



BRITISH INSTITUTE OF INNKEEPING



The Rt Hon Jeremy Hunt MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Pubs are key to growth in every community and Government support is critical to safeguard their futures

17th November 2022

Dear Chancellor,

May I welcome you into your new role at this challenging time. Your emergency statement today highlighted both the importance of growth and the need for confidence and stability. Our 10,000 individual members independently operate pubs in every community across the country and now fear for their survival. Their small local businesses are still battling pandemic specific issues such as minimal cash reserves, debt repayments and chronic staffing shortages, limiting their ability to trade. I am writing to you to gain your support for the investment that they will need to be at the heart of the economic recovery through growth.

We have been actively working with the BEIS team as part of the Hospitality Sector Council, on a number of key recommendations to ensure the Hospitality sector can play its full part in our economic recovery. The strategy recognises the essential community & social value our venues and their teams provide, in addition to their significant economic and employment contribution. Our nations' pubs in every community across the country will be pivotal to delivering the growth and regeneration plans of Government.

Our members who independently operate pubs in every high street, village, town and city across the country remain fully committed to the communities that they serve. They provide safe, accessible and inclusive spaces for all sections of our communities to come together and reconnect. As essential economic hubs they also provide vital local skilled jobs and careers, also supporting local suppliers and brewers who make pubs unique as part of our national heritage. Our members are fearful of their ability to sustain their businesses in the current exceptional trading environment, which is preventing them from being the economic growth engine in the communities that they serve.

The financial realities for our members are stark; **1 in 3 have no cash reserves, 75% have vacancies** in their businesses, limiting trading, **70% have pandemic specific debts of around £40,000**. The Energy Price Guarantee, whilst welcome, will see many of our members increase their energy costs by at least 200-300% over last year. This is all alongside subdued trading through waning consumer confidence when many have to trade at 120% of post-pandemic levels to standstill, with chronic escalating inflationary costs.

We are seeking your urgent support, particularly recognising the vulnerability of our sector, with two key areas;

- **An immediate reduction in the headline rate of VAT for hospitality on all food and drink sales including alcohol**
- **Cancellation of business rates for the remainder of this financial year and 2023/2024**

Business failure can be averted with the right support in place, without it the opportunity will be missed for pubs to be at the heart of growth in every community.

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,

A handwritten signature in black ink that reads "Steve Alton". The signature is written in a cursive style with a long horizontal stroke at the end.

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