

Pub group boss slams government and suppliers on energy 'scandal'

The boss of a South West pub group has slammed the government for its handling of the energy crisis and accused suppliers of trying to "profiteer" from the situation.

The Liberation Group runs more than 120 pubs, bars and inns across the West of England and Channel Islands, and is also the parent company of West Country brewery and pub brand Butcombe.

The company previously said its [bills were set to double](#) despite government support for businesses, which is [set to be slashed from April](#).

The company's chief executive Jonathan Lawson told *BusinessLive* it was having to absorb its mounting utilities costs as it was a level it could not pass on to customers amid a squeeze on consumer spend.

Mr Lawson said the government had done a "really, really poor job" of planning and communicating during the crisis, and had failed to control the "outrageous" behaviour of energy providers.

Last month the British Beer and Pub Association called MPs to launch a formal enquiry of the behaviour of providers, which Mr Lawson described as "a scandal".

"You can understand why a spike in the wholesale price affects the price that you are paying", he said. "But actually, if you look at the level of non-commodity pricing that the energy suppliers have been putting in, and some of their requests and pricing to us, they bear no relation to what the underlying

market is doing. I think the government has been incredibly slow to deal with that.

“I can handle genuine inflation, because that is something that everyone in business has to deal with and manage, I understand that. But, with very few exceptions, I think the behaviour of the energy suppliers has really been quite outrageous.”

Mr Lawson called for “transparency” between the actual wholesale price and the price businesses should expect to receive. He added: “Suppliers [have been] behaving in a way, in effect, their argument around the ‘risk profile’ of providing supplies to businesses, their response to that is to put more cost into it. I struggle to understand the logic behind all of that.

“For a well invested, well-funded, profitable, cash generative business, it has been hard enough for us to deal with this. I really don’t know how smaller businesses have been expected to navigate this. I take a really dim view of the energy suppliers and also how the government has failed to control that as well.”



Jonathan Lawson, chief executive of The Liberation Group
(Image: The Liberation Group)

Mr Lawson also accused the government of “failing to understand the significance” of the hospitality industry for the national economy, adding the the sector was “very much responsible” for driving GDP growth as it rebounded from the damaging effects of the Covid-19 pandemic.

He added that he saw “no clear strategy” in the [long-term vision set out by Chancellor Jeremy Hunt last month](#) to tackle issues such as labour shortages felt in hospitality and other sectors. Mr Lawson added that he had seen “very little” from the government to encourage businesses like The Liberation Group, which he said had “invested significantly” over the last few years, to continue to grow.

“We’ve continually argued that the system around business rates is flawed and outdated, and the government continually shies away from any substantial reform on business rates because it is ‘too difficult’. We’ve continually argued that the level of VAT is inappropriate for the hospitality industry, and the government has ignored us on that.

“We’re not looking for handouts. We’re quite clear of our ability and the role we play in the economy, the number of people we employ and we’re creating jobs on a continual basis. It would just be great if the government were to recognise that role we have in generating taxable revenues for them as a business and encourage us to grow.”

BusinessLive has contacted the government for comment.

The Liberation Group recently expanded its portfolio of pubs following a [combination deal with Cirrus](#), with 22 venues joining its estate which now spans across the Channel Islands to London.

The group, which employs around 1,400 staff, now has more than 400 rooms across its inns where it had around 70 four years ago. Mr Lawson said the firm was now in a “stronger position” than it had been before the pandemic, and that it was cash generative with a “relatively low” level of debt.

The number of staff who have been with the business more than a year now has increased by 75% over the last year, while Butcombe Original, which is brewed in Wrington in North Somerset, is now in the top 10 cask ales across British pubs.

Mr Lawson said its peak 10 days of Christmas trading had seen sales about 15% above the previous year, and the group was set to deliver a full-year performance which would be “substantially ahead” of 2019.

Mr Lawson, said one of the reasons Liberation and Cirrus combined was that both businesses felt they would be “better

protected” within a higher degree of scale, amid what he called “the toughest years the sector has faced”.

The former managing director of pub and brewery group Greene King, who has worked within hospitality for more than 25 years, warned this year could see “one of the worst we have seen for pub closures”, as even “good, high quality businesses” would struggle to balance their finances while protecting value for customers.

“I think the government should be really concerned about that. If you have got quality operators who know what they’re doing, who would be able to invest in businesses and can employ people, who are saying they can’t make this work anymore, then any government that is supposed to be a friend of business should be really concerned.”

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