



2nd October 2020

Paul Scully MP
Minister for Small Business, Consumers and Labour Markets
BEIS
1 Victoria Street
London
SW1H 0ET

Dear Minister,

Further to our meeting last Friday to discuss the recently introduced restriction on hospitality activity, we wanted to share with you the initial feedback on the impact this has had on business viability and the consequential implications for jobs and the long term recovery.

You also asked us to set out proposals for additional sector specific support which could be provided to help address this over the next 6 to 12 months. We would like to emphasise that we acknowledge the considerable support provided to the sector to date but while this was sufficient to get us on the road to recovery at the start of the month, it is not sufficient to address the severe and deleterious cumulative effect of a series of local lockdowns and yet further restrictions on both supply and demand.

Indeed, you will be aware, that along with over 100 member businesses, we sent an open letter to the PM on this matter just this week that laid bare the gravity of the situation we find ourselves in. This letter builds on the points made there in terms of additional support required.

A recent survey of our members on the impact of the changes announced last week have laid bare the extent of the downturn in trade, rendering many businesses unviable. Research from CGA shows that in the last week following the announcement of the new measures, managed high street bar and restaurant operators saw revenues fall by more than 30%, back to below break-even, and 15% compared to the same day last week. A fifth of venues remain closed and will struggle to reopen and without additional support, over 560,000 additional redundancies are expected across the sector.

While some of the measures announced in the Winter Economic Plan were helpful, they were neither targeted nor sufficient to offset the significant additional constraints on demand, supply and confidence hospitality is facing. Our sector is required to operate under special restrictions, and we are seeking proportionate sector specific support in return. This could include:

1. **Jobs Support Scheme** – given the Government restrictions we are trading under, business simply cannot afford to top up and pay for time employees are not working as proposed under the Chancellor's scheme. We will guarantee to give them one third minimum hours and pay them for those hours and to pay for any hours worked on top of this. We are asking for the Government's subsidy to be increased to a maximum of 44% to make up the difference in full. Without this change we anticipate almost no hospitality business being able to use the scheme while the current restrictions are in force. The hospitality jobs at risk are only unviable in the short term because of the severe trading restrictions in place and these jobs will return once restrictions are eased, as demonstrated over the summer.

2. **Lockdown Grants** – should we be unable to trade at all or in any meaningful way due to local or national lockdown restrictions imposed by the Government we are seeking an operating costs grant (based on an agreed % of turnover up to an agreed maximum cap amount) payable per week for the duration of the lockdown. The current compensatory grant for business of up to £500 per week for a maximum of three weeks does not reflect in any way the ‘real life’ operating costs of running a hospitality business. Any grant must be made available to all businesses and not linked to rateable value – over 75% of hospitality activity takes place from premises with an RV of more than £51k
3. **Business Rates Holiday** – it is equally important for the Government to give a signal of longer term strategic thinking post March 2021 in order to sustain investment while businesses are currently in this 6 month limbo: an early confirmation on future business rates policy will be critical to this. Given the cancellation of the Autumn Budget, we would welcome a signal before the end of the year on extending current business rates holiday for hospitality businesses subject to ongoing COVID legal restrictions. This will be particularly critical to the recovery of city centre businesses, which have been so badly hit by the COVID crisis and have suffered the slowest recovery. Confirming an extension of the holiday would underpin investment through the winter.
4. **VAT Cut Extension** – hospitality has the potential to deliver a rapid return to growth, job creation and play a full part in the economic recovery once restrictions are lifted. The quickest and most effective means of supporting viable businesses across the sector is to boost productivity, competitiveness and provide a fiscal stimulus to underpin consumer confidence through an extension of the VAT cut through the period of recovery.
5. **Rent Debt Proposal** – proposals have been discussed with your team and Treasury about a package of fiscal and non-fiscal interventions to address rising rent debt which is increasingly unsustainable. We would ask that these discussions resume as a matter of urgency Without further intervention, this accrued debt will undermine the recovery in Spring 2021 and result in widespread business failure.

While the need for additional front-line support for operators facing new legal restrictions is acute, it is also important to acknowledge that the impact is being felt right the way through the supply chain. Business failures at an operational level will have a far more widespread social and economic impact, particularly affecting the profitability and viability of many brewers. We would therefore also ask that consideration be given to measures to build confidence and resilience here through a cut in beer duty.

None of these individual measures outlined above represents a ‘silver bullet’. A combination will be required to allow viable businesses to survive the next six months and play their part in the recovery when it comes.

Thank you for your support and agreeing to take these concerns up with your colleagues. Please let me know directly what else you need from either me or business leaders in my sector to make progress in those discussions.

Yours sincerely



Steven Alton CEO BII

Emma McClarkin CEO BBPA

Kate Nicholls CEO UKHospitality