



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

20<sup>th</sup> November 2020

## **The business fragility of British pubs, hospitality and its supply chain: Confirming a six-month investment plan**

Dear Chancellor,

We wrote to you in early November outlining the very real risks of business failure across the hospitality sector. With severe trading restrictions across the UK, England fully locked down and the potential of further measures ahead, our businesses are on the brink of irrecoverable failure. We have recently surveyed our collective members and 72% now expect their businesses to become unviable and fail by the end of 2021.

There is a sense of real frustration across hospitality that our sector has now been subject to disproportionate restrictions whilst many other businesses continue to operate under the banner of essential retailers. This is compounded by our sector having developed extensive Covid-Secure guidelines in collaboration with Government, delivered them in full and further adapted their businesses with additional restrictions, whilst seeing no evidence that hospitality has played any significant role in the national infection rates.

We laid out a clear investment plan that would allow our viable sector to fully participate in the nation's recovery, if essential business support is in place whilst our businesses are subject to Government trading restrictions. Your commitment to extending the Job Retention Scheme has been greatly welcomed as a key part of this package. However, without our viable hospitality businesses receiving the other key elements of the proposed support package they will fail, and the jobs currently being protected will be lost.

As the Government plans its next critical steps in the pandemic, which appears to include the continuation and potential tightening of trading restrictions, we would ask you to confirm all elements of the investment plan to support our sector through to the spring. With 94% of our

businesses loss making in Tier 3 restrictions and 76% loss making in Tier 2, the current measures are devastating for our businesses.

As we have shared previously, our sector is worthy of investment being both viable and able to bounce back rapidly once free of trading restrictions, as demonstrated during the summer months. Before this crisis, our sector supported over 3 million jobs (c.10% of UK jobs in every community), contributed over £73bn to the UK economy and generated circa £40bn in taxes to the treasury. With your commitment to the support needed now we will be able to play a full role in our nation's economic recovery with our sector both repaying your investment and playing its own role in contributing to the stability of the nation's fiscal balance.

We proposed a specific six-month package of investment based on the following core principles:

- Securing business survival through the winter is the best way of reviving the economy in 2021 and avoiding the worst-case scenarios on unemployment – ensuring that Government support is an investment in the future.
- Support must be at a level to protect a vital British industry and its supply chain, local communities and community wellbeing, 3 million jobs and the livelihoods they support, as well as hundreds of thousands of SMEs.
- It recognises that further investment now in British hospitality and British brewing will ultimately drive economic growth and deliver billions in vital tax revenues for years to come. This is a sound investment which will rapidly pay back if the hospitality economic engine is safeguarded.

A six-month investment package for hospitality businesses, breweries and supply chain to include:

- A more sustainable round of grants in line with the first lockdown to adequately cover ongoing fixed costs, with payment as soon as possible. This must also address the state aid cap with an increase to €3 million – and potentially more once the UK is no longer subject to EU rules.

As a minimum:

<£15kRV = £3,000 per month; £15-£51kRV = £6,000 per month; >£51kRV = £9,000 per month; >£100kRV = £12,000 per month

- Kickstart the 2021 recovery with a reduced rate of VAT for hospitality through the whole of 2021 and a business rates holiday for 2021/22.
- Investment in British brewing via beer duty support and a compensation scheme for brewers for unsold beer & returned stock.
- An extension to the rent enforcement moratorium to June 2021 to protect businesses and bring partners to the table.

Your support of the hospitality sector so far is appreciated and we would now ask you to complete the essential package of support that will be needed for our survival. As always, we would welcome further discussion with you and your team on how we can make this happen.

Yours sincerely,



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



Tom Stainer, Chief Executive, Campaign for Real Ale (CAMRA);



Kate Nicholls, Chief Executive, UKHospitality (UKH);



Steven Alton, Chief Executive of the British Institute of Innkeeping (BII);



James Calder, Chief Executive, the Society of Independent Brewers (SIBA);



John Longden OBE, Chief Executive, Pub Is The Hub;