



Policy Statement on Rising Energy Costs

IMI Position

The Institute of the Motor Industry is increasingly concerned about the impact of rising energy costs on automotive businesses, particularly small and medium-sized enterprises, at a time when the sector must accelerate investment in skills and workforce development.

The UK automotive sector is navigating a critical transition. Electrification, digitalisation and emerging vehicle technologies require sustained and accelerated upskilling across the workforce. However, growing operational cost pressures, especially energy costs, are constraining employers' ability to invest in training, apprenticeships and ongoing professional development.

While many businesses are working hard to absorb rising costs, there is a real risk that workforce investment becomes an unintended casualty of short-term financial pressure.

SMEs at the sharpest edge

SMEs form the backbone of the automotive aftermarket and wider repair and maintenance ecosystem. These businesses typically have less flexibility to absorb energy price increases and are more exposed to volatility. For many, energy costs are now a significant and unpredictable component of operating expenditure.

As a result, employers face increasingly difficult trade-offs. Evidence from across the sector suggests that businesses may delay or reduce recruitment, limit apprenticeship intake, or scale back investment in training and CPD. This comes at precisely the moment when skills demand is rising fastest.

A risk to safety, capability and economic resilience

Reducing investment in skills is not a neutral decision. It creates longer-term risks for safety, service quality and consumer confidence, particularly as vehicles become more complex and safety-critical. It also undermines the sector's ability to deliver the transition to low- and zero-emission technologies effectively and at scale.

Automotive skills are a critical enabler of the wider UK economy. If workforce capability falls behind technological and regulatory change, the consequences will extend well beyond individual businesses.

The case for targeted support

The IMI believes there is a strong case for government to consider targeted, proportionate support to help mitigate the impact of rising energy costs on skills investment. Measures such as time-limited energy relief, tax-based interventions or other forms of targeted support could help protect training and workforce development during this critical period.

Such support should be viewed not as a subsidy, but as an investment in economic resilience, public safety and the long-term success of the net zero transition.

The IMI's position

The transition to new technologies depends on sustained workforce investment. Short-term cost pressures must not undermine long-term capability.

The IMI will continue to work with government, policymakers and industry partners to ensure that skills, training and professional development remain central to policy decisions affecting the automotive sector. Protecting investment in people today is essential to delivering a safe, capable and future-ready workforce tomorrow.