

# Soaring energy costs could leave towns without nightlife, industry warns

Town and city centres could be left with little or no nightlife or hospitality as businesses face “unsurvivable” energy costs, an industry body has warned.

The Night Time Industries Association (NTIA) Scotland said bold and decisive action is needed from the UK and [Scottish](#) governments to save the sector, including the introduction of an affordable cap on energy for small businesses.

It said that unlike domestic energy users, who have seen unit prices double over the last 12 months to the current price cap of 28p per kWh, businesses do not benefit from the energy price cap and so are fully exposed to unlimited rising costs.

This has resulted in unit charges rocketing from an average of 15p per kWh over the last few years to 90p or more per kWh today.

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At this price, small but energy-intensive businesses such as cafes, pubs, clubs and restaurants could see annual energy bills surge from around £20,000 to £120,000 or more, which NTIA Scotland said would put most at risk of immediate insolvency.

Mike Grieve, chairman of NTIA Scotland, said: "With many hospitality businesses already operating on reduced hours due to post lockdown pressures, including the recruitment crisis, inflation, increased wage costs, rising wholesale prices and the overall cost-of-living crisis, the current situation where energy costs are spiralling completely out of control threatens the very existence of our industry across the UK.

"Without urgent intervention from both the UK and Scottish governments to provide direct help to businesses, and to impose an affordable cap on energy, there will be little or no nightlife or hospitality left in our town and city centres within a matter of months.

"This existential threat not only impacts business and employment and therefore livelihoods, but potentially devastates the rich cultural fabric of our towns and cities."

The NTIA is calling on the UK Government to reduce [VAT](#) to 12.5% or lower for all hospitality sector premises with immediate effect.

It also said small businesses should be included in the domestic energy price cap, with prices frozen at no higher than the current cap of around 28p per kWh.

Prime Minister [Liz Truss](#) announced a support scheme for businesses and other non-domestic energy users on Thursday.

NTIA Scotland is also calling on the [Scottish Government](#) to pass along the full 12 months of 50% rates reduction for this financial year that has been given to businesses south of the border, which it said has already been funded by the Treasury for businesses in Scotland, rather than the three months of support given by [Holyrood](#) which has now expired.

Gavin Stevenson, vice-chairman of NTIA Scotland, said the sector has reached “crisis point”.

He said: “Annual energy costs under the pricing available now are simply unsurvivable for most small businesses, and it is long past time for government to act quickly if we are to save jobs and protect the future of the economy.”

Ms Truss set out action to support people and businesses with their energy bills in a speech on Thursday.

She said: “As businesses have not benefited from an energy price cap and are not always able to fix their energy price through fixed deals, many are reporting projected increases in energy costs of more than 500%.

“A new six-month scheme for businesses and other non-domestic energy users (including charities and public sector organisations like schools) will offer equivalent support as is being provided for consumers.

“This will protect them from soaring energy costs and provide them with the certainty they need to plan their business.

“After this initial six-month scheme, the Government will provide ongoing, focused support for vulnerable industries.

“There will be a review in three months’ time to consider where this should be targeted to make sure those most in need get support.”

A Scottish Government spokesperson said: “Difficult and challenging savings and reprioritisation decisions have been

required, as set out by the Deputy First Minister this week.

“The Scottish Government must therefore focus finite resources where they will make the biggest difference to people and businesses across Scotland.

“The Scottish Government is delivering the lowest non-domestic property rates in the UK for the fourth year in a row for over 95% of non-domestic properties and is maintaining a package of non-domestic rates reliefs worth £801 million, including the UK’s most generous Small Business Bonus Scheme.”