# Historic George Hotel in Inveraray enters administration amidst mounting financial pressures



The George Hotel in Inveraray, Scotland, has entered administration due to historic debts that have severely affected its cash flow. This announcement, made by Thomas McKay of Begbies Traynor, highlights the precarious situation of the hotel, where 60 jobs are at risk. The hotel, situated just a short distance from Loch Fyne, has been operated by the Clark family for seven generations and is well-known for its historical significance and picturesque location.

The financial difficulties of The George Hotel come in a challenging context for the hospitality sector in the UK, particularly in light of substantial tax increases that are set to take effect from the beginning of the weekend, totalling £3.5 billion. Stephen Montgomery, director of the Scottish Hospitality Group, expressed concerns surrounding the government's decisions, stating, “the Chancellor of the Exchequer’s statement has done nothing to allay the danger of job losses and closures across the nation’s pubs, hotels, and restaurants.” The situation underscores ongoing struggles faced by long-established hospitality businesses that have been exacerbated by the aftermath of the COVID-19 pandemic and the ongoing challenges of staffing due to Brexit-related issues.

In the wake of the announcement, McKay emphasised the importance of the hotel to the local community. He noted, "We ask the local community and customers further afield who wish to use the hotel, as well as the subscribers to the hotel – over 25,000 of them – to continue to support and visit the venue as usual as we seek to find a buyer for the business as a going concern." The hotel remains operational for customers, focused on maintaining service during these challenging times as they seek a potential buyer.

Across Scotland, the hospitality industry has been experiencing increased occupancy rates but has seen a decline in profits due to rising costs. According to data from Hotstats and RSM UK, occupancy increased slightly from 68% to 69.1% year-on-year in February, although the financial resilience of hotels remains under threat from climbing costs, particularly with upcoming increases in National Insurance contributions and minimum wage adjustments. Stuart McCallum, partner and head of consumer markets in Scotland at RSM UK, remarked that these financial pressures are causing significant concern for many hotel owners.

Separately, in Derbyshire, Scott Farr, the owner of The School House Restaurant in South Normanton, recently announced the closure of his restaurant, attributing his decision to surging operating costs and inadequate government support. Farr, who took over the restaurant more than two years ago, noted that the financial landscape shifted dramatically in April 2022 following increases to the minimum wage and National Insurance contributions. Despite initially successful operations, Farr described the challenges during the past year that ultimately forced him to make the difficult choice to close the business.

Reflecting on his experience, Farr stated, "Everything was fine when we first took over the restaurant… but April last year... it made things a bit tighter." In an effort to manage costs, he took on two part-time jobs while managing the restaurant, only for increasingly high supplier and energy costs to exacerbate the situation. "With the market at the moment, no one wants it as a restaurant," he lamented, expressing hope that the venue may be preserved in its current culinary form rather than succumb to development pressures.

The closure of The School House Restaurant coincides with a broader trend observed in the hospitality industry, where many businesses are grappling with financial instability due to rising costs post-pandemic. Local business owners, including those from Waterside Monton, echoed concerns regarding the government's lack of support and the ongoing struggles they face. Farr concluded his announcement by thanking loyal customers for their years of support, preparing for the final weekend of service at the restaurant, with its last service scheduled for April 11.

Source: [Noah Wire Services](https://www.noahwire.com)