



BRITISH INSTITUTE OF INNKEEPING



The Rt. Hon. Rishi Sunak MP
Prime Minister
Office of the Prime Minister
10 Downing Street
London
SW1A 2AA

The Rt. Hon. Jeremy Hunt MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
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Time to invest in the skilled employment powerhouses of our nation's pubs and hospitality businesses

11th November 2022

Dear Prime Minister and Chancellor,

I am writing to you ahead of your Autumn statement to seek your support for the investment that will be needed to safeguard our vibrant sector in the vital months ahead and allow them to be the foundation of skilled jobs and investment in every high street, village, town and community. Over 10,000 individual members of the British Institute of Innkeeping (BII) independently operate pub businesses in every community across the UK. These small, local businesses provide essential skilled jobs and careers propelling people rapidly from accessible entry level jobs to entrepreneurs, leading growing hospitality businesses through world-class professional development.

As you are aware **the hospitality sector employed over 3 million people** before the pandemic and is currently suffering from **over 10% vacancies**. This is stifling the trading potential and growth at this critical time, **with 1 in 3 having to significantly reduce trading hours** as a direct result of vacancies. Our sector is being proactive and has self-funded a nationwide high impact recruitment campaign, **Hospitality Rising**, profiling the exciting, rewarding and skilled career opportunities available. Our sector is built on great talent creating exceptional hospitality experiences, bringing together communities across the UK.

You have previously recognised the unique role of our industry through our significant economic contribution, skilled employment and vital social value in every community. Your support through the pandemic recognising these qualities alongside the devastating impact of closures and trading restrictions, was greatly appreciated. The reality for our members and the wider sector is now stark. **1 in 3 are not profitable and are expecting to fail**, the majority have significant pandemic specific debts (over £40,00 for an average pub), are facing rapidly escalating inflationary impact on all costs, crippling staff shortages and cooling consumer demand.

My members and the wider sector are not seeking handouts, they are seeking investment in their viable and adaptable small businesses. This investment will be repaid through economic growth, through their investment in these vital local businesses at the heart of their communities and through skilled careers, developing essential business skills benefiting the wider economy. We fully appreciate the pressures on our nation's financial resources in these exceptional times. It is also clear through speaking with our members every day, that the need for this investment is now urgent, and without it we will lose the opportunity for our sector to be at the heart of the economic recovery.

If these vital small businesses fail, the impact will be felt right across their communities; lost local skilled jobs & livelihoods, critical impact to dependent local suppliers & brewers, loss of investment in communities and lost revenues to Treasury alongside Government loans being written off. Most importantly, we will lose these essential, open-to-all community hubs that provide safe spaces to connect, and are so important to tackle social isolation and loneliness.

Energy costs are continuing to have a devastating impact on our sector as an intensive user of energy through maintaining warm and welcoming venues and use of essential kitchen, bar and cellar equipment. The Energy Price Guarantee Scheme, whilst welcome in its intent, is not delivering the impact expected, with many operators now facing minimum increases of **at least 3 times previous costs** and many significantly higher. We are working closely with the team from BEIS, providing real insight into the realities at play in the energy market for our members. We welcome your investigation into market practice alongside your wider review for the need for ongoing support for identified vulnerable sectors such as hospitality. There is now an urgent need for action.

We are seeking your support in three priority areas.

- **Energy support.** The current support scheme is not delivering your intent and needs your rapid intervention to allow fair and reasonable energy costs & terms to be sourced for hospitality businesses.
- **Business rates.** Announcing a continuation of the current business rates relief through 2023/2024 will be critical for many businesses to have the confidence to weather the winter ahead and plan their long-term recovery.
- **VAT support.** Through targeted support of hospitality this will allow operators to sustain their businesses, as many need to currently trade **at least 20% higher than pre-pandemic levels** to just break even. This will also allow consumer pricing to be maintained, providing an ongoing affordable hospitality experience and reduce adding further to wider inflation.

We would welcome 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 with our sector at the heart of every community.

Yours sincerely,



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