

Energy crisis may force manufacturers to cut production or even close – study

The energy crisis is forcing manufacturers to consider cutting production or closing down altogether, according to new research.

Make UK said its study showed firms were warning that their energy costs have already “spiralled out of control”.

Around half of the 200 companies surveyed said their electricity bills have shot up by more than 100% in the past 12 months and half expect the same fate in the coming year.

Around one in eight of those polled said they have already made job cuts as a result of increased energy bills, and admit that more drastic action such as full shutdowns and wider redundancies will be needed if expected price hikes materialise in the next 12 months.

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Make UK, which represents manufacturers in the UK, said the country is lagging behind EU counterparts offering more emergency help for industry, such as the [Italian](#) government cutting levies on gas and electricity bills and reducing [VAT](#) for energy intensive industries.

Stephen Phipson, chief executive of Make UK, said: “As energy bills spiral out of control, manufacturers are working tirelessly to find ways to reduce consumption, putting in place as much as they can afford in terms of building improvements and installing renewable sources of energy.

“[Government](#) must step in to help struggling businesses.

“With an increasing number of manufacturers now in survival mode and taking drastic action such as cutting jobs, emergency action is needed by the new government as soon as they are inside No 10.

“We are already lagging behind our global competitors, and the prolonged lack of action by the UK Government making this worse.

“UK manufacturing needs help now if it is to thrive and maintain the millions of well-paid jobs around the whole of the UK and to keep its place as one of the world’s great manufacturing nations.”

A government spokesperson said: “No national government can control the global factors pushing up the price of energy, but we will continue to support business in navigating the months ahead.

“We have provided more than £2 billion to industry in recent years to help with the costs of energy. In addition, we recently doubled the budget of our electricity relief scheme and announced plans to exempt industries from certain green energy levies.

“We’ve also cut taxes for hundreds of thousands of businesses by increasing the Employment Allowance which reduces national insurance contributions and slashing fuel duty.

“On top of that we’ve put the brakes on bill increases by freezing the business rates multiplier, worth £4.6 billion over the next five years.”