



BRITISH INSTITUTE OF INNKEEPING



Rt. Hon. Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Rt. Hon. Kwasi Kwarteng MP
Secretary of State for Business, Energy and Industrial Strategy,
1 Victoria Street,
London
SW1H 0ET

Devastating energy cost increases and soaring inflation threaten survival of UK pubs

18th March 2022

Dear Chancellor & Secretary of State,

Your recognition of the economic, employment and social value of our nations' pubs has been greatly appreciated throughout the pandemic with the support packages that you have provided. Our 10,000 individual members who independently operate pubs in every community across the country now fear for their survival as their costs rapidly escalate, with energy costs more than doubling for the majority.

The need for an interim package of support is now critical to allow our sector to play its part at the heart of the economic recovery. We are committed to providing accessible and skilled jobs in all communities across the UK. We also remain steadfast in our commitment to leading the way with world-class apprenticeships and development programmes, enabling rapid career development.

After nearly two years of closure and severe trading restrictions our recovery is being stalled by both soaring inflation and ongoing resourcing challenges. Many hospitality businesses are tackling these challenges with no cash reserves, crippling pandemic specific debts and subdued demand resulting from increasingly cash-strapped consumers. Our members businesses must now attempt to significantly over trade their 2019 revenues to break-even with the increased costs they are tackling. Significantly increasing consumer prices at this time will simply compound issues leading to reduced trade with consumers turning away.

We are seeking an interim package of support over the next 12 months to safeguard these essential businesses. Essential to the economic recovery, essential to providing vital local employment & skills, essential to the rebuilding of high streets & communities and essential in providing accessible places for all to reconnect in their communities.

To safeguard our nations' pubs we are asking the following:

- **Continuation of VAT at 12.5% for hospitality for the full year 2022/2023**
- **Suspension of business rates for the full year 2022/2023 accessible to all businesses irrespective of scale**
- **An immediate and increased duty cut for draught products served in pubs**, an increased duty cut of 20% to apply to container sizes of 20 litres and above
- **Energy cost caps for pub businesses**, recognising that many pubs incorporate homes within the pub premises

These measures will allow our hospitality businesses to start their recovery, enable them to confidently invest in their businesses and provide stability on which they can rebuild their teams with the talent needed, as they move into growth once again.

We are very appreciative of the support packages that you have delivered so far which are an investment in a sector that can be at the heart of the economic recovery. Your acknowledgement of the disproportionate levels of taxation that our sector pays and your specific recognition of the need to help our pubs with a duty reduction on draught products is also greatly appreciated. We look forward to collaborating on its implementation to ensure that it is impactful in supporting pubs to thrive.

As always, we would welcome any further engagement with you and your officials to ensure the investment proposals above are implemented to the benefit of the individual businesses, the wider economy, and society as a whole who value the key role our pubs play in every community.

Yours sincerely,



Steve Alton
Chief Executive Officer
British Institute of Innkeeping (BII)