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& Industrial Strategy

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Dear Luke,

Thank you for your letter dated 22 February, on behalf of a number of your constituents, about the hospitality sector and CAMRA's Long Live the Local Campaign.

I am sure that your constituents will have welcomed the Prime Minister's announcement on 21 February setting out our plan for living with Covid- 19, where we will prioritise moving to a world where the country manages the virus like other respiratory diseases.

As you know the Government has decided that it is now safe to remove Plan B measures and these changes came into effect on 27 January. This means that all businesses can resume normal trading. This decision comes from the success of the booster campaign, the promising data, and the overall impact that Plan B measures have had in managing the Omicron wave.

The Government acknowledges that this has been a challenging time for the hospitality sector. As you rightly point out, in response to the pandemic, we put in place one of the world's most comprehensive economic responses worth £400 billion, including Government-backed loans, business rates relief, and VAT discounts. We introduced a significant package of direct business grants for those that were required to close or have been severely affected by the restrictions put in place to tackle the pandemic.

In addition, on 21 December, the Chancellor announced a further £1 billion support for business sectors severely impacted by the Omicron variant and where social mixing is the primary motivation for consumers. This includes a more than £100 million boost to the Additional Restrictions Grant (ARG) for Local Authorities to support businesses – delivering a lifeline for many of them. We have also provided support via the Omicron Hospitality and Leisure Grant (OHLG), which is a one-off grant of up to £6,000 per premise for eligible businesses in the hospitality, leisure and accommodation sectors.

I hope your constituents will be pleased to learn that Local Authorities can develop schemes that best suit the economic needs of their area and as such the type of support available will not be the same everywhere. The ARG scheme remains open until 31 March 2022.

The Omicron Hospitality and Leisure Grant (OHLG) scheme supported businesses that offer in-person services, where the main service and activity took place in a fixed rate-paying premises, in the hospitality, leisure and accommodation sector. The funding supported sectors where social mixing is a primary motivation for consumers. Businesses that are not named on the business rates register are not eligible for this funding. There are no plans to change the eligibility requirements for this scheme as the deadline for applications has passed.

We asked Local Authorities to close applications for the OHLG scheme by Friday 18 March and ensure that, where payments are still in process, they are complete by 31 March at the very latest.

We recognise that hospitality businesses have undergone a significant and accelerated period of change, and this will raise challenges that we are working hard to address. I and officials in the Department continue to speak regularly with representatives from across the hospitality sector so that we can understand these challenges and represent their interests across Government.

I also understand the impact rising prices will have on businesses of all sizes. I would like to reassure your constituents that the Government is in regular contact with business groups and suppliers, including energy suppliers, to understand the issues they face and explore ways to protect businesses.

On the issue of the reduced rate of VAT, the Government has been clear that this was an urgent and temporary measure. It is appropriate that the temporary tax reliefs are removed to rebuild and strengthen the public finances. The reduced rates were designed to support the cash flow and viability of sectors that have been severely affected by forced closures and social distancing measures. After 20 months of a reduced rate, the VAT on hospitality and tourism leisure will return to the standard rate after 31 March 2022.

As you know to help businesses build back better in the long-term, we published the first-ever Hospitality Strategy in July 2021 to support the reopening, recovery and resilience of England's pubs, restaurants, cafes and nightclubs. Through this strategy we want to increase the sector's resilience by helping improve profit margins, ensuring it can fully benefit from our plans to revitalise our high streets and put hospitality at the centre of local plans to regenerate those areas falling behind.

To oversee and deliver the strategy and its commitments, the Hospitality Sector Council works with the sector and co-create solutions to help improve its resilience, including by making hospitality a career option of choice, boosting creativity, and developing a greener sector. We discuss a number of issues about the hospitality sector including the ones which you raised in your letter. The latest minutes of the Sector Council can be found at: www.gov.uk/government/groups/hospitality-sector-council.

We continue to take a flexible approach and keep all impacts and policies under review. Ongoing engagement with the sector is critical for the Government to be prepared and able to react promptly.

Thank you again for taking the time to write. I hope you find this information helpful when responding to your constituents.

Yours ever,

A handwritten signature in blue ink, appearing to read 'Paul Scully', written in a cursive style.

PAUL SCULLY MP

Minister for Small Business, Consumers & Labour Markets
and Minister for London