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THE GOVERNMENT HOSPITALITY

WINE CELLAR

BI-ANNUAL REPORT 2020-2022

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INTRODUCTION

1. This Report on the Government Hospitality (GH) wine cellar is published as part of the commitments made by the government following the review of the GH wine cellar in 2010, the results of which were announced in May 2011. The report is designed to offer a transparent and comprehensive overview of the usage, value, costs and stock levels of the wine cellar, as well as broadening the understanding of how the cellar is used to support the work of Government Hospitality in delivering appropriate hospitality for all government ministers and departments.
2. The report has also been prepared to offer insight into the management of the cellar and demonstrate the value for money that the cellar provides. The purchasing of wine at relatively modest prices and its retention until ready for use allow Government Hospitality to provide guests of the government, from home and overseas, with wines of appropriate quality at reasonable cost.
3. Government Hospitality is advised on the purchasing and management of the stock by an ad hoc advisory committee, the Government Wine Committee (GWC). Meeting approximately three times a year, the four Committee members of the GWC are Masters of Wine, and give their advice un-paid. The Chairman is a retired senior Diplomat, who is also un-paid.
4. This report covers the period 1 April 2020 to 31 March 2022. Following the publication of the 2018-2020 report, it became clear with the advent of the Coronavirus pandemic in 2020 that both consumption and purchasing levels would be seriously reduced compared with previous years.
5. In summary, usage of the cellar fell significantly in 2020-21 (by some 96%) to only 130 bottles of wine. This figure increased to 1,303 bottles of wines and spirits in 2021/22, but that still represented a fall from the average consumption of some 60%. Clearly the figures for both these years represent a diversion from the normal consumption that may be expected to resume in 2022/23. All events organised by Government Hospitality during this period were done so in strict accordance with COVID-19 restrictions.
6. Figures for bottles used and costs or values have been rounded up or down to the nearest whole number. No distinction is made between half bottles (37.5 ml), whole bottles (75 ml) or magnums (150 ml) of wine.
7. Wines are generally described by country of origin, but in the case of France and Germany, wines are defined by their region of origin.

HISTORY AND BACKGROUND

History:

1. The establishment in 1908 of the former Government Hospitality Fund to provide hospitality services for high-level visiting overseas government guests and domestic guests led to the requirement to structure the purchasing of wines for these events. In 1922, the constitution of the Government Hospitality Fund Advisory Committee for the Purchase of Wine led to the creation of the Government Hospitality (GH) wine cellar that still exists today.
2. The wine cellar has been located in the basement of Lancaster House for many years, although at various stages in the 20th century some of the cellar stock was housed in other government buildings (eg. Downing Street, Carlton Gardens, etc). After the outbreak of World War II, wines from the German Embassy were requisitioned and added to the cellar stock. For part of the war, the bulk of the cellar was re-located to Warwickshire for safe-keeping.
3. Lancaster House has been the working base for Government Hospitality for over a century. With the completion of the post-war refurbishment in the 1950s the house was used exclusively for government entertainment and large conferences and meetings. This is still the prevailing purpose of the house, now managed as part of the Foreign, Commonwealth & Development Office estate.

Background:

4. The Government Hospitality wine cellar is a working resource that is used only to support Government Hospitality in its service delivery. Wines are bought young and relatively inexpensively and held in the cellar, so that they can be used when fully mature. Wines for use on large-scale receptions are bought in bulk on an ad hoc basis (usually 3-4 times a year).
5. The selection of wines for the cellar is carried out on the recommendation of the Government Wine Committee (GWC). Formerly a registered NDPB (non-departmental public body), the Government Hospitality Advisory Committee for the Purchase of Wine, the Committee was removed from the Cabinet Office list of NDPBs as part of the Public Bodies Reform process announced in October 2010. The Chairman (Sir David Wright, former Ambassador, and chair during the years covered by this report) and the 4 Masters of Wine members of the Committee make their selections for purchases based on blind tastings. The Committee currently has no budget. The Head of Government Hospitality ultimately decides whether or not to accept the Committee's recommendations, depending on the balance of the cellar stock and resources available.
6. Wines are selected for use depending on the guidance offered by the GWC on grading, quality and readiness. Government Hospitality staff select the wines to be used on each event, depending on the nature of the event, seniority of the guests, etc. Ministers and senior officials hosting events do not select wines but are notified of the selections made on their behalf.

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7. After the election in May 2010, the then Secretary of State for Foreign and Commonwealth Affairs asked that a review of the Government Hospitality wine cellar be conducted, in-line with other areas of government expenditure, to ensure that the cellar was delivering value for money, and examine whether the running of a cellar was the most cost effective way to supply wines for GH's business hospitality needs. The review concluded that the cellar was delivering value for money and was the most cost effective way to provide wines for Government Hospitality functions and State Banquets, but that reform was required.

8. The review recommended that:

- the Cellar should move to a self-financing regime for the medium term, with targeted sales of high value stock helping to pay for future purchases.
- there should be an annual statement or report to Parliament on the use of the Wine Cellar, covering consumption, stock purchases, costs, and value for money.

9. The first sales from the cellar stock took place in March 2012, delivering a £44,000 return to off-set the 2011/12 purchases of new stock, which totalled £48,955. The difference was covered by additional funds paid back to Government Hospitality by other government departments for work under-taken on their behalf. Between 2011/2012 and 2018/2019, the cellar was self-financed through sales and additional funds paid to Government Hospitality for work undertaken on behalf of other government departments. Sales were not possible in 2020/21 due to the outbreak of the Coronavirus pandemic in February / March 2020. Sales resumed in 2022/2023 and we anticipate further sales during 2024

10. During the Financial Year 2020/21, there were no sales of high value stock from the cellar. Purchases amounted to £14,621 in 20/21 (cf £46,906 in 18/19). Government Hospitality was re-paid by other government departments for wines used to the value of £1,732.00

11. During the Financial Year 2021/22, sales of high value stock could not be completed due to the Coronavirus pandemic. Purchases amounted to £12,356. Government Hospitality was re-paid by other government departments for wines used to the value of £8,875.00.

12. Consumption levels in 2020/21 decreased cf. 2019/20 (3,336 bottles). Consumption fell by approximately 96% to an overall total of 130 bottles of wine and spirits.

13. Consumption levels in 2021/22 rose cf. 2020/21 (130 bottles). Consumption rose by to an overall total of 1,303 bottles of wine and spirits, but that represented a fall of some 61% cf. pre-pandemic consumption.

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KEY POINTS :

(All statistics as at 31 March 2021 and 31 March 2022)

- The Government Hospitality wine cellar contained 33,307 bottles of wines and spirits in 2021
- The Government Hospitality wine cellar contained 32,301 bottles of wines and spirits in 2022
- Total value of stock at cost was £822,789 for FY 2020/21, and £804,312 for FY 2021/22
- Numbers of bottles used in 2020/21 and 2021/22 :

	2020/21	2021/22
Wines	114	1036
Reception Wines white	10	179
Reception Wines red	0	57
Spirits & Brandies	6	31
Total	130	1,303

- Revenue from sales of stock : £0 £0
(see Sales below)
- Repayments by other government departments for wines used : £ 1,732 £ 8,875
- Expenditure on new stock : £14,621 £12,356
(see Purchases below)
- Value at cost of stock used : £2,745.05 £23,404.92
- English wines represent 0% of new purchases in 202/21 by value and volume, and 100% by value and 100% by volume in 2021/22.

FACTS AND FIGURES

- The Government Hospitality wine cellar contained 33,307 bottles of wines and spirits as at 31 March 2021
- In March 2022 the cellar contained 32,301 bottles of wines and spirits.
- Total cost value of stock at 31 March 2021 was £822,789 (cf 2020 - £810,896).
- Total cost value of stock at 31 March 2022 was £804,312.
- *Estimated market value of stock at 31 March 2021 £3.340m*
- *Estimated market value of stock at 31 March 2022 £3.660m.*
- *Consumption fell by approx. 96% in 2020/21 cf. 2019/20.*
- *Consumption rose cf. 20/21 but by comparison with pre-pandemic levels fell by nearly 61% in 2021/22.*

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- *Bottles used in 2020/21 : 130 (cf. 3,336 in 19/20).*
- *Bottles used in 2021/22 : 1,303.*

- *Bottles of English and Welsh wine used in 2020/21 : 19 (including reception wines)
= 15 % of total.*

- *Bottles of English and Welsh wine used in 2021/22 : 804 (including reception wines)
= 62% of total*

	20/21	21/22
• <i>Average cost per bottle used :</i>	<i>£21.12</i>	<i>£17.96</i>
• <i>Average cost per bottle of wine purchased :</i>	<i>£28.34</i>	<i>£19.43</i>
• <i>Total receipts / revenues:</i>	<i>£1,732.00</i>	<i>£8,875.00</i>

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USAGE DATA (See Annex A for detailed usage breakdown)

Summary :	2020/21	2021/22
Bottles of Wine used :	114	917
Bottles of Reception Wines (white) used :	10	179
Bottles of Reception Wines (red) used :	0	57
Bottles of Spirits & Brandies used :	6	31
Total	130	1,303

Usage by Wine Varieties:

Quantity (bottles)

Alsace :	3	5
Argentina :	0	0
Australia :	0	21
Austria :	0	0
Bordeaux (Red) :	31	108
Bordeaux (White – Sauternes) :	5	19
Burgundy (Red) :	8	71
Burgundy (White) :	22	26
Canada :	0	2
Champagne :	3	17
Chile :	0	4
English (White non-reception) :	7	119
English and Welsh (Sparkling) :	2	506
Italy :	0	34
Loire :	5	7
Mosel :	9	23
New Zealand :	0	4
Port :	6	26
Rhine :	0	0
Rhône :	4	12
South Africa :	0	12
Spain :	0	8
United States of America :	9	12

Spirits:

Cognac / Armagnac / Brandy :	1	1
Gin :	4	23
Whisky :	1	3
Martini :	0	1
Pimm's :	0	3

Reception Wines:

White :	10	179
Red :	0	57

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Information on the individual costs of the wines used and purchased is not released to protect Government Hospitality's commercial interests (Freedom of Information Act 2000, section 43 (2) exemption) and its ability to achieve significant discounts from suppliers.

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SALES / REVENUE

In 2020/21 Government Hospitality was unable to sell any stock due to the advent of the Coronavirus pandemic.

GH took receipts for wines used on functions for other government departments (ie. events not paid for from its own budget) totalling £1,732.00

Total receipts / revenues ***£1,732.00***

In 2021/22 Government Hospitality was unable to sell stock because of the on-going Coronavirus pandemic.

GH took receipts for wines used on functions for other government departments (ie. events not paid for from its own budget) totalling £8,875.00

Total receipts / revenues ***£8,875.00***

PURCHASES

All costs for the purchase of new stock in 2020/21 and 2021/22 were covered by monies recovered from other government departments for work under-taken on their behalf, or directly from Government Hospitality's operating budget.

In 2020/21 Government Hospitality spent £14,621 on new purchases for the cellar, at an average cost per bottle of £28.34. 100% of the small quantities purchased were red Bordeaux wines.

The following types of wine were purchased:

Wines:

Red Bordeaux 516 bottles

In 2021/22 Government Hospitality spent £12,356 on new purchases for the cellar, at an average cost per bottle of £19.43. 100% of the wine purchased by volume was English or Welsh.

The following types of wine were purchased:

Wines:

English / Welsh sparkling 636 bottles (incl 180 magnums)

Spirits:

Gin 18 bottles

Whisky 4 bottles

Liqueurs 4 bottles