



All Party Parliamentary Group for Hospitality and Tourism

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

Dear Chancellor,

Budget Measures to Support Hospitality and Tourism

We are writing today as members and supporters of the All-Party Parliamentary Group for Hospitality and Tourism ahead of the Budget on 3rd March.

As you will of course be aware, hospitality and tourism are vital to the UK's economy along with the livelihoods and wellbeing of millions of people across the UK. The pandemic has amplified this, with its impacts illustrating the pan-UK nature of these sectors, the economic benefits they generate, and the wider social and wellbeing benefits that they provide.

The role that these sectors play in terms of boosting local, civic pride in all our constituencies, and the strong sense of community that they foster, should not be underestimated. It is well-established that people relate to their local town centres, high streets and community hubs, of which the hospitality and tourism sectors are an essential part.

The latest figures from 2020 highlight the significant impact that the virus has had on these industries. In 2020, the hospitality sector has seen a sales drop of 53.8%, equating to a loss in revenue of £72 billion. This decline has impacted the UK's national economy by taking off around 2 percentage points from total GDP. For hospitality, this downturn is already estimated to be over 10 times worse than the impact of the financial crisis. It is estimated that employment in the sector has dropped by over 1 million jobs.

The UK's world-leading tourism industry is the sixth largest in the world, generating revenue of £155.4bn per annum for the UK economy including £28.4bn in export earnings. COVID-19 has ravaged the industry, with international and domestic tourism losing key 'peak' months during the summer of 2020 which are vital for sector businesses. A recent survey has suggested that almost 40% of accommodation and food service activities businesses have no or low confidence that their businesses would survive for the next 3 months.

The rollout of the Covid vaccines means that there is an end to the crisis in sight but as we write the whole of both sectors remain almost totally closed with no indication of when they can reopen. Investing in these sectors in the Budget is vital to our national recovery and is in the interest of every region of the UK.

The sector needs support and has outlined the key measures it hopes to see from government. We urge you to seriously consider the following measures on 3rd March.

- **An extension of the VAT cut to 5% on food and soft drinks for another 12 months and for this to be extended to the broad hospitality industry, including alcoholic drinks sold on-premise, the leisure sector and weddings**

- **A further 100% holiday on business rates for all sector businesses across the UK, covering the next financial year.**

The extension of furlough and the replacement of the Job Retention Bonus with a new retention mechanism are both critical to ensuring the sector's workforce can recover. Improved loan repayment terms to reflect the length of the crisis and HMRC tax deferrals will also give breathing space to allow businesses to open up and start earning once more before having to face their debts.

These sectors have proved historically, and even in the last twelve months, that they can drive economic growth. Following the last financial crisis, hospitality drove the 'jobs miracle' boosting its workforce by half a million in a decade, creating one in six new jobs. If supported right through this period they can be a catalyst for economic recovery. Just last summer these sectors went from being locked down at the start of July to doubling GDP growth in August – contributing 1.25 percentage points to the 2.1% growth in GDP for August 2020.

We urge you to use the 2021 Budget to support hospitality and tourism and put them in a position to rebound to drive the UK's economic and social recovery once it is safe to do so.

Yours Sincerely,

List of Signatories: