



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

14 September 2022

Dear Chancellor,

May we offer our congratulations to you on your appointment as Chancellor. As representatives of the pubs, hospitality and brewing sectors, we wanted to write to you ahead of the September fiscal event to press upon you how critical the situation facing our sector remains, despite the incredibly important and welcome energy announcement by the Prime Minister last week. We were encouraged by the specific recognition of hospitality and pubs in the speech to the Commons.

Before the sectors have had any chance to recover from two years of lockdowns and restrictions during the pandemic, it has faced supply chain disruption, labour shortages and wider cost inflation. Combined with skyrocketing and unsustainable increases in energy bills, this has, for many businesses, more than wiped out their total net income. Publicans are already handing back their keys and tens of thousands of businesses and associated jobs across every part of the UK are at risk.

A new crisis calls for new support and the energy cap will be a critical lifeline. However, whilst this will help stem the situation over the next six months, the increases already seen combined with the other factors outlined above, mean that more is needed to ensure businesses in our sector can head into the winter knowing they have a chance to survive and thrive again.

We therefore urge you to bring forward the following measures in the upcoming emergency fiscal statement:

- an immediate reduction in the headline rate of VAT for hospitality, including on all food and drink sales;
- Cancellation of business rates for the remainder of this financial year for businesses of all sizes

We believe the addition of these two measures, along with the energy cap would allow our businesses the immediate breathing space to continue to serve their communities this winter and avoid an unfolding catastrophe. We also look forward to engaging with your officials at the earliest opportunity to review the support required post the initial six-month period, as outlined by the Prime Minister.

Looking forwards, the regulatory burden pubs and brewers face, is amongst the highest of any business sector. Wider reform of business rates and the Government's Alcohol Duty Reform that support pubs, draught beer and lower strength drinks remain vital. Costly new regulation must be resisted.

We believe it is vital that a visit to a pub or hospitality business remains affordable for consumers, who are finding it increasingly hard to support local pubs, brewers, and hospitality venues at a time when, more than ever, the country and local communities need to come together. Every business lost is a loss of social value and the pivotal services and support pubs and hospitality provide in every community.

We hope that you can continue to invest in the sector as your predecessors have done by providing us with every opportunity to trade successfully as a key component of thriving local economies throughout the UK and provide us with the headroom to enable growth in our sector. This investment in the sector will allow businesses to bounce back stronger and deliver growth, jobs and skills as well as the renewal of our communities and high streets.

Yours sincerely,



Roy Allkin, Chairman, the Society of Independent Brewers (SIBA);



Tom Stainer, Chief Executive, Campaign for Real Ale;



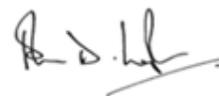
Kate Nicholls, Chief Executive, UKHospitality (UKH);



Steve Alton, Chief Executive of the British Institute of Innkeeping;



Emma McClarkin OBE, Chief Executive, British Beer & Pub Association (BBPA);



John Longden OBE, Chief Executive, Pub is the Hub



Rick Bailey, Independent Family Brewers of Britain (IFBB)



Colin Neill, Chief Executive, Hospitality Ulster