



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

22nd May 2020

Coronavirus Job Retention Scheme – support for pubs and wider hospitality restart

Dear Chancellor,

Your announcement of the extension of the Coronavirus Job Retention Scheme (CJRS) until the end of October was extremely welcome for pub and wider hospitality sector. Our sector is estimated to have furloughed around 80% of its staff – and in the wider hospitality sector this will result in around 2.4 million people maintaining a link with their employer. While we welcome moves to restart the economy, and incentivisation is a key part of that, we have concerns that moving too soon could endanger the progress made and harm the recovery.

Other sectors are already returning and will have time to adjust for August – this is not the case for pubs and hospitality, who are two months behind the rest of the economy in terms of reopening. It is critical that the sector is given at least parity with other businesses in terms of the time between full furlough withdrawal and reopening.

As you will be aware hospitality was one of the first sectors hit by the coronavirus crisis, it has been amongst the hardest hit and will continue to be hit hard after other sectors return. However, hospitality is a resilient sector that has returned strongly after many previous crises – driven by the passion of those who work in the sector and those customers who value the offer our businesses provide we are at the heart of local communities across the UK. As a sector around half of our employees are under the age of 25, and trying to build their careers, there is a desire to return to work and rebuild their lives and skillsets.

We therefore believe that Treasury has an incentive to invest in our sector, even if this takes longer than for other sectors. The destruction of hospitality would leave a scar on communities across the country, as well as an economic scar that you have referred to. As you consider the future of the scheme, by the end of May, we believe there are some key elements that you need to consider

With the hospitality sector certain to be significantly below capacity for a substantial time **we urge you to maintain the furlough salary at 80% for employees employed in the sector until October.** We appreciate this could be administratively difficult, but we are committed to engage with officials to find solutions. In many sectors this may not provide sufficient incentive to return to work, however in hospitality the high-fixed costs we face will provide the necessary impetus – as well as the desire to serve our communities.

Your commitment to adding flexibility to the furlough system is extremely welcome. We would suggest that this involves **permitting furlough for a minimum of one week rather than the current three weeks.** This strikes a balance between giving employees certainty, avoiding fraud and allowing businesses flexibility to restart their business in the most economic fashion possible.

To facilitate a successful restart at the earliest, safest opportunity we also believe that **Government should look to introduce flexibility earlier than the current scheduled date of the start of August.** With hospitality due to open from 4th July, albeit at much-reduced trading levels, additional opportunities may be needed to allow staff to come back for short periods to prepare businesses to open and indeed in the early stages of re-opening at reduced levels of trade. This is also an important point for brewers and those suppliers to the hospitality sector that need to start preparations ahead of time.

Finally, we believe there should be some consideration given to a **part-payment for returning staff**, based on the contributory furlough system that will the Government has committed to for the wider economy. For example, Government could contribute a proportion of earnings for those returning to work in sectors that have severe capacity reductions due to social-distancing rules. This could be time-limited to two months following the reopening.

The measures outlined provide options that allow a pathway to a sustainable restart for the pub and wider hospitality sector that reflects its unique position as a result of the coronavirus crisis. It incentivises reopening and a return to productive activity, while ensuring that staff are not made redundant where businesses are forced to remain closed or are operating at severely reduced capacity, for the wellbeing of the nation.

As always, we stand willing to support the Government in its efforts to devise credible and workable policy that delivers on its objectives.

Yours sincerely,



Steven Alton, CEO, BII



Emma McClarkin, Chief Executive, BBPA



Kate Nicholls, CEO, UKHospitality