

HOSPITALITYOMICRON SUPPORT

- Thanks to the government's £400 billion package of support for the economy throughout the pandemic, unemployment levels are low, job vacancies are at record highs, and consumer and business confidence has returned as the economy is growing faster than any of the G7.
 - But due to the current, specific impact on the hospitality and leisure industry, we are announcing £1 billion of targeted financial grant support for the industry to protect jobs and businesses through cash grants of up to £6,000. Given the uncertain situation, we have deliberately erred on the side of generosity to accommodate all eventualities over this uncertain period.
 - Furthermore, given the likely impact on all businesses from rising infection levels, we are re-introducing our Statutory Sick Pay Rebate Scheme, whereby SMEs can claim a cash rebate from the government for the cost of SSP for each employee for two weeks.
 - It is also important to remember that overall businesses have more cash in the bank and less debt, including the hospitality sector as whole, than they did pre-pandemic. Furthermore, corporate insolvencies are currently running *below* 2019 levels, including for hospitality businesses, and the UK also has a strong labour market. That is why it is right we target support at where it is needed most.
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We are today announcing £1 billion of new grant support for the hospitality, leisure and cultural sectors to protect jobs and businesses throughout this period:

- **New one-off cash grants to help businesses**. We are providing one-off grants of up to £6,000 for eligible businesses in the hospitality and leisure sectors, depending on rateable value:
 - Businesses with a rateable value of £51,000 or above: **£6,000**
 - Businesses with a rateable value between £15,000 and £51,000: **£4,000**
 - Businesses with a rateable value of £15,000 or below: **£2,666**
- **These are generous grants**. Given the uncertain situation, we have deliberately erred on the side of generosity to accommodate all eventualities over the next few weeks. These grants are the same size as the monthly cash grants we provided to hospitality businesses when they were fully closed earlier this year – whereas now they can continue to trade. Illustratively, these grants mean that the rent of 95 per cent of all small businesses premises in the hospitality, leisure and accommodation sectors is fully covered, and will benefit around 200,000 properties in total.
- **We are also providing over £100 million new discretionary funding to local authorities to support other impacted businesses**. This is on top of the approximate £250 million of Additional Restrictions Grant (ARG) yet to be disbursed to businesses, with 3 out of 4 local authorities having up to 40 per cent of their allocation remaining. The Business Secretary has written to those local authorities which have more than 5 per cent instructing them to disburse their remaining funding.
- **We are making available an additional £30 million** to support theatres, museums and other vital cultural institutions through the Culture Recovery Fund.
- **We are reintroducing the Statutory Sick Pay Rebate Scheme to help businesses cover employees who fall ill**. As called for by the Federation of Small Businesses, this will help small and medium-sized businesses cover the cost of coronavirus-related sickness absences. The scheme means employers can apply for a cash rebate from the government which covers the cost of SSP for up to two weeks per employee.

We are also putting in place support for the devolved administrations:

- **The devolved administrations will attract Barnett consequentials**. The new cash grants are England-only and will lead to a total of around £150 million for the devolved administrations in Barnett: £80 million for Scotland; £50 million for Wales; £25 million for Northern Ireland. The SSP Rebate Scheme is UK-wide.
- **We have also doubled the amount of additional upfront funding for the devolved administrations**. Thanks to Sunday's announcement, the devolved administrations will receive £860 million to help them continue their response to Omicron, up from £430 million previously.

This builds on our EXISTING package of support that is already in place to protect jobs and businesses:

- **Reduced rate of VAT for tourism and hospitality.** To support the 150,000 businesses and 2.4 million jobs in the tourism and hospitality sector, the government extended the reduced 5 per cent rate of VAT from 31 March 2021 to 30 September 2021. To help businesses manage the transition back to the full rate, a **reduced rate of 12.5 per cent currently applies until 31 March 2022** – a **tax cut worth over £8 billion.**
- **Significant business rates relief to support fixed costs.** Ninety per cent of businesses in the retail, hospitality and leisure sectors currently benefit from **75 per cent relief until March 2022** – part of a £16 billion package of support from the beginning of the pandemic. Then from next year, as announced at Autumn Budget, businesses will benefit from a **50 per cent discount on their bills**, up to a maximum of £110,000 per business. Taken together with Small Business Rates Relief, that's a business **tax cut worth £7 billion** for over 700,000 eligible businesses, the biggest business rates tax cut in 30 years. We are also freezing all rates next year, and cancelling next year's planned increase in the business rates multiplier – a **tax cut itself worth £4.6 billion.**
- **Additionally, following passage of the relevant legislation, the government has issued guidance for the £1.5 billion Additional Relief Fund,** allowing local authorities to provide financial support for businesses not benefitting from existing reliefs, such as breweries and wholesalers. The £1.5 billion has already been allocated to local authorities, and the DLUHC Secretary of State is writing to them today to impress the need for the money to be distributed as soon as possible.
- **Government-guaranteed Recovery Loans.** Businesses can access new Recovery Loans until June 2022, providing a 70 per cent government guarantee to lenders so they can continue to support businesses as they recover.
- **Bounce Back Loan repayment facility.** To help ease cashflow pressures, borrowers of Bounce Back Loans have the option to benefit from **Pay As You Grow:** 6-month repayment holidays, 6-month interest only periods, or extension of their loan to 10 years, which almost halves the monthly payment. Only 26 per cent of borrowers have used any Pay As You Grow option, and only 12 per cent have used the 6-month repayment holiday.
- **Time To Pay facility for hospitality.** HMRC stand ready to support any business impacted by the coronavirus pandemic through its Time to Pay arrangement, and we have asked them to offer businesses in the hospitality and leisure sectors in particular the option of a short delay, and payment in instalments, on a case-by-case basis, as part of this.
- **Support for the aviation and travel sectors.** We have supported the sector with over £12 billion since the beginning of the pandemic, through loan guarantees, support for exporters, and the Covid-19 Corporate Finance Facility. In addition, at Autumn Budget we extended the Airport & Ground Operations Support Scheme (AGOSS) for a further six months until the end of March 2022. **This provides up to £4 million for every airport in England, effectively covering the business rates bills for most of them.**

Thanks to our actions, hospitality businesses are entering this period in a reasonably decent position:

- **Businesses have more cash in the bank than before the pandemic.** Net cash deposits have increased in businesses of all sizes and in all sectors by £130 billion since the start of the pandemic – that's a 230 per cent increase. For all hospitality businesses, net cash deposits have risen by £7 billion (40 per cent), while small and medium-sized businesses in hospitality have seen their deposits rise by £2 billion (79 per cent).
- **We are seeing fewer insolvencies now than before the pandemic.** Monthly insolvencies across all sectors have been running 25 per cent below the levels pre-pandemic in 2019. In hospitality specifically, insolvencies are also running 25 per cent lower than they were before the pandemic.
- **Trading conditions for hospitality have improved significantly over the past six months.** ONS data shows hospitality output broadly recovered to pre-pandemic levels over the Autumn. Similarly, employment in the hospitality sector in November 2021 was broadly back to 2019 levels, and *OpenTable* bookings between May and the end of November were 27 per cent higher than pre-pandemic levels on average.

Supportive stakeholder quotes:

- **Kate Nicholls (CEO, UKHospitality):** ‘The decline in trade at this critical period for the hospitality sector has been catastrophic so **we are extremely grateful that the Chancellor has recognised this and come forward with a generous package of support.** This will help businesses to stay afloat and preserve jobs’.
- **Emma McClarkin (CEO, Beer & Pub Association):** ‘This short-term package of support from the Chancellor is **welcome at this extremely challenging time for pubs and brewers. It will be a vital lifeline for many and will help compensate businesses** for the dramatically reduced trade already being experienced in the run-up to Christmas’.
- **Mike Cherry (National Chairman, FSB):** ‘**These positive measures will help alleviate the intense pressures that small firms are currently under, and hopefully arrest a significant decline in confidence over this year.** With the prospect of one million people sick or self-isolating by January, we encouraged the Chancellor to bring back the COVID statutory sick pay rebate – we’re pleased to see our recommendation taken forward today. **This move will reduce stress for small employers up and down the country, helping those who are struggling most with depleted cashflow.** It’s vital that small firms – once again up against a massively disrupted festive season – can reclaim the costs of supporting staff. **The Government has also rightly taken forward other aspects of our ten-point plan, with £1bn worth of grant support for the hardest-hit sectors, alongside accelerated delivery of the business rates relief fund for supply chains launched months ago.** The encouragement of HMRC to give as much breathing space as possible to small firms as we head towards tax return season will also come as a relief to many. We’ve always said that support needs to move in lockstep with restrictions, **and this intervention will help give small businesses confidence that this is the approach Government will be taking**’.
- **Shevaun Haviland (Director, BCC):** ‘**These measures will provide some welcome respite to many of those businesses who have been hit hardest by the latest Covid measures.** The Chancellor and his team have engaged with us in talks over the past week, considered the experiences of Chamber business communities and the proposals we put to them. **We are pleased that the Chancellor heard our call for additional grant funding for hospitality and leisure businesses, which will provide some much-needed support in the face of this increasingly difficult trading period.** Clarity and speed will be needed to ensure that these grants are paid out swiftly to help these hard-pressed firms weather the next few weeks’.
- **Dr Andy Wood (CEO, Adnams):** ‘**It is reassuring that once again the Treasury has listened and reacted to the challenges our industry faces** and recognises the importance of the hospitality industry which not only supports millions of jobs, businesses and families’.