

Secretary of State for Business and Trade
The Rt Hon Peter Kyle
Department for Business and Trade
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Abbey House
Abbey Close
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Dear The Rt Hon Peter Kyle.

Support for Hospitality Businesses – Business Rates and Wider Cost Pressures

I am writing as Leader of South Oxfordshire District Council to urge the Government to take further action to support the hospitality, retail and leisure sectors. Businesses across our district continue to face significant cost pressures that threaten their viability, despite the vital contribution they make to our local economy and communities.

Over a number of years, South Oxfordshire District Council has passed several cross-party motions calling on the Government to take stronger action to support pubs and the wider hospitality sector. These motions have recognised the vital role that pubs and other hospitality businesses play as employers, community hubs and essential services in our rural communities, as well as contributors to our local economy, while urging the Government to address the growing pressures from business rates, taxation and other operating costs.

According to UKHospitality, the average pub is expected to see a £1,400 increase in its business rates bill this year, placing further pressure on a sector where around eight pubs are already closing every week across the UK. In South Oxfordshire alone, 18 pubs have closed over the past five years.

Recent Government decisions have added significantly to the financial pressures facing hospitality businesses. According to UKHospitality, policy changes introduced since 2024 have added around £5 billion in additional costs across the UK's pubs, bars, hotels and

restaurants. Increases to employer National Insurance Contributions, together with changes to business rates relief, have created a substantial additional burden for a sector already operating on tight margins. For many pubs, cafés, restaurants and other hospitality businesses, these costs have come on top of rising wages, higher energy bills and continuing inflationary pressures, making it increasingly difficult to remain viable.

I welcome the Government's recent steps to support the sector, including the introduction of a 15 per cent business rates discount, a two-year freeze for pubs and music venues, and the temporary reduction in VAT on children's meals. These measures acknowledge the challenges facing hospitality businesses, but they do not yet match the scale of those challenges. It is telling that calls for more fundamental business rates reform are now being made across the political spectrum, including by Andy Burnham, who has argued that the current system no longer works for pubs and high street businesses

That is why South Oxfordshire District Council is taking action. I am pleased that Cabinet has approved an additional 15 per cent business rates discount for pubs in South Oxfordshire, complementing the Government's existing scheme.

While local government can provide targeted support, the most effective levers remain in the hands of Government. I therefore urge you to build on the measures already announced by considering:

- **Reviewing the cumulative impact of rising employment costs** on small and medium-sized businesses, particularly the combined effect of employer National Insurance Contributions, increases in the National Living Wage and other statutory employment costs.
- **Fundamental reform of the business rates system**, including consideration of a model where the primary liability falls on the owner of commercial premises rather than the occupying business.
- **An emergency reduction in VAT for the hospitality sector** helping businesses manage rising costs while encouraging people to support their local pubs, cafés and restaurants.
- **Taking further action to reduce energy costs** for hospitality businesses, including targeted support for energy-intensive small businesses and measures to improve long-term energy resilience.

I would welcome the opportunity to discuss these issues further and to share insights directly from businesses across South Oxfordshire.
Thank you for your consideration.

Yours sincerely



Councillor Maggie Filipova-Rivers
Leader of the Council

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