

More closures imminent without further intervention on energy bills, hospitality trade bodies warn

2 years ago



Industry trade bodies, [UKHospitality](#), Hospitality Ulster, BBPA and the BII, have today jointly written to the Secretary of State for BEIS, the Rt Hon Grant Shapps MP, calling for further support for vulnerable pubs, brewers and hospitality operators, facing devastating energy costs which are crippling their businesses.

With over 1600 hospitality businesses already having failed in the last three months (CGA and AlixPartners research), the organisations issued a stark warning about the thousands more potential business failures in the sector without further support.

In addition, results from a recent joint survey of UKHospitality, BII, BBPA and Hospitality Ulster members, revealed the ongoing fragility of pub businesses, with one in three at risk of failure in the next 12 months, 16% of members having no cash reserves and a further 23% with fewer than three months reserves left. This issue is simply crippling the entirety of hospitality, from pubs at the heart of their communities through to city centre restaurant chains.

With the Energy Bill Relief Scheme (EBRS) closing at the end of March, operators will be left with little to no support from its replacement, the Energy Bill Discount Scheme (EBDS) leaving them facing bills of at least three and a half times that of the equivalent period in 2022.

The letter follows a call from the BBPA in January for an urgent inquiry looking at poor conduct by energy suppliers to be held, as well as UKHospitality's Chief Executive Kate Nicholls giving evidence to the BEIS Select Committee earlier this week on the impact of the energy crisis on the sector.

In a joint statement, the organisations they commented:

“Hospitality businesses have faced countless challenges over the last three years, being the first to close and the last to open in the pandemic, battling against soaring inflation in every area of their business, and more recently, huge disruption caused by industrial action.

“Government has previously intervened to support our sector, recognising the tangible social value we provide, but if they fail to act at this crucial time, these essential businesses providing so much in our communities, villages, towns and cities will be lost forever.

“Spiralling energy costs and having to commit to long-term contracts at eye-watering rates, now represents the single biggest threat to their survival. 50% of respondents to the joint survey have had to renew their energy contracts in the last six months of 2022, at a time of when prices were unfairly high in a non-competitive market.

“We are calling on the Secretary of State for BEIS to recognise the impossible situation facing our nation’s pubs, bars, restaurants, brewers and all those venues in hospitality, all of whom support communities across the whole of the UK. Government must ensure suppliers deliver a framework of fair and reasonable energy costs for hospitality businesses, and direct energy companies to allow those who were forced into contracts in 2022 at untenable rates to renegotiate, reflecting the now much lower wholesale prices, but also the record-breaking profits these suppliers have announced.

“Formally recognising our sector as an energy intensive and vulnerable area of the economy, as it has been throughout the pandemic and beyond, would also allow them access to the enhanced support under the EBDS.

“Without this, thousands of otherwise viable businesses at the heart of their communities will be lost, along with local, flexible, skilled employment. The growth that Government needs can and will come from our sector, but without the support on energy bills the results will be catastrophic.”