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Rising fuel and energy prices take their toll on business

Almost three-quarters of smaller businesses have been badly hit by spiralling fuel and energy prices, according to an online survey run by The University of Nottingham Institute for Enterprise and Innovation (UNIEI).

The UK Business Barometer found that 72 per cent of smaller business owners said they had experienced a 'negative' or 'strongly negative' impact on their companies in the past year, which has seen pump prices for diesel rise by 37 per cent and unleaded petrol by 24 per cent.

In the parallel UK Business Advisers Barometer, the results were even more stark. When asked the same question, 92 per cent of business advisers said their clients had been negatively affected by fuel price rises. The problems caused by rising fuel costs are exacerbated for half the companies who took part in the survey, as they are not able to pass the increases on to their clients.

Energy price rises have increased the pressure even further on smaller business owners; average prices have risen 38% in 2008 with a resultant. 'negative' or 'strongly negative' effect reported by 73 per cent of UKBB respondents.

The UKBB and UKBAB surveys, which are completed online, assesses current business conditions through a series of topical questions aimed at smaller businesses. The questions change each time the surveys are circulated.

The latest surveys also looked at overall growth, finding that the average growth rate over the last quarter from UKBB respondents has decreased by seven per cent compared to the September 2007 survey. The balance between those who reported positive growth and those who reported negative growth has changed from +16.5 per cent last September, to just +1.9 per cent in the latest survey.

And respondents clearly fear there is worse to come. When asked how they expected their business to perform over the next three months, there was a decrease of 13 per cent in the average expectation for the next three months compared to the September 2007 survey, and an even more marked deterioration in the balance figure – from 40.5 per cent last September to 2.8 per cent in the latest survey.

The UKBB and the parallel UKBAB are run by The University of Nottingham and operate over the web to generate very rapid results. The surveys have unique software that enables results to be processed and posted on their respective websites immediately they arrive.

The surveys assess current business conditions through a series of topical questions aimed at smaller businesses and their advisers. The surveys are issued bi-monthly and more information, including results and analyses, can be found on the web at www.ukbb.ac and www.ukbab.ac Businesses and advisers wishing to contribute as panellists on the project should visit the appropriate Business Barometer website to register.

— Ends —

Notes to editors: The University of Nottingham is ranked in the UK's Top 10 and the World's Top 70 universities by the Shanghai Jiao Tong (SJTU) and *Times Higher* (THE) World University Rankings.

It provides innovative and top quality teaching, undertakes world-changing research, and attracts talented staff and students from 150 nations. Described by *The Times* as Britain's "only truly global university", it has invested continuously in award-winning campuses in the United Kingdom, China and Malaysia. Twice since 2003 its research and teaching academics have won Nobel Prizes. The University has won the Queen's Award for Enterprise in both 2006 (International Trade) and 2007 (Innovation – School of Pharmacy).

Its students are much in demand from 'blue-chip' employers. Winners of Students in Free Enterprise for four years in succession, and current holder of UK Graduate of the Year, they are accomplished artists, scientists, engineers, entrepreneurs, innovators and fundraisers. Nottingham graduates consistently excel in business, the media, the arts and sport. Undergraduate and postgraduate degree completion rates are amongst the highest in the United Kingdom.

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