

18% of small businesses have considered closure in the past year

Prices rises, extension to business hours and energy savings top tactics to keep small firms afloat

A new survey of 1000 small business owners and managers has revealed that 18% have considered closing their business in the past year in the face of rising costs. The leaders of small firms in the North East were the most likely to contemplate this decision while business closure was simply not on the radar for any of the owners and managers of small firms surveyed in the East Midlands. As rising costs bite down, the survey by *Purbeck Personal Guarantee Insurance* has uncovered the measures being taken by small firms across the UK to keep themselves afloat.

42% have implemented price increases, topping the list followed by energy saving measures being used by 31%. 23% are increasing or changing their business hours, while 20% are looking for extra financial support either in the form of new investment or an extension of an overdraft limit.

Todd Davison, MD of Purbeck Personal Guarantee Insurance said: “Small business owners continue to show immense resilience and are taking sensible measures to manage costs as a matter of survival. However, our survey suggests there are clear differences in how businesses are coping in different regions of the UK, underlining the importance of the ‘Levelling Up’ agenda.

“Purbeck’s focus is on enabling small businesses in the regions most impacted, to access funding without risk to the business owners/directors. The key issue

is that small businesses must not over-extend themselves financially given the rise in interest rates and risks of signing personal guarantees for business loans. If access to new funding is vital and investors are proving hard to find, then expert, independent advice from a professional such as commercial finance broker is critical. This will help to ensure the right loan product is secured for the business's needs."

Regional Analysis

Small businesses in the East Midlands and Wales are most likely of all regions to increase prices. More small firms in the East Midlands compared to the rest of the UK are extending their overdraft limit and this is one of the top regions to cut energy use to cut costs

West Midlands based small firms are most likely to save costs by operating the business remotely and by cutting headcount but leaders in this region are also the most likely to be offering financial support to staff

The owners and managers of small firms in the North East are most likely to reduce workspace or relocate to save costs as well as extend business hours. Interestingly, small business leaders in this region are the most likely to ask friends or family for financial support

The bosses of London based small firms are more likely than other regions to take a pay cut as well as to sign a personal guarantee for a business loan which would put their personal assets at risk if their business fails. Worryingly, they are also the most likely to cut back on their business insurance costs.