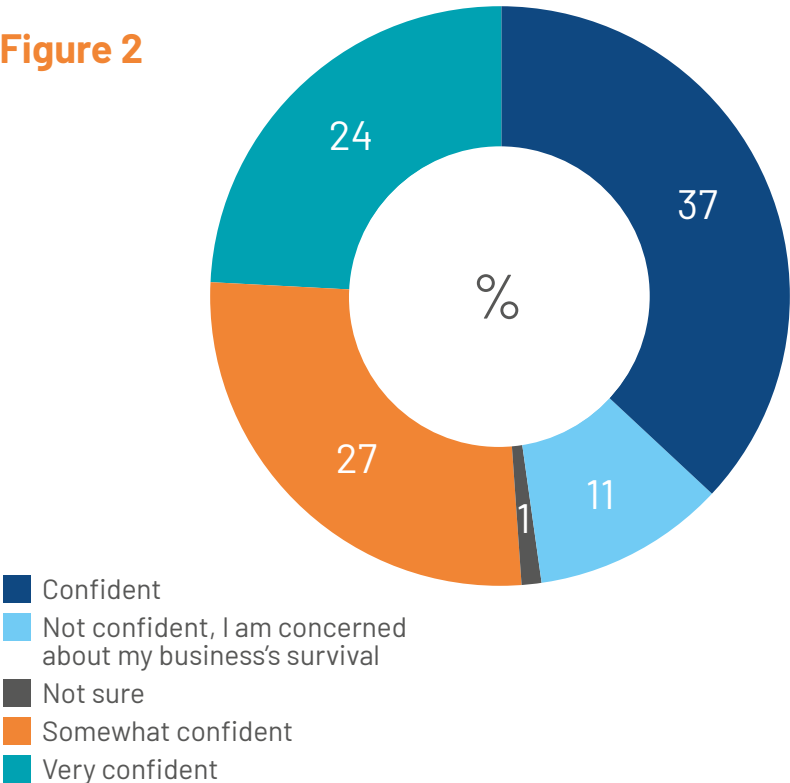
In this section of the survey, we sought a clearer understanding of how businesses have been faring in relation to business confidence, turnover and profitability.

## Q How confident are you feeling about your business's future?

88% of businesses responded that they were feeling 'confident', 'very confident' and 'somewhat confident'.

1 in 10 businesses (11%) said they were 'not confident'.

Figure 2



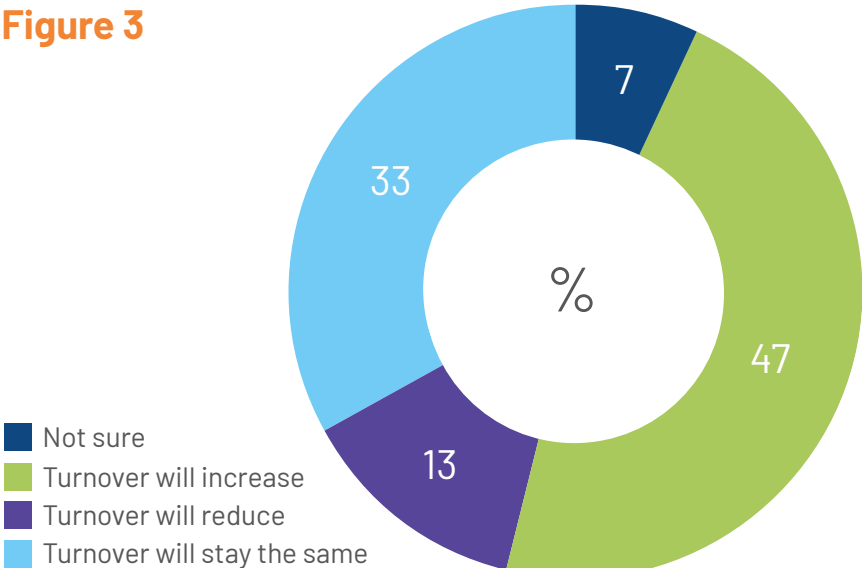
## Q In the next twelve months what do you anticipate will happen to your business turnover?

Almost half of all businesses surveyed (47%), said they anticipated their turnover would increase.

13% of businesses were anticipating a reduction in turnover in the next 12 months.

A third of businesses (33%) said they anticipated their turnover would stay the same.

Figure 3

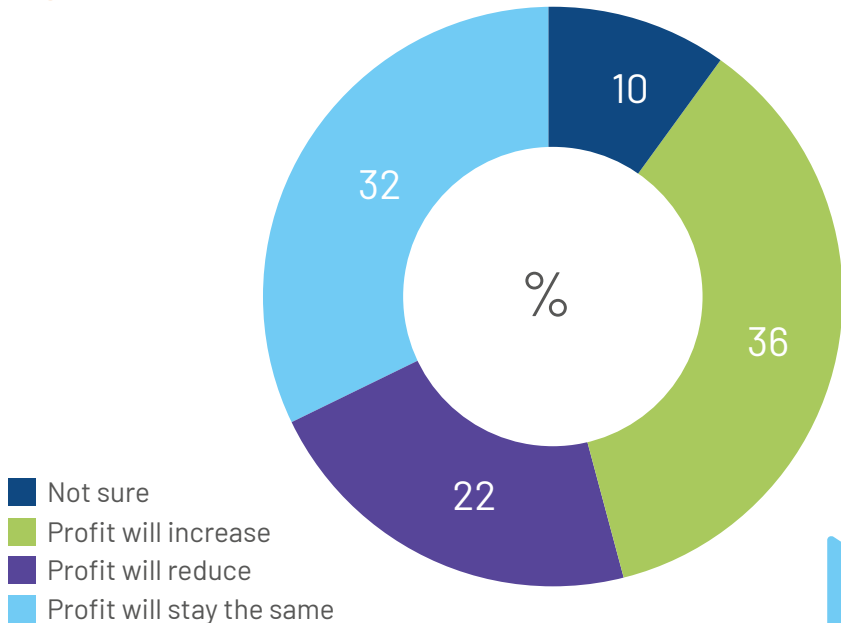


## Q In the next twelve months what do you anticipate will happen to your profit?

2 out of 3 businesses reported that they would anticipate their profit to either increase or stay the same in the next 12 months.

22% of businesses were anticipating a reduction in profit.

Figure 4



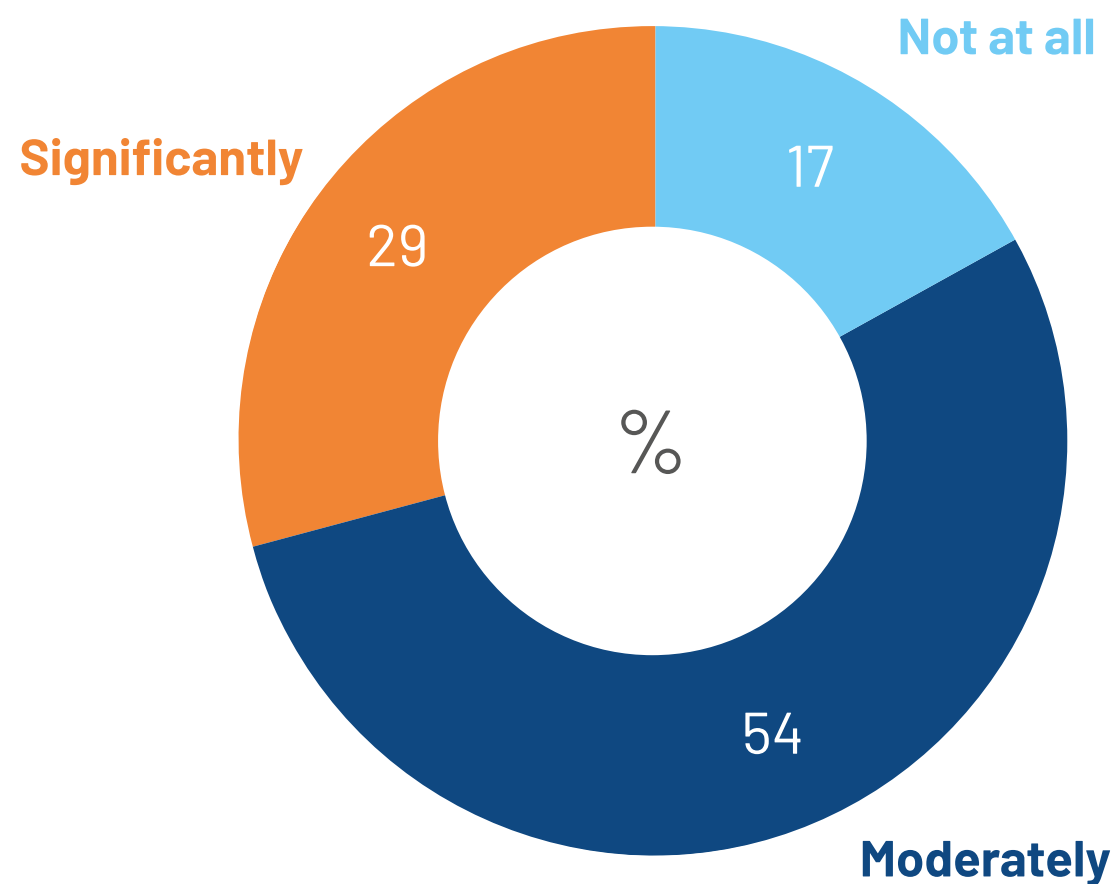


## Q How is your business currently being impacted by the rising cost of living?

17% of businesses felt that there had been no impact.

29% reported that their business had been impacted significantly, with 54% stating a moderate impact.

Figure 5 Cost of living impact



### Sectors reporting significant impact were:

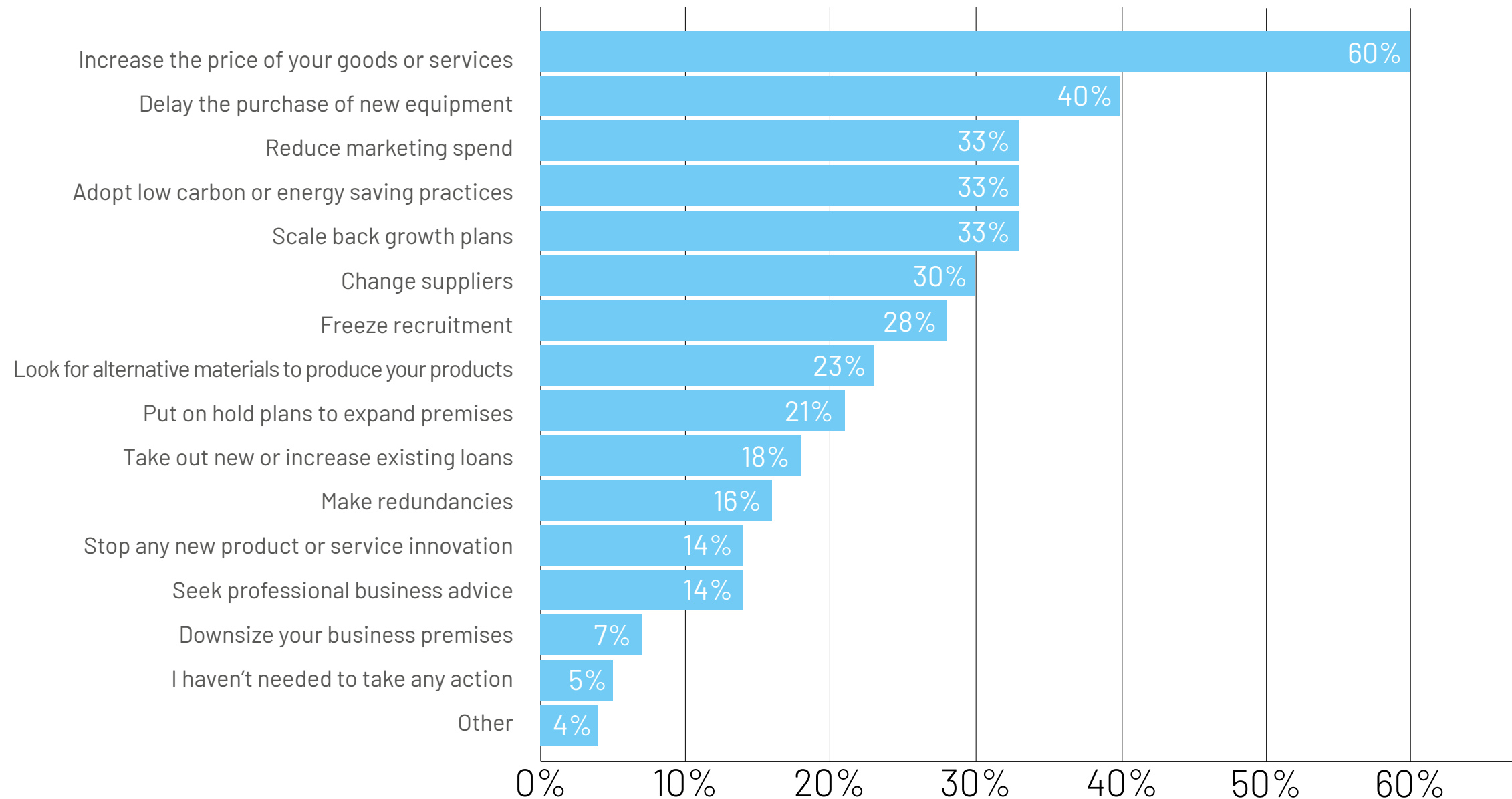
Manufacturing **30 %**

Professional, Scientific and Technical Activities **15 %**

Wholesale and Retail Trade **15 %**

**Q** Has the impact of the rising cost of living on your business led you to do any of the following:

**Figure 6** Actions taken to mitigate cost of living increases



**Key actions taken**

- Increase the price of your goods or services **60%**
- Delay the purchase of new equipment **40%**
- Reduce marketing spend **33%**
- Adopt low carbon or energy saving practices **33%**
- Scale back growth plans **33%**
- Change suppliers **30%**

**“Decline larger projects as resources are reduced”**

**“Reduce costs to our clients”**

It is clear that the impact of cost of living is widespread across all businesses with only a minority unaffected, but this impact is particularly notable in the **manufacturing sector**.

Raising prices, an action taken by 60% of businesses, may improve cash flow in the short term but poses the risk of customers buying elsewhere in the long term. Hertfordshire Growth Hub is supporting businesses to instead carefully manage budgets, refine their value proposition and take steps to acquire and retain customers to create strong foundations for growth.

Despite the challenging circumstances, business confidence remains relatively robust, however **11% of businesses have indicated they are very concerned about the future of their business**. The Growth Hub has been supporting business leaders in identifying the tangible things that can be controlled within their business and focusing on them.

***“We haven’t had to make huge changes or cutbacks but I think we have started to prioritise different things so for example we had reduced our marketing spend to ensure we can still prioritise other things.”***

***“Our prices have increased but this is just in line with inflation. We have increased our marketing as we believe this is the best way to tackle the increase in the cost of living. This feels like a much better strategy than trying to hide.”***

***“General operating costs have significantly increased and staff are hoping for pay rises to help with their daily costs, but we simply cannot provide it as we are not in the financial position to do so. Material costs rising has also been detrimental when trying to expand and grow. As a manufacturer, we have a high energy demand which has resulted in even more costs, damaging profits and turnover.”***

***“We are yet to be in a position where we have had to make cutbacks however, I think as a business we are definitely feeling the strains that have arisen due to increased costs.”***

***“We are having to move out of the area as rent has become so high it is no longer viable.”***



# Hertfordshire Growth Hub Response

## Information and Resources

### Cost of Living Business Support Hub

A dedicated section was created on the Hertfordshire Growth Hub website to bring together the latest information from the Government and our partners. It includes advice on boosting business resilience; reducing costs by increasing business efficiency and sustainability; as well as supporting employees through the rising cost of living. Since launching this section has had over 1700 page views. Key pages include:

- Support schemes aimed at businesses and individuals, ranging from funded Government support to support from energy providers and banks
- Support schemes from our ecosystem partners including available funding and advice from local regional and national business support providers
- Links to local authority information detailing the support services and organisations that can help residents and businesses within each local authority area with challenges brought on by the rising costs.
- Hertfordshire Growth Hub and partner workshops and events covering a range of topics including workforce wellbeing, business resilience and continuity planning, marketing, and financial management



[Visit the Cost of Living Hub.](#)



# Addressing the challenges

In this section we explore what businesses perceived to be their key challenges for the year ahead, and the type of support they believe would be most needed.

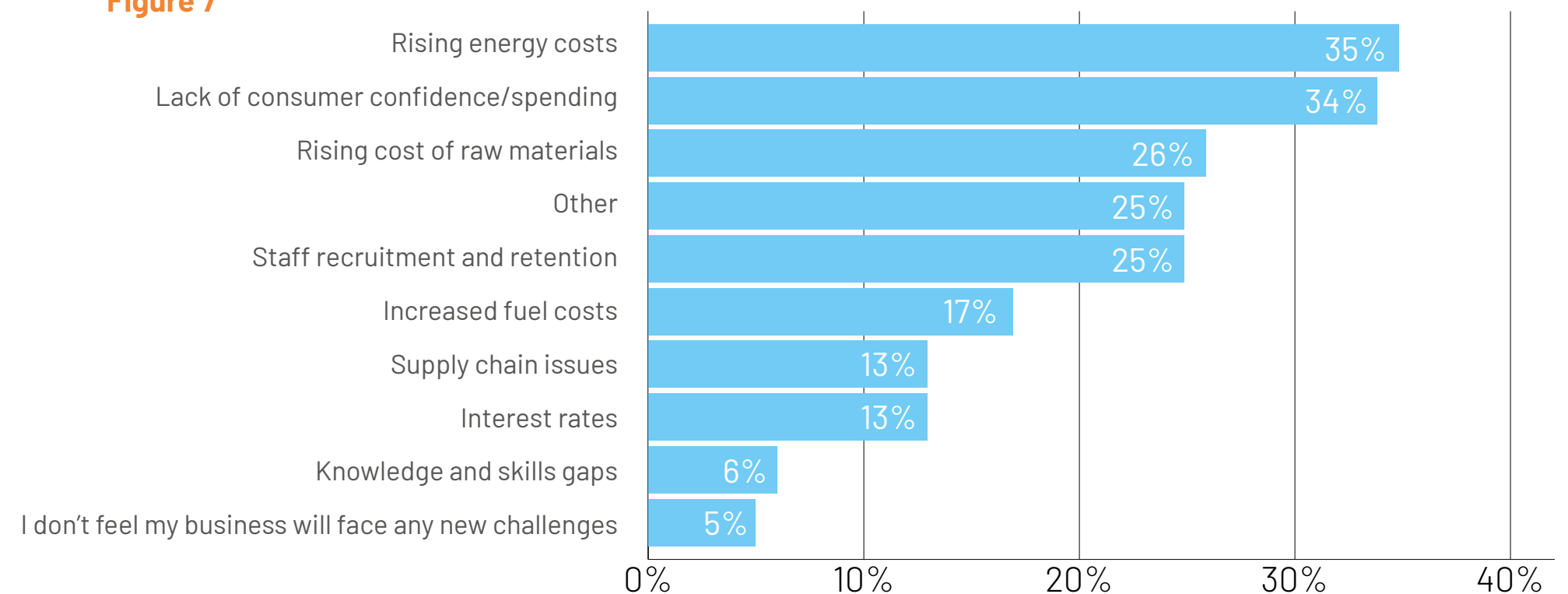
**The top five challenges businesses feel they will be facing in the next twelve months are:**

- Rising energy costs **35%**
- Lack of consumer confidence/spending **34%**
- Rising cost of raw materials **26%**
- Staff recruitment and retention **25%**
- Other **25%**

## Q What do you consider to be the greatest challenges facing your business over the next twelve months?

Businesses that selected 'other' cited challenges including rising commercial rent costs, change in market demands, customer retention and import and export regulations.

**Figure 7**



## Q What is the main barrier you face in being able to address these challenges?

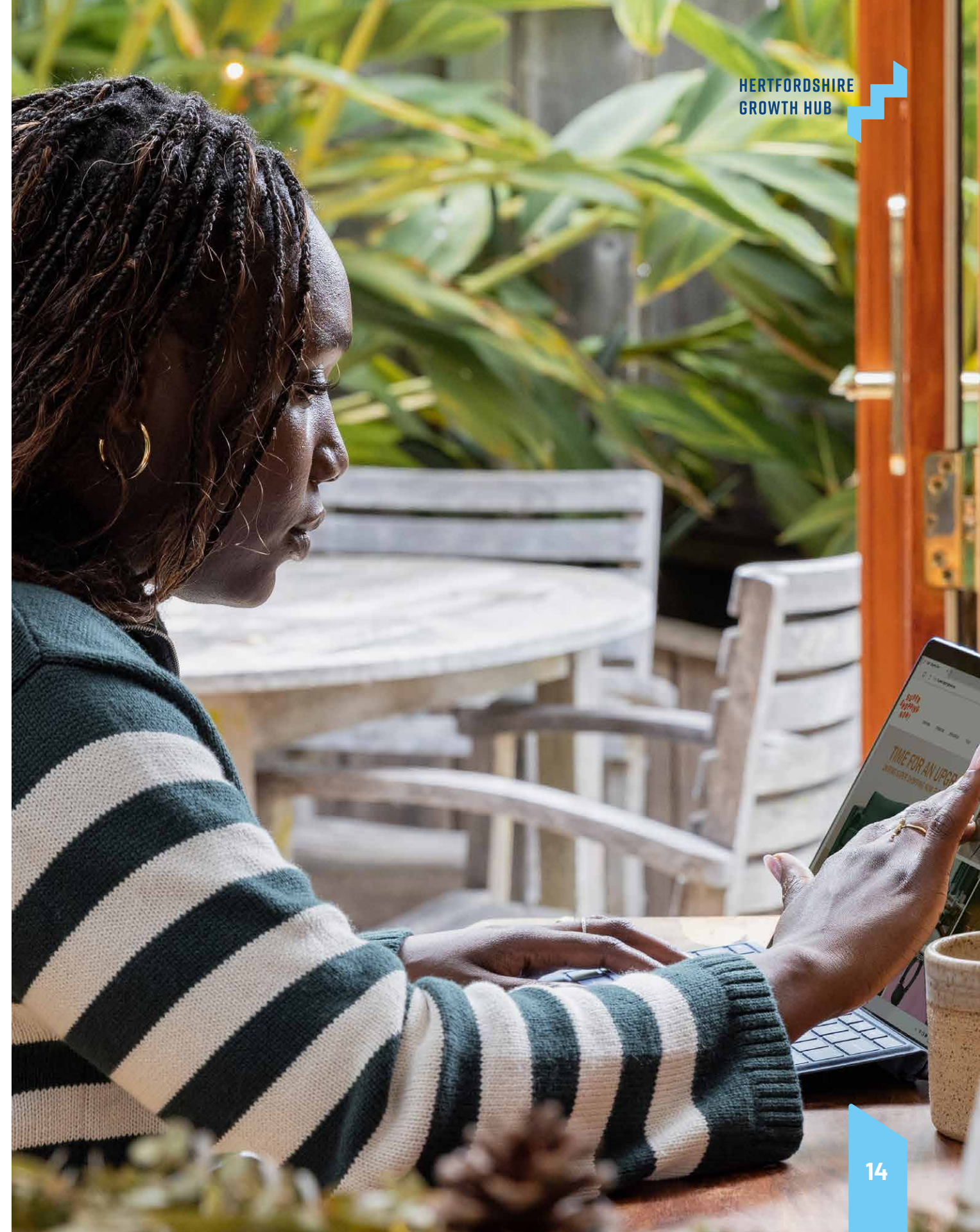
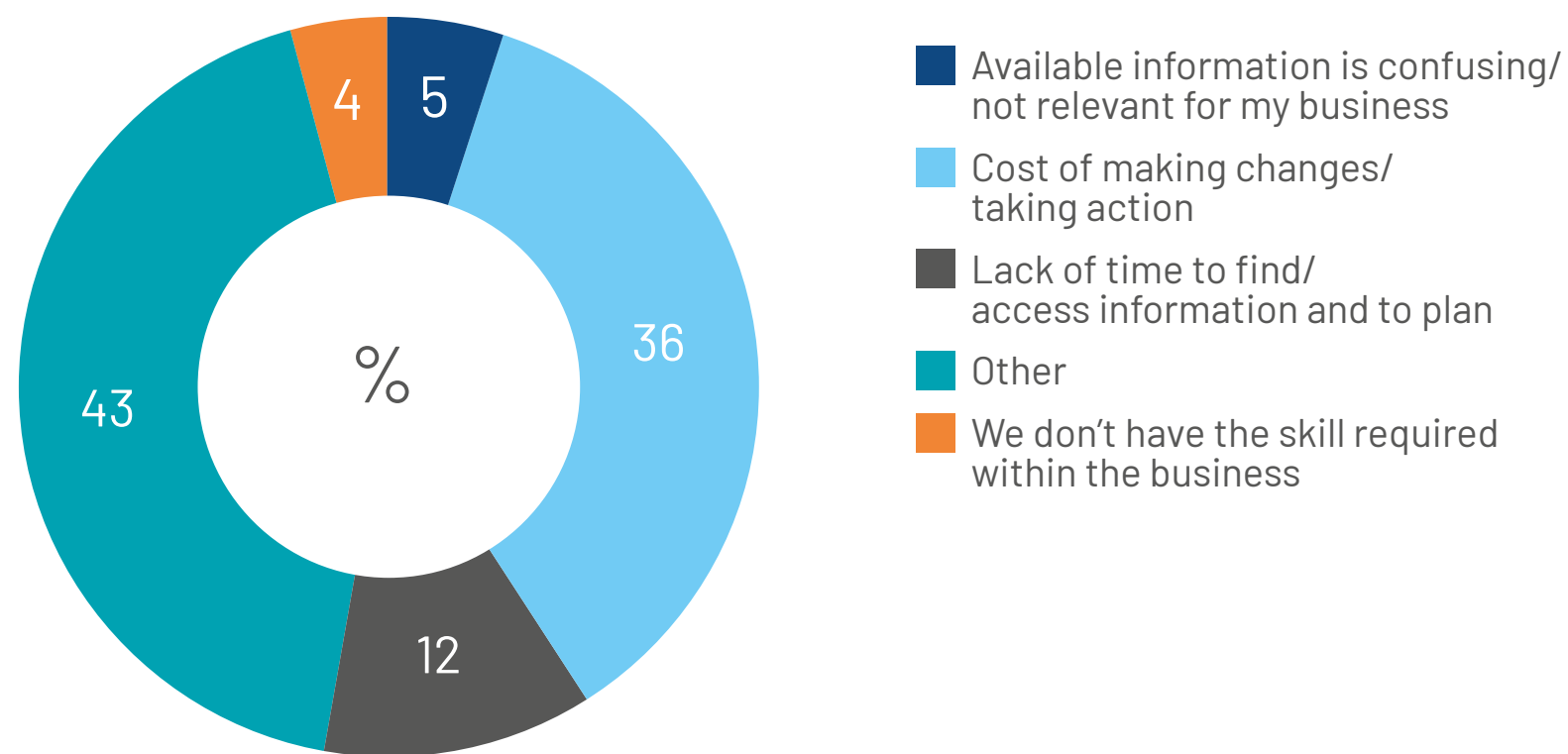
Over a third of businesses (36%) reported the 'cost of making changes/taking action' is a barrier to addressing the challenges they face.

12% feel that 'lack of time to find/access information and to plan' is a barrier.

43% of businesses selected 'other', with the key barriers they specified including Brexit, lack of skilled candidates when recruiting, and no control over the current economic situation.

Other barriers reported included not having the required skills within the business (4%) and that available information is confusing or not relevant for their business (5%)

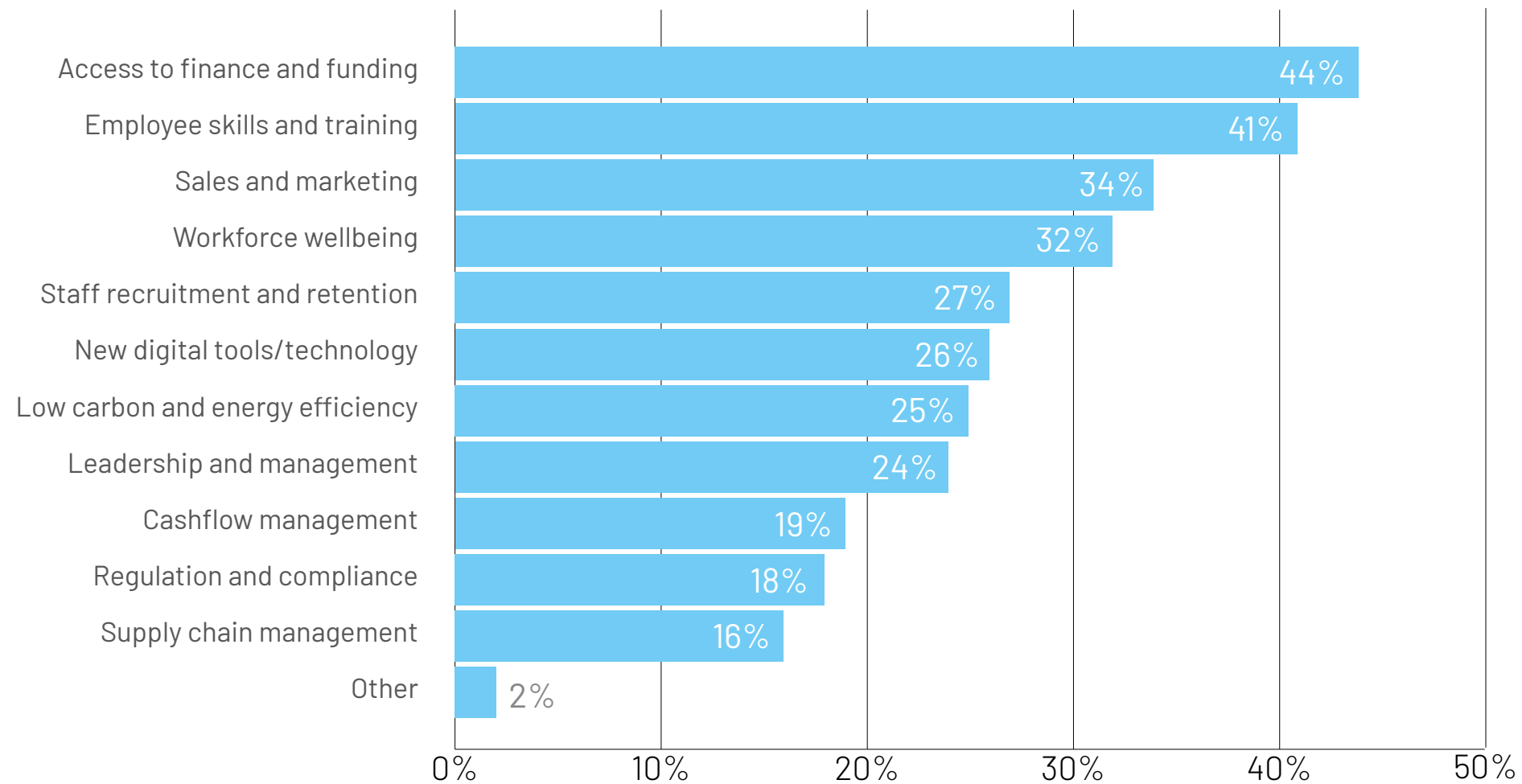
Figure 8



## Q In which of the following areas do you currently need support/advice?

Businesses were asked to select from a pre-determined list of responses which included 'other'.

Figure 9



### The top five support/advice needs are:

- Access to finance and funding **44%**
- Employee skills and training **41%**
- Sales and marketing **34%**
- Workforce wellbeing **32%**
- Staff recruitment and retention **27%**

We know that many businesses will have accessed grant funding or borrowed money through government financial support mechanisms during, and immediately after, the COVID-19 pandemic. Almost half of businesses (44%) cited that access to finance and funding is still an area in which they need advice and support.

*“For us, it will be definitely slower growth this year compared to last year... We have had to pass on price increases to our customers and that’s where we have been hit because all raw materials especially in the print game have gone up massively in price by 200% if not more, so that and our energy costs have rocketed.”*

*“We had a tough time as a business through COVID when everything went to a standstill overnight but we survived what was our worst moment by implementing new strategies, so if we can overcome that then I feel we can come through anything.”*

*“We have been trying to employ two engineers for some time, but it has been very challenging. Firstly, training engineers is ridiculously expensive, and we cannot afford to do so. The issue of Brexit has made it so that there are limited engineers to recruit from and the majority are simply chasing money and we cannot afford to pay such a high wage.”*

*“Our biggest challenge will be paying back loans we took out last year. I am really struggling with cashflow as it is a massive problem as ALL my customers are not paying on time – not a single one! I’ve also got a challenge with making the money to keep staff on. People are holding on to money so much that we have £30,000 payments outstanding that we are owed from customers.”*



# Hertfordshire Growth Hub Response

## Business Advice

Hertfordshire Growth Hub is committed to providing businesses with impartial, practical and actionable information, advice and support to build resilience to ensure that businesses can overcome challenges, be ready for opportunities and grow.

Our team of Advisors provide fully-funded, one-to-one and face-to-face advice to businesses across the county. Businesses are able to access ongoing support from our Advisors, tapping into the support when they need a 'critical friend' to offer candid and constructive advice. As the gateway to business support in Hertfordshire, our Advisors also play a key role in helping businesses to navigate the support available and matching them with the most suitable support scheme or provider available from across the wider business support ecosystem.

## Information and Resources

Up-to-date and comprehensive content in the form of factsheets, FAQs and templates have been added to the website's **'Information' section** on a range of key topics that businesses told us they would like further support on, including finance and funding, marketing and people development.

Businesses continue to have access to the 'GrantFinder' portal and Growth Hub Advisors are on-hand to assist with funding searches. On average 60 funding searches are carried out each month either independently or with the support of an Advisor.



## All the Help You Can Get Business Support Show 2023: Staying Resilient and Competitive

Our flagship event was themed 'Staying Resilient and Competitive' to address the ongoing challenges reported by businesses in the survey. All of the support available to businesses from Hertfordshire Growth Hub, and the business support ecosystem, was brought together in this business show that featured an exhibition, panel discussion and workshops.

The twelve workshops delivered on the day provided actionable advice on a range of topics, including:

- An Introduction to Public Sector Tendering
- Disability Confident: Myth Busting
- Practical Tools and Resources to Start Your Net Zero Journey
- An Overview of the Leading Funding Database GrantFinder
- Effectively Manage and Forecast your Cashflow



Read more about the business show [here](#)

## Upcoming workshops and webinars

The Growth Hub has identified opportunities for collaboration and partnered with organisations in the **business support ecosystem** to create a comprehensive workshop programme for the year based on our survey insights. These workshops will all be available to book via the Hertfordshire Growth Hub website '[Events](#)' page. These include the following workshops:

- Identifying and Reaching New Markets
- Know Your Customer
- LinkedIn Professional Profiles
- Green Claims and How to Avoid Getting it Wrong
- Responding to Change
- Pivoting and Diversifying Your Business Model
- Cashflow and Credit Control
- Business Finance Funding and Support Options
- Public Sector Tendering

And many more...

# Employee Wellbeing

The COVID-19 pandemic brought about greater awareness of workforce wellbeing for many employers as well as a shift in the working practices of many businesses.

This section sought to ascertain the level of concern that employers had for their employees' financial and mental wellbeing.

### Information and Resources

Up-to-date and comprehensive content in the form of factsheets, FAQs and templates have been added to the website's 'Information' section on a range of key topics that businesses told us they would like further support on, including finance and funding, marketing and people development.

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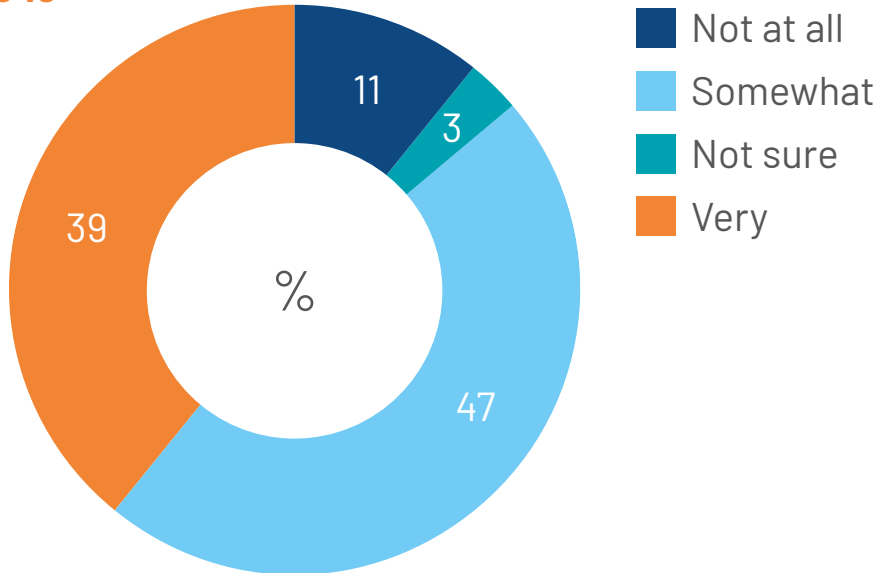
***"I think the main effect of the [rising] cost of living is on our staff who are paying more to get to work, more on bills, more on food"***

***"General operating costs have significantly increased, and staff are hoping for pay rises to help with their daily costs, but we simply cannot provide it as we are not in the financial position to do so. Material costs rising has also been detrimental when trying to expand and grow. As a manufacturer, we have a high energy demand which has resulted in even more costs, damaging profits and turnover."***

## Q How concerned are you about the impact of the rising cost of living on your employees financial and mental wellbeing?

We asked businesses who had employees to tell us how concerned they are about employee wellbeing. 39% are 'very concerned' and 47% 'somewhat concerned'. 11% told us they are not concerned at all, while 3% said that they are 'not sure'.

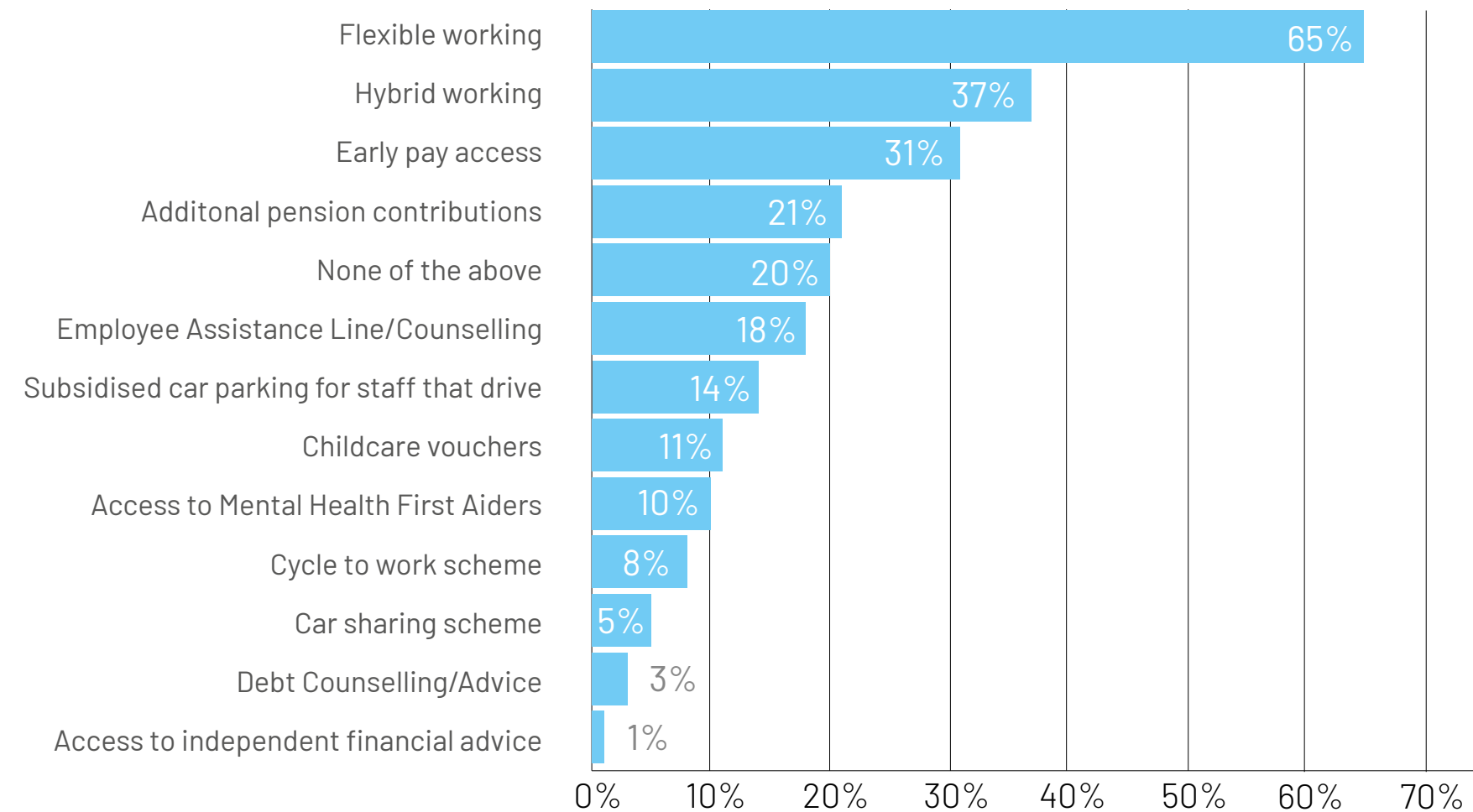
Figure 10



## Q Do you currently provide any of the following forms of assistance to your workplace?

Employers were asked to select from a list of 12 predetermined responses plus 'none of the above' and asked to select all that applied.

Figure 11



**65%** of businesses employing staff told us that they offer flexible working to their workforce.

**10%** employers said they provide Access to Mental Health First Aiders

**1%** reported that their workforce has access to debt counselling advice

**37%** of employers said that they offer hybrid working to their employees

Other types of assistance that employers reported providing to their staff included **bonus scheme, pay increases** and **life insurance**.

# Hertfordshire Growth Hub Response

## Business Advice

Recruitment and employee retention remain key issues for SMEs and while many businesses feel that labour and skills shortages are issues outside of their control, employee retention can be improved by implementing effective recruitment and induction practices. Prioritising employee wellbeing can not only lead to improved staff retention but also to increased productivity. Hertfordshire Growth Hub Advisors have been providing employers with advice in these areas.

## Workshops and webinars

Workshops and webinars have been developed with Growth Hub partners to offer additional specialist support.

### Wellbeing and Resilience

The Wellbeing and Resilience programme was set up in 2020 to proactively support employers and business owners to achieve and maintain good mental health and wellbeing throughout the pandemic, and subsequent Covid-19 restrictions. Now, three years on from the first UK lockdown, businesses and their employees are facing new challenges with changes in working habits, and rising costs and inflationary pressures. Hertfordshire Growth Hub partnered with Team Doctor to deliver a webinar series, funded through Hertfordshire County Council. The series, which took place from January to March 2023, supported business owners, leaders and managers to address wellbeing in their workplace and in turn, improve employee retention and business performance.



[Read more about the webinar series.](#)

## Recruitment and Retention

### In-depth Workshop

In partnership with the Infusion Group, Redway HR, Wagada, University of Hertfordshire and Hertfordshire LEP, the Growth Hub designed and developed a 6-hour interactive workshop to address the following areas:

- How to develop a strategy to 'bring in' and retain vital skills within your organisation
- How to effectively market what your business has to offer a candidate
- Effective selection and onboarding of candidates
- Student and graduate recruitment options
- HR best practices in recruitment and retention

This workshop was first delivered in November 2022 and an updated workshop was delivered again in June 2023.

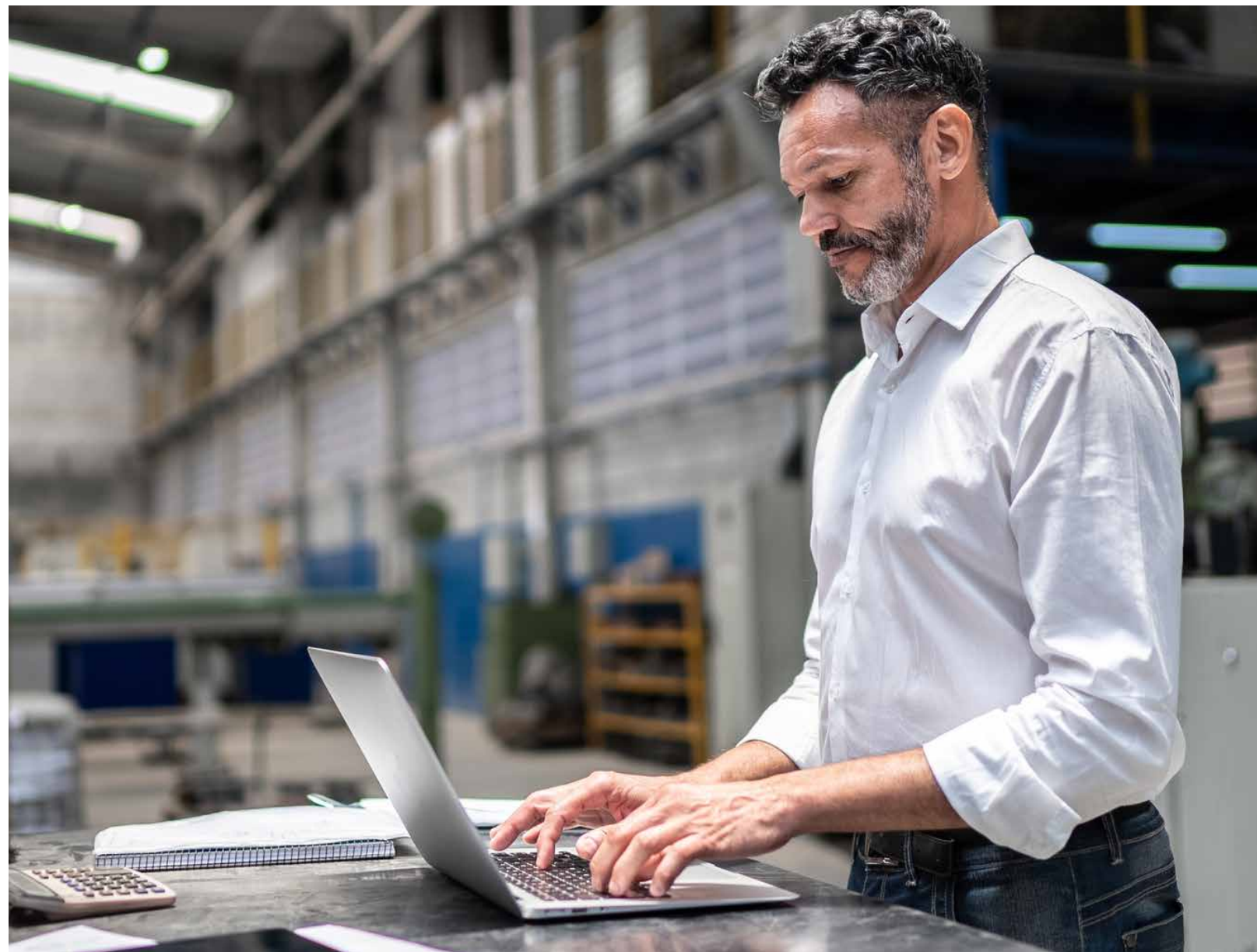


[Read more about the workshop](#)

# Acknowledgements

If you wish to use any figures or information within this report, please acknowledge the source as: *Hertfordshire Growth Hub 'Cost of Living Business Survey 2023'*

For further information, please contact: [marketing@hertsgrowthhub.com](mailto:marketing@hertsgrowthhub.com)



HERTFORDSHIRE  
GROWTH HUB



Hertfordshire Growth Hub is Hertfordshire Local Enterprise Partnership (LEP)'s flagship business support provider. Powered by Hertfordshire LEP, it is delivered by a consortium of partners, led by business support specialists Exemplas, with the University of Hertfordshire, Hertfordshire Chamber of Commerce and Visit Herts. The service provides a central point of contact for businesses in the county to access support and guidance to enable them to grow, scale and innovate, strengthening the Hertfordshire economy.



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