



BRITISH INSTITUTE OF INNKEEPING

British Institute of Innkeeping  
Sentinel House  
Ancells Business Park  
Harvest Crescent  
Fleet, Hampshire  
GU51 2UZ

T 01276 684449  
E membership@bii.org  
W www.bii.org

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

12<sup>th</sup> January 2024

### **Immediate investment vital for pubs to deliver growth in every community**

Dear Chancellor,

I am writing to you ahead of the Budget as a representative of over 13,000 members of the British Institute of Innkeeping (BII), the vast majority of whom run independent pub businesses at the heart of their communities across the UK. I am seeking your support for an immediate investment in UK pubs to unlock their growth potential and secure these long-standing viable businesses at the heart of every community.

The simple issue facing the majority of our members across the UK is lack of profitability due to short-term exceptional costs of business and longer-term unfair taxation. We have completed a survey of our members in the last few days and the results are clear;

- **2023 revenues were flat or down for 62% of pubs**
- Exceptional costs of **energy, staffing and food & drinks** biggest impact to profit
- **3 in 4 pubs did not generate a profit in 2023**

May I thank you for the extended business rates relief for England that you confirmed at the Autumn statement which is welcome and will provide essential support for many pubs. Even with this support in place, many remained unprofitable due to three key factors;

- Energy costs – many pubs are still facing **2 to 3 times the cost of energy** versus previous contracts, and as individual pub businesses they have limited options for accessing better rates
- Staff costs – pubs have had to increase wages to attract staff at all levels, for entry level roles, **National Living Wage costs (NLW)** will have **risen 40% since 2020** when the new rates are delivered from the 1st of April. This impacts on every level of role to ensure fair remuneration across the business.
- **Food and drink costs - risen by 40% over the last 24 months**



BRITISH INSTITUTE OF INNKEEPING

**British Institute of Innkeeping**

Sentinel House  
Ancells Business Park  
Harvest Crescent  
Fleet, Hampshire  
GU51 2UZ

**T** 01276 684449  
**E** membership@bii.org  
**W** www.bii.org

Your recognition of the social and community value of pubs is greatly appreciated including your intention to use a 'Brexit Pubs Guarantee' to deliver support specifically for pubs. I am now asking for this focused support to be delivered with investment in two key areas;

- Ensure pubs face a fair and proportionate level of taxation with a reduction in VAT on all pub sales which will deliver an immediate cash benefit to all pubs
- Secure the current level of business rates relief with a long-term pubs specific multiplier

These focused investments will secure the future of pubs across the UK and stimulate long term investment in these local small businesses, driving real growth in the economy. Pubs support accessible and skilled jobs, provide vital support to local suppliers including brewers and provide a platform for local regeneration in high streets and communities across the UK.

They have significantly evolved their offers providing an accessible space for all and a responsible, managed environment for the consumption of alcohol. They have developed a range of food, drinks and events with 1-in-3 visits to pubs no longer involving alcohol at all, as well as being a place where everyone is welcome. Pubs provide an essential space to combat loneliness and social isolation, bringing communities together, which is needed now more than ever.

Pubs have the potential to lead the way on sustainability, inspire and develop entrepreneurs, provide jobs in dynamic workplaces developing essential skills, kick-start regeneration in communities and be the place where communities develop long term connections - all whilst being at the heart of economic growth. They are worth the investment.

In the coming weeks you will be hearing from your colleagues with their backing for investing in our nations pubs and I also look forward to your support at the budget.

As ever, we are available to work with your team on the above proposals.

Yours sincerely,

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