

# Business Update – Challenging Overheads - Where your efforts may be well rewarded

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- Renegotiating and reviewing suppliers regularly will be worthwhile for overhead costs
- Comparison sites are useful tools, as is the phone
- Ensure prices are on a like-for-like basis

The range in the unit prices we see farmers paying for some overhead costs is surprising. This note highlights some of the inputs where time spent checking and negotiating contracts will be time well spent. Why not challenge yourself to tackle one each month? Savings will add up.

## Electricity

The Covid epidemic has seen oil prices reduce markedly and some electric prices are reducing as a result. Lower prices are also important on domestic properties e.g. farm workers cottages, especially those on standard tariffs. Even among well-known suppliers, prices can vary by hundreds of pounds/year/house in some cases. The easiest way to review domestic metered properties is to use the comparison websites, such as <https://www.moneysavingexpert.com/utilities/you-switch-gas-electricity/> or <https://www.uswitch.com/>. Domestic gas prices can also be checked in the same way and similar variation in prices found. Ideally, look up the energy usage on the bills of the properties you want to compare. However, the sites will calculate this for you based on inputting some simple data on the property, so do not let missing information stop you.

Even if you are already on a fixed price contract it is still worth checking now prices are reducing, as it could be worth paying the early repayment fee where lower tariffs are now available.

If your farm electric contract is due to come to an end in the next couple of months start looking at all the options now. There are brokers who can help with this, but remember they may not access all options, so checking the market yourself too may be worthwhile. This online comparison site may be useful <https://smart-comparison.uswitchforbusiness.com/>. Often it is worth negotiating with your current supplier once you understand the market prices for your area and usage. Phone at least one alternative supplier before going to negotiate with your current provider.

It can also pay dividends to review your use and think about where you could make savings through improved efficiency.

## Fuel

Red diesel prices vary day to day between suppliers and are often negotiable. The product will be the same, so it is always worth getting on the phone rather than automatically ordering it without asking the price. Definitely do not have the tank low alert sent to your supplier. Making two phone calls each time you need fuel can pay with a more detailed shop around once or twice a year. Your preferred supplier will not want to lose you and will typically match a lower price.



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## Phone and broadband

Mobile phone, landline and broadband costs should be reviewed when contracts end. For mobiles, ensure you are only paying for what you need and avoid high charges for calls and data outside the contract allowance. Also look for linked offers for a family/staff group of phones, which can save money offering free calls within your group. Switching mobile suppliers is relatively easy, providing they work in your area.

Landline and broadband contracts are well worth reviewing annually. New customer offers are aplenty and offer big savings. If you do not switch between a cable and old BT line, changing should be easy. If you do not wish to change supplier, check a comparison site, make a cup of tea, then phone your supplier and be patient, refuse their offer based on the discount elsewhere, hold for disconnections and then see what you are offered, because they do not want to lose you. It is a crazy process, but the savings will be worthwhile. Sadly though, in 12 months you will have to do this all again.

## Insurance

If you have been with the same insurer for a number of years without challenging them and re-negotiating the premiums, you could be paying thousands of pounds a year more than those who spend time reviewing cover and seeking alternative quotes. You often do not need to change company to negotiate a better premium, but do seek an alternative quote and review what is covered.

Getting insurance quotes for farms, particularly with multiple vehicles, is complex and comparing them can be difficult. It is vital to check the small print, to ensure you are comparing a like for like quote, particularly for TB and antibiotic failure cover. We suggest avoiding comparison sites for this but consider brokers or contacting alternative agents.

Even if you cannot find the time to get multiple quotes each year, ensure you check your schedule of cover carefully at renewal. Ensure you are not paying for vehicles you no longer have or the 16-year old you once employed is still hiking up your premiums. Take off any redundant buildings and watch out for the insurer increasing cover year on year above what you need. However, check that you have all your vehicles, new buildings, new fixed equipment or any increase in enterprise sizes is properly covered, or you could be paying for something worthless when it comes to a claim.

*This factsheet has been prepared by Kite Consulting for Farming Connect.*



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