

North East firms will collapse without Government aid on energy costs, business leaders warn

Business leaders from the North East say companies will go bust without urgent Government help to tackle rising energy costs.

The calls have come after energy regulator Ofgem confirmed an 80.06% rise in the energy price cap, sending the average household's yearly bill from £1,971 to £3,549 from October. Businesses are not covered by the price cap, with many warning they will not be able to cope with huge rises in energy bills.

Charities and think-tanks have warned that the Government must urgently intervene to help struggling households with ballooning energy costs, or risk a "full-blown economic crisis" and mental health emergency. And groups representing businesses have pointed out that the risk to many firms' futures needs to be included in any support package being put together.

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Federation of Small Businesses chair Martin McTague, who is from the North East, said: "Small businesses are left out in the cold when it comes to energy bills, with the vast majority excluded from the household energy price cap and other protections designed for domestic household consumers.

"Unlike large corporates, small firms cannot hedge costs and negotiate deals with their large energy suppliers. Many of our members say the eye-watering energy bills could be the final

nail in the coffin as they struggle to get through winter.

“We don’t have the luxury to wait until the winter, and inaction from our new Prime Minister could spell the end for many businesses. Plans for urgent intervention must be finalised and ready to go on Day 1, for whoever wins the leadership contest on September 5th.”

The FSB is calling for direct help for small businesses with bills, and for temporary reduction of taxes on energy.

Its calls were echoed by the North East England Chamber of Commerce, the region’s largest business group.

Rhiannon Bearne, the Chamber’s director of policy and representation, said: “The new price cap is a bellwether for the economic stress we know so many businesses and households will be under this autumn. Our most recent survey of businesses told us that energy concerns are second only to inflation in members’ minds right now.

“Yesterday we supported the British Chamber of Commerce’s new five point plan to tackle the cost-of-doing business crisis. This includes a temporary cut in VAT to 5% to reduce energy costs and Emergency Energy Grants for SMEs.

“These calls are practical and proportion to the scale of challenges facing business and consumers right now. We urge Government to act.”

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