



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

7<sup>th</sup> May 2021

### **Delivering a resilient hospitality sector out of the pandemic**

Dear Chancellor,

Progress with the vaccination programme and the sharp suppression of Covid infection rates has dramatically reduced hospital admissions and deaths, justifying the Government's approach in removing restrictions on hospitality and the wider economy. It is critical that progress along the roadmap is continued so that our sector can return to profitability. At Step 2 and 3 of the Roadmap business viability is simply not possible for the vast majority of hospitality businesses. There is concern within the industry after the Foreign Secretary's comments last weekend that the Government will continue with restrictive measures – potentially linked to Covid Status Certification.

Our latest Q1 hospitality tracker shows that the last year has seen a two-thirds loss of trade for the sector – equating to a loss in revenue of £80 billion. Even now, only around 29% of hospitality businesses are open and we are trading down by 81%.

As a sector we hope to see a continuation with the progress along the roadmap. However, it's clear that any slippage with the proposed dates or the continuation of any restrictions would necessitate further Government support. It will be tough enough for businesses to resume business rates payments from 1<sup>st</sup> July but this would be made even more difficult if the sector cannot return to a profitable level of trade. HM Treasury must stand ready to deliver extra support measures if there is any slippage in the roadmap that result in restrictions remaining beyond June 21<sup>st</sup>. We would value your support in encouraging the full lifting of restrictions to ensure that hospitality can return to full strength, along with a concurrent strategy and an early announcement for support should such a lifting not be possible.

As we do return to normality there are structural issues that need to be resolved. The first of these is a solution to the rent debt that has built up since last March as a result of the forced closure and restrictions. UKHospitality has responded to the MHCLG call for evidence proposing an extension of protections from enforcement and a national-level adjudication that eliminates 50% of rent debt accrued during closed period and 25% for restricted periods.

As part of the rent solution there may also be the need for further Government loan support, to bridge the gap in repaying outstanding rent arrears. We are keen to work with Government on a low-interest loan available to both tenants and landlords to offer liquidity and a speedy resolution of rent arrears.

The issue of capital into the sector is also critical. Government loan schemes have been received positively but there are real concerns about their rollout – there seems to be a disconnect between your statements and the interpretation and application by banks. Many of our members report that they are being denied access to the full loan schemes by their banks. In particular, very few are able to extend their CBILs to the full ten years that is available to them. Others are concerned about the lack of availability for the Recovery Loan Scheme. We believe the loan schemes are very helpful in practice, but Government must instruct banks to ensure that loans are getting to hospitality businesses.

In addition to making the current loans more widely available to hospitality businesses, the industry has been working on a more targeted loan scheme that recognises the particular difficulties that the hospitality sector faces. This would be low interest and last for 10 years. We would be very happy to discuss how this could be developed and implemented with your officials.

With targeted intervention on rent and finance as we exit the crisis, we can secure a strong recovery. Without further action, however, we risk structural instability that threatens to waste the substantial investment made to date by Government and industry. Investing now in the revitalisation of hospitality will yield a substantial return on investment – in terms of economic growth, employment, levelling up, high street regeneration and Government revenues.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kate Nicholls'.

Kate Nicholls, CEO, UKHospitality