



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

2<sup>nd</sup> November 2020

## **Securing the future of British pubs, hospitality and its supply chain: A six-month investment plan**

Dear Chancellor,

We are writing to you to gain your support for an investment package in the hospitality sector to allow us to fully play our part in the national economic recovery. Without an immediate six-month support plan, many of our viable hospitality businesses will irrecoverably fail with significant losses of jobs, livelihoods and a material long term impact to the UK economy.

Our sector has proven to be both viable and able to bounce back rapidly once free of trading restrictions as demonstrated during the summer months. Our industry which supports over 3 million jobs (c.10% of UK jobs in every community) contributes over £73bn to the UK economy and generates circa £40bn in taxes to the treasury. We have the scale, capacity and capability to be one of the first sectors to recover, with our ability to drive down unemployment, once trading restrictions are removed. The risk to this essential economic engine is material without a package of investment covering the next six months.

Just five weeks ago, as the sector predicted the devastating loss of 750,000 jobs, over 100 hospitality business leaders and the three leading trade bodies wrote an open letter to the Prime Minister. It concluded:

*“The simple truth is that without an immediate review of the support on offer to pubs, restaurants and wider hospitality businesses, many will be lost for years to come. The damage to communities will be immeasurable, long-term, and ultimately, extremely costly for Government.”*

Since then the Government have announced some welcome enhancements to the Job Support Scheme, as well as your recent announcement of a further one-month extension of furlough and additional grants for hospitality businesses in Tier 2 and Tier 3 areas. Your personal recognition

of the significant impact to the hospitality industry is greatly appreciated and the additional measures have been helpful in securing thousands of jobs, at least on a temporary basis. However, without comprehensive investment now, our hospitality businesses will fail and with them their ability to maintain and create employment.

The sector remains in an extremely precarious position. Over 90% of fully Covid-secure, hospitality businesses are operating at a loss, thousands of otherwise viable businesses in Tier 3 and Tier 2 areas are now closed. This means that debt continues to build to unsustainable levels and turnover is at a fraction of normal trading. The sector could not be going into a lockdown in a worse state. As we enter a 4-week national lockdown in England, a refreshed and longer-term investment plan is now critical.

We are proposing 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.
- The 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.
- We need a defined pathway and benchmarks for re-opening and a return to normality or tier 1 – with revised conditions to remove curfew and accommodate safe socialising.

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

- A commitment to employment support guaranteeing 80% of wages to continue for businesses beyond this 4-week period. Flexibility should also be available throughout the next six-months, recognising the material impact upon trading whilst **any** national restrictions are in place.
- A more sustainable round of grants in line with the first lockdown to adequately cover ongoing fixed costs, with payment as soon as possible. Also addressing 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

- An extension to the rent enforcement moratorium to June 2021 to protect businesses and bring partners to the table.
- Kick start 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.

The support package proposed provides a sound investment for the Treasury and will allow our innovative hospitality businesses & supply chain to play their full part in our economic recovery, with your support. 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;



Kate Nicholls, Chief Executive, UKHospitality (UKH);



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



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



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