



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

29<sup>th</sup> October 2020

Dear Chancellor

### **State Aid limits and grant funding**

As you will be aware the local authority grants that were issued in March saved a large number of hospitality businesses from collapsing in the short term. However, the €800,000 state aid cap in relation to these grants meant that many businesses could not access these grants. The ensuing months of shutdown and severely limited trade have continued to erode resilience in our sector. The most recent announcements of restrictions on hospitality have only made this situation more urgent.

It was with huge concern then that we began learning of business owners in areas of local lockdown being denied the emergency grant funding the Government put in place because of these same state aid restrictions. This funding is a lifeline for many hospitality businesses, including publicans, and if they continue to be denied access to this they will inevitably be forced to close permanently.

We were therefore heartened to note that on 13<sup>th</sup> October that the European Commission decided to prolong and extend the scope of the State Aid Temporary Framework that was originally adopted on 19<sup>th</sup> March 2020 to support businesses in the context of the coronavirus outbreak. Paragraph 3.12 of the revised framework provides for increased provision for impacted businesses up to €3 million per undertaking, to account for uncovered fixed costs where turnover has fallen by at least 30%.

We seek urgent confirmation of how the Government will apply this change to support hospitality businesses and the vital supply chain that relies on them at this critical time and who otherwise will not be able to access the new grant support. This will have a material impact on our member businesses, many of whom are in the process of reviewing their businesses and operations in the context of the very long and difficult winter months approaching – and the months of closure they have already had to deal with. Many have already reached their existing state aid cap after the previous grant funding. Individual hospitality businesses could have claimed a £25k grant in May 2020, but a parent company would have been capped at claiming for a maximum of 32 sites. Without a change, these operators, and many more who will quickly hit this cap, will not be able to access desperately needed support for their sites in Tier 2 and Tier 3.

Although it is difficult to estimate with the rapidly changing lockdown situation, we believe there are well over 20,000 hospitality venues alone that will miss out on urgently needed grant funding, for pubs alone this is likely to be the region of £50 million.

We would urge you in the strongest terms to apply this change quickly and in the most flexible way possible, allowing our members to access additional grant funding to save hundreds of hospitality businesses operating thousands of outlets across the UK. Without this money, many will be lost forever – this cannot be the Government’s intention.

We would very much welcome the opportunity to discuss these issues further with you and your officials at the earliest opportunity.

Yours sincerely



Steven Alton CEO BII



Emma McClarkin CEO BBPA



Kate Nicholls CEO UKHospitality