

Rt. Hon. Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

Rt. Hon. Kwasi Kwarteng MP  
Secretary of State for Business, Energy and Industrial Strategy,  
1 Victoria Street,  
London  
SW1H 0ET

## **Hospitality and Pub Sector's ability to be at the heart of the recovery in jeopardy**

3rd June 2021

Dear Chancellor & Secretary of State,

Our members operate hospitality venues across the UK in every community and are now facing a perfect storm of critical commercial pressures plus ongoing uncertainty on their ability to trade profitably free of restrictions. This is materially undermining critical investment in our viable sector, creating significant employment challenges and leading to further irreparable business failure. We have previously written to you to confirm that our capability and capacity would allow us to be at the heart of the nations economic recovery, this is now in real jeopardy without your further support.

The continued and protracted uncertainty around moving to Step 4 of the roadmap, whilst understandable with the Delta variant news on the 14th May, has impacted momentum in confidence, trade and employment. We have not built the resilience as expected creating further fragility for trading businesses and we clearly do not expect this to change until at least the 14<sup>th</sup> June. This uncertainty is also exacerbating workforce challenges around reopening as workers are not confident that we are a stable sector for careers. We are also suffering significant additional staffing costs that are needed to comply with the current restrictions which unlike the July 2020 reopening now includes both table ordering and additional test and trace requirements. These measures further suppress profitability and adds significant pressure around workforce requirements.

The commercial realities for our sector are now stark. One in four of our businesses, **26,500 venues, remain closed due to legal restrictions**. Those venues that are trading are doing so with significantly reduced capacity and are delivering **revenues at 63% of normal pre-Covid levels**. These levels do not support profitable trading and this is further compounded by the additional labour costs of operating Government restrictions. Each further month of trading at this **reduced capacity reduces revenues by a further £3bn** for our sector critically undermining the sustainability of our businesses and putting jobs in our sector at risk.

Despite the resilience and innovation of our operators, business failure is significant. We have seen **closures of 12,000 hospitality businesses over the last year, 1 in 10 of restaurants and 1 in 5 of town centre casual dining and late night bars**. Our remaining businesses, viable and growing in pre-Covid trading, are extremely fragile having built up significant debts - **£6bn in Government backed debt and £2.5bn in rent debt**. Just as they fully reopen again, if the Government roadmap is delivered, they will be facing a lethal cocktail of additional costs; **£93m in business rates payments in July**, full rents on their properties and repayments on their Government loans. The majority of our operators are expecting the recovery of their businesses to take several years.

Hospitality supported over 3.2 million jobs before the pandemic and with the right support in place it is still capable of leading a jobs-rich recovery. Our operators are facing very real employment challenges right now through the combination of uncertainty over the future of the hospitality & pub sector, the lost pipeline of skilled staff progressing through professional development whilst our sector has been closed and the loss of a significant numbers of European workers who no longer meet the requirements for the majority of required roles in the UK.

That said, our sector remains passionate about creating accessible and skilled jobs across the UK in all of our communities. We have provided, and can do so again, large-scale employment opportunities, alongside world-class apprenticeships and development programmes enabling rapid career development.

To allow us to be at the heart of the economic recovery we are asking for your support;

- **Early confirmation of the removal of all trading restrictions placed on our hospitality and pub businesses as we move to step 4 of the Government roadmap**
- **Extension of 100% rates holiday until April 2022 uncapped, in line with Scotland, Wales and Northern Ireland**

The removal of the burden of business rates alongside confirmation of the removal of all trading restrictions will help safeguard the futures of our hospitality and pub businesses. It will enable them to rebuild resilience and allow them to once again support over 3 million jobs in every community, provide critical support to our nations supply chain from local farms to breweries, and ensure that we can keep our venues as essential assets at the heart of our communities and high streets.

We greatly appreciate all of the support that has been given to our sector during the pandemic. We are now seeking a further extension of this support in recognition of both the specific damage that has been incurred in our sector through the pandemic, and the significant value this investment can deliver in ensuring our viable sector can be at the centre of the economic recovery as the UK's third largest employer.

As always, we would welcome any further engagement with you and your officials to discuss these proposals.

Yours sincerely,



Steve Alton, Chief Executive of the British Institute of Innkeeping;



Emma McClarkin, Chief Executive, British Beer & Pub Association (BBPA);



Kate Nicholls, Chief Executive, UKHospitality (UKH);