



BRITISH INSTITUTE OF INNKEEPING



The Rt Hon Nadhim Zahawi 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

## Escalating energy costs threaten to be a pub killer

10<sup>th</sup> August 2022

Dear Chancellor & Secretary of State,

I wrote to you both in early July sharing the exceptional trading challenges that our 10,000 members are facing, independently operating pubs in every community of the UK. I shared with you recent data from across our membership highlighting the underlying fragility of our members who are still battling pandemic specific issues such as minimal cash reserves, debt repayments and chronic staffing shortages limiting their ability to trade.

Many of our members are continuing to battle significant inflationary pressures with nearly half of our members seeing overall costs increase by over 20%. They are working incredibly hard to contain the impact of these costs on pricing for their customers to ensure that they can continue to provide an accessible and affordable experience in every community. Clearly they are not passing through the full impact of price increases leading to 86% of our members being significantly down on profit.

Through regular contact with our members, we have seen a continued escalation in energy prices for pubs. The majority of our members are experiencing a **minimum 300% increase in energy costs** and a number have had their energy provider fail, resulting in their secured long-term contracts being waived. The impact of this level of increase in costs renders many long-standing, successful pubs simply unviable. Despite many of our members being fully engaged in busy summer trading they are contacting our support services in anticipation of their businesses failing in the short term.

We have consistently made the case for the areas of investment that will be needed to support these local businesses in every community through these exceptional trading circumstances. Our members have shown incredible drive, adaptability and resilience having successfully navigated the challenges of the last two years and stand ready to provide growth in jobs, ongoing support for local suppliers and brewers, investment in local communities and continuing to provide a safe, accessible space for all to connect in their communities.

**Urgent investment support is needed in following areas;**

1. **An energy price rise cap for pubs and grant support for increased costs**, protecting pubs with many incorporating accommodation
2. **Full cancellation of business rates for 23/24**, ahead of full reform and rebalancing with the digital economy
3. **A significant draught beer and cider duty cut for pubs**, 20% reduction for a minimum container size of 20 litres

Our members also place huge value on the Government supporting wider consumer confidence and providing stimulus to customers to continue to come to hospitality through a reduced VAT rate for our sector.

Our members need urgent certainty to plan their now delayed recovery which will only happen over the coming years. Without it, many will simply decide that they are unviable and be lost to their communities, with significant impact to local jobs, suppliers, investment and livelihoods. Our pubs are foundational within the Governments plans on regeneration and levelling up and warrant your support.

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 at the heart of every community.

Yours sincerely,



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