Firms face ‘distress’ unless energy cost crisis tackled, warns CBI

Many viable companies face “distress” unless urgent action is taken by the government to get a grip on the energy cost crisis, a leading business body has warned.

Firms were already feeling the pinch and risk being pushed to the brink by further price hikes, said the Confederation of British Industry.

It published survey data that showed 69% of firms expect energy bills to rise in the next three months, and nearly a third expect increases of more than 30%.

Nearly one in three businesses canvassed by the organisation also said soaring gas prices are likely to hamper investment in transitioning to net zero emissions.

The CBI said the government should target support at those households and firms most in need.

It called for extra money to be directed to the poorest through the current energy bill support scheme.

It also pressed for HM Revenue and Customs to repeat the Time to Pay scheme, introduced during the **coronavirus** pandemic, which gave flexibility to businesses over when they could pay their tax.

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Meanwhile, business rates – the tax that companies pay to their local councils – should be frozen for the coming financial year.

This would head-off rises in line with inflation, which has

soared in recent months, hitting **a 40-year high of 10.1%** in July, and **forecast to climb even further**.

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The CBI also called for a massive energy efficiency drive to give people upfront financial support for improving their home insulation and support energy intensive businesses in curbing their environmental footprint.

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CBI chief policy director Matthew Fell said: "The impact of soaring energy prices on households is going to have serious consequences, not just for individuals but for the wider economy.

"While helping struggling consumers remains the number one priority, we can't afford to lose sight of the fact that many viable businesses are under pressure and could easily tip into distress without action.

"The guiding principles for any intervention must be to act at speed, and to target help at those households and firms that need it most."

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He added: "Firms aren't asking for a handout. But they do need autumn to be the moment that government grips the energy cost crisis.

"Decisive action now will give firms headroom on cashflow and prevent a short-term crunch becoming a longer-term crisis.

“With firms under pressure not to pass on rising costs, there is a risk that vital business investment is paused or halted entirely.

“That in turn could pose a real threat to the UK’s economic recovery and net zero transition.”