



Amanda Solloway MP
Minister of State
Department for Energy Security and Net Zero
1 Victoria Street
London
SW1H 0ET

28th April 2023

Dear Minister,

We are writing to express our urgent concerns and frustration at the impacts of unprecedented energy cost pressures on hospitality businesses. We seek your immediate support to ensure that these businesses do not fail as a consequence.

Collectively BBPA, UKH and the BII represent the individuals and businesses that make up the UK's hospitality sector. Pubs and hospitality businesses form a vital element of local community life as well as supporting jobs and other related businesses across the country. Our businesses are a major contributor to the national economy and include tens of thousands of SMEs and over 80% of the UK's 46,000 pubs.

Our joint sector survey revealed that half of hospitality businesses were forced to sign new energy contracts when wholesale energy prices were at their highest, and when there was no effective competition in the market, due to a lack of energy suppliers willing to quote to hospitality businesses.

This situation, coupled with the significant reduction in support under the Energy Bill Discount Scheme, now threatens the livelihood of many pubs and wider hospitality businesses. Their monthly bills will increase dramatically, by three to four times those of 2021. For many SMEs this will mean the demise of otherwise viable businesses, forcing thousands of job losses.

In addition to the problems suffered by those on high-price contracts, the current market is also failing, with our members being impacted by poor behaviours from the few energy suppliers still willing to supply to hospitality. These include: continuing use of threatening and aggressive sales tactics; failing to pass on wholesale price reductions; refusing to provide flexibility to customers on the brink of bankruptcy; and huge, unjustifiable increases in non-commodity linked standing charges contrary to the fall in wholesale prices.

We have explored solutions with Ofgem and Government for many months but are increasingly frustrated that our efforts have not been matched with meaningful actions

from energy suppliers, whose public claims to be working on solutions are hollow. Without a window to review or renegotiate contracts, many pubs will have no option but to close for good.

Further, Ofgem themselves appear to be constrained by the regulatory framework within which they operate and which prevents them from implementing effective changes fast enough to address the issues we face, and to more appropriately regulate the non-domestic energy market.

Given the urgency of this situation and the dire threat our sector faces, we urge the Government to intervene, to force suppliers to engage in a more meaningful way and establish a mechanism to enable hospitality businesses to remain viable and benefit proportionately from falling wholesale rates. Ofgem must be allowed and instructed to act rapidly to implement a more robust enforcement framework to hold suppliers to account and address poor practice in the non-domestic market.

The major energy companies continue to announce record annual profits while citing concerns over the impacts on their own profitability as a reason to avoid helping their customers to continue to trade and avoid debt. We find this unconscionable while hospitality businesses closures are at a record high and with so many individuals facing financial ruin and unemployment as unsustainable bills start to land.

As ever, we stand ready to assist Government in any way necessary and would be happy to meet to discuss these concerns further and potential solutions at your earliest convenience.

Yours sincerely,



Kate Nicholls, Chief Executive, UKHospitality (UKH);



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



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