

a voice for your business: **#EMPOWER INDEPENDENTS**

In bearing the brunt of both a cost of living and a cost of operating crisis, pressure on independent hospitality businesses has continued to mount. Members are now increasingly reporting they are being forced to take drastic measures or are left facing extremely difficult decisions to combat the ongoing challenges due to the wider economic circumstances that are beyond their control.

We believe the government needs to do more to support the independent hospitality industry, especially as many of these businesses are micro businesses and as your trade association we need to hear from you so we can represent you and your needs.

With the Autumn Statement due and an election around the corner, NCASS is working to make the case to government and the political parties on behalf of our members and the wider sector. We are in communication with the government and the shadow departments on a regular basis sharing key information to help create a more profitable and sustainable sector.

We have put together a new campaign and we need to hear from you! We need to know what your experience is, what your circumstances are and what the future holds for your business. The more views we have the louder the voice we have.

Your industry, your voice!



"Being part of NCASS means that you have a voice. We want to #EmpowerIndependents and shout as loudly as possible about the challenges facing our industry. We are in this together and the more you talk to us the more chance we have to create real change for independent hospitality businesses. Do not suffer in silence, we are here to advocate for you so get your views heard in government – please support our campaign so we can support you."



Nick Summers, NCASS MD

Through the #EmpowerIndependents campaign, NCASS are calling on the government to support our sector.

Independent hospitality businesses are critical to the economy and continue to make a significant contribution to hospitality recovery and increasingly, regeneration. But the cost of living crisis and parallel cost of operating crisis are having a dramatic impact on this sector. Here are just some of the major and most recent challenges we face.

- Food inflation is double the rate of standard inflation which itself is eye-watering, forcing up the price and eating into profit margins. All of which adds to inflation
- Covid loans are due and inflation on credit is increasing, access to credit has also been an issue
- The limited government support members and the hospitality sector could access through Covid has been widely withdrawn
- Higher food prices may have pushed businesses into the VAT threshold taking 20% of potential profit away
- The Hot Food VAT is not fit for purpose
- Energy costs, rent owed due to covid, fuel costs, wage inflation are all being passed onto consumers who themselves are feeling the pinch
- Uncertainty over future business rates which are currently based on inflation is a potential time bomb down the road
- Across Europe the rate of VAT for hospitality is around 10% AND food is vatable so businesses can claim back on stock

Your Business Comes First

We are calling on you to share your current challenges and experiences so that we can expand on the work we are doing in order to make the case for what you need from the government.

We feel that in order to maximise the chance of seeing some positive changes it is vital that we focus our efforts on three key objectives. Based upon the opinions, stories and experiences of members received so far, it is clear that VAT continues to be a major issue and so NCASS have made this the immediate and primary focus of our lobbying efforts. We have written to Minister Hollinrake (Minister for Enterprise, Markets and Small Business) and also the chancellor and are calling for the following:

- 1. The Removal of Hot food VAT for businesses below 500k turnover** – This is crippling as caterers purchase ingredients without VAT and then have to charge VAT once it is cooked. This immediately removes 20% of their profit which has a huge impact on how they run their business. Realistically, we would like to propose that this tax is removed for all businesses with an annual turnover of less than £500,000, with a sliding scale based on turnover similar to a tax system beyond £500,000.
- 2. An increase to the VAT threshold** – The £85,000 threshold has been in place since 2017; total inflation from 2017 to the present day equals 26% which would in real terms raise the threshold to £108,000. As it is, thousands of businesses are being forced over the threshold unfairly. Therefore we propose a £150,000 threshold with an annual inflation review to help micro businesses survive, thrive, prosper and stay legal, contributing to the tax system fairly.
- 3. A standard lower rate of VAT for the sector** – We would really encourage a lower standard flat rate for the hospitality sector allowing micro-businesses to flourish with more freedom and innovation. With the standard VAT in Europe at 10%, we propose that the UK follows suit and acts to reduce the VAT or brings in a sliding scale system to support micro-businesses in the independent hospitality sector.

Right now, we need you to support the campaign by answering the following:

- Has inflation taken you over the VAT threshold?
- How is VAT impacting your business?
- Has your cost of operating increased and how are you managing it?
- What are your views on hot food VAT?

Your views are vital – share them with us by writing to:
opinion@ncass.org.uk

Feeding this information into NCASS will help us to prioritise where members most need support and what any help might look like. Both data and personal experiences – your experiences help us to make the case on your behalf and shout as loud as possible.

Now is an ideal time to push this with the upcoming Budget Autumn Statement as

well as the potential general election in 2024. We need to reflect the reality of running an independent hospitality business to the Chancellor. Please keep an eye out for emails and correspondence from us as we will be sending petitions and surveys to you relating to this campaign and as stressed, we need your input. Simply put, the more information and data we have, the better chance we have of being heard and impacting effective change.

We have created a template letter that you can find on our website for you to send to your local MP to highlight the challenges the industry and your individual business currently faces. This letter also outlines solutions we are proposing around VAT to ease the burden on independent businesses and ultimately positively impact the economy. Please use this template and send the letter to your local MP and help us draw significant attention to this ongoing issue. Your contribution to the campaign through the feedback you give, surveys you complete and letters you send are invaluable and we thank you for them.

We will regularly update all progress around the campaign and make all resources available on our dedicated webpage at: www.ncass.org.uk/empower-independents



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