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Hospitality Industry: Government Support

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🕒 4.30pm

Graham Stringer >

(in the Chair)

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I remind Members that there have been at least two sets of changes since we moved back into Westminster Hall. I will try to clarify them so that people are not confused about the procedure that is there to ensure social distancing and keep Members safe.

Members who have not arrived at the start of the debate will not be allowed to intervene or speak. Members are expected to respect the one-way system. Members should also sanitise their microphones using the cleaning materials that are provided before they use them and afterwards. Members speaking in the latter stages of the debate should use the seats in the Public Gallery if there are not enough seats in the horseshoe. Although Members are expected to stay till the end, if there simply is not enough room, it might be helpful if people leave for that purpose. Finally, Mr Speaker has asked that people wear facemasks in the main Chamber, and I think it would be sensible if Members do that in this Chamber when not speaking, to be consistent with the main Chamber.

🕒 4.31pm

Catherine McKinnell >

(Newcastle upon Tyne North) (Lab)

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I beg to move,

That this House has considered e-petitions 552201 and 329985 relating to Government support for the hospitality industry.

It is a pleasure to serve under your chairmanship, Mr Stringer, in a debate on support for the UK hospitality industry and the creation of a Minister for hospitality. Before I begin my comments proper, I want to say a couple of words about participation in this debate.

On Friday, the Mayor of London declared a major incident in the capital, and it is abundantly clear that the rates of covid-19 here are incredibly worrying. In my view, that underlines why we must urgently allow virtual or hybrid proceedings in Westminster Hall debates. I know that many colleagues from across the House share the petitioners' concerns about the future of bars, restaurants, hotels, night clubs and other hospitality businesses, but are unable to be with us today. I assure hon. Members and the petitioners that, in conjunction with cross-party colleagues, we will continue to press the Government and the House authorities urgently to allow and enable remote participation in these important debates.

We are debating a petition with more than 200,000 signatures, started by Claire Bosi, editor of *Chef & Restaurant* magazine, alongside a petition on general support for the hospitality industry, created by Chrissie McLaren, which has about 45,000 signatures.

Mr Tobias Ellwood >

(Bournemouth East) (Con)

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I am very grateful for an early intervention. I absolutely support the hon. Lady's call for a hospitality Minister. I was the shadow Minister for tourism when I first came into Parliament. I wanted that job to continue when we went into government, but the size of Government restricts the number of Ministers it is possible to have, as we will no doubt hear later. In the event that we are not successful in getting a Minister for hospitality, would she support an envoy for hospitality so that we can at least have a voice for this important sector, which has been battered so hard because of covid-19, not least in my Bournemouth constituency?

Catherine McKinnell >

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The right hon. Gentleman makes an important argument. More than 200,000 petitioners are calling for a Minister for hospitality, and I am sure they will be pleased that there are alternative suggestions if the Minister does not agree to that today.

Jim Shannon >

(Strangford) (DUP)

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I mentioned wedding venues to the hon. Lady before the debate. Orange Tree House in Greyabbey in my constituency employs 60-odd people and generates turnover for the whole community with not just bed and breakfast but many other things. When we call upon the Minister to look after the hospitality sector, does the hon. Lady agree that it is important for all regions of the United Kingdom, including Scotland, Northern Ireland and Wales, to be part of that strategy so that we can work together and help one another?

Catherine McKinnell >

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I absolutely agree with and endorse what the hon. Gentleman has said, which adds weight to the argument for a voice at the heart of Government who can represent the interests of not only all aspects of hospitality, but all areas of the UK.

I want to put on record that my husband works in hospitality, so I live with its daily ups and downs, not to mention the huge challenges of covid-19. It is not just an interest or concern here in Parliament. The petition speaks to a concern that many hon. Members will have heard time and again from local businesses in their constituencies: that the Government lack a deep understanding of the nature of the hospitality industry and its diversity. The petitioners argue that that is why we need a Minister with responsibility for hospitality to be a voice for the sector at the heart of Government.

The hospitality industry is the third-largest UK employer. It is responsible for about 3 million jobs, generates £130 billion in activity and results in £38 billion of Government revenue through taxation. For levelling up, it is one of the few industries to reach every part of the country, and it will be crucial in our recovery from the present crisis. Unlike the arts or sport, however, it does not have a dedicated Minister.

Steve Brine >

(Winchester) (Con)

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I support the hon. Lady's call for a stronger voice for hospitality in Government. I do not know whether she is a coffee drinker, but I am sure that she is aware in her constituency, as I am in mine, of the clusters of caffeine seekers outside kiosks and, even worse, inside waiting for a takeaway—they are a pretty common sight. Does she agree that, although those sales are not breaking any rules, they are not essential? We might need to put our coffee culture on hold for the time being.

Catherine McKinnell >

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The hon. Gentleman makes an interesting point; perhaps the Minister will comment on that in his response.

This is a timely debate, because although many businesses have taken a significant hit since March, hospitality, which thrives on

social mixing and travel, has been crippled by repeated lockdowns and the risks posed by the virus. Local economies with a higher proportion of workers employed in such sectors have been disproportionately hit.

Many restaurants have pivoted to providing cook-at-home and takeaway offers with contact-free delivery or kerbside collection. In these strange times, Geordies can enjoy takeaways from all manner of venues across our city, from the Thyme Square café on Station Road, with its carry-out Sunday lunches, to the cook-at-home offerings from 21 and the Michelin-starred House of Tides on the

quayside. None the less, the situation remains incredibly challenging for all. A recent UK Hospitality study found that 41% of businesses in the sector thought that they would fail by mid-2021, and one in five thought that they would have enough cash flow to survive beyond February.

Even when restrictions were relaxed over the summer, most people could still go to restaurants or pubs only with the people they lived or bubbled with. The simultaneous closure of sports stadiums, cinemas, music venues and theatres has a knock-on impact. If the business of people catching up with family and friends over drinks, going on dates, or having a bite to eat after a match or film is lost, that is a huge chunk of revenue. Hospitality also lost out badly from the drop in tourist spend this winter. Other parts of the hospitality sector, such as nightclubs, have remained closed since the first lockdown in March. From the reaction to the recent debate on the night-time economy, I know that Newcastle's iconic nightlife is sorely missed by visitors and locals alike.

On Friday, when I met the petition's creator, Claire Bosi, and some of its leading supporters, including the founder and CEO of Home Grown Hotels, Robin Hutson, and chefs Tom Kerridge and Angela Hartnett, I heard powerful examples that demonstrate the Government's lack of deep understanding of the sector. To be clear, there is enormous gratitude for the considerable support that the Government have provided through the billions spent on measures such as the job retention scheme, the business rates holiday and various grants, including those announced by the Chancellor last week. The Government would do a lot better, however, if they stopped seeing the sector as being amenable to a one-size-fits-all approach. Ministers' main lever for controlling the virus over the last nine months has been to switch the entire sector on or off at a moment's notice, with little consideration given to its complexity and diversity.

When restrictions were eased over the summer, we saw the reopening of large chain pubs—with customers often bunched together at outside tables—at the same time as small restaurants and bed-and-breakfasts, where social distancing is easier to maintain. The curfew policy suffered from the same one-size-fits-all mindset. It was evidently drawn up with bars in mind, but unlike restaurants they do not have to turn over tables. The curfew might have been appropriate for a city centre bar—although there were many issues with large groups of customers all leaving at the same time—but it made no sense for small restaurants or rural hotels, which might have been unable to safely spread out the accommodation of all their guests for dinner as a consequence.

August's eat out to help out scheme, although clearly popular at the time, was seemingly designed with little regard to whom it would help and the incentives that it would create. Rather than supporting those who are struggling the most, it potentially ended up being an untargeted giveaway to customers and businesses. It also made eating out much cheaper relative to takeaways and, in retrospect, helping restaurants by targeting subsidies at takeaways might have been more effective at boosting sales while maintaining the social distancing that is so required.

I understand that there are reasons why the Government have made lockdown announcements very shortly before their introduction, but that has caused some real issues for the sector. I was told of a chef in London who had two tonnes of oysters delivered just two hours after London entered tier 3, with no customers to serve them to. Yesterday, we heard reports of chickens possibly being culled due to a fall in bulk egg orders. When hotels were closed by national lockdown or entering tiers 3 and 4, hoteliers were left guessing whether they were even allowed to serve their guests breakfast in the morning. I know that these are not decisions that any Minister takes lightly, but if it is genuinely not possible to give more notice of such changes, what more can the Government do to support businesses that are caught off guard?

The repeated shutdowns of the hospitality sector have also meant that the businesses that supply it have been forced into hibernation for much of the past year. There is a whole other set of issues there that the current support measures—which are largely designed around jobs and rent, not around businesses holding large amounts of stock, often perishable—just do not reach. Little financial support has been available throughout the pandemic. With severe restrictions in place across the country since the autumn, demand for their stock has diminished seriously.

I also worry about the impact of that on-off cycle on the mental health of the staff who work in the sector. They have had to return suddenly to public-facing roles, turning on the charm and smiling at customers, when they do not know whether they will be able to hold on to their jobs for much longer. It has been great to see the widespread recognition of the strains that lockdown has put on the nation's mental health, but we need to pay particular attention to the sectors most affected.

Thanks to the ingenuity and dedication of scientists in the UK and across the world, there is now a clear way out of this crisis. We know that the economic disruption will not be permanent. We will, no doubt, expect hospitality to play a significant part in the hoped-for bounce back of economic activity and employment, in particular among young people. We have good reason to believe that for at least the businesses that manage to survive.

The pandemic has concentrated a tremendous amount of economic pain on workers in certain sectors, predominantly insecure workers, and they deserve our utmost support. However, there has also been a build-up of savings among those more fortunate, who have been able to maintain a steady income. Many have saved the money that they used to spend on bars, hotels and restaurants, rather than splurging it on more parcels from Amazon, but there are limits to how much of that will ultimately be spent on hospitality in due course. In all likelihood, people are likely to go out to the pub two or three times a week, eventually, but that will not happen soon.

There will be a catch-up on spending in that social consumption—or we very much hope so—when things eventually return to normal. As the nation is vaccinated, the economy reopens and the rules we apply in hospitality inevitably become more nuanced and complex, it is important that we have input from the hospitality sector as to how we can design policy not to repeat the mistakes that were made in the summer of 2020 when the sector reopened.

We need to get ahead of the problems, and the petitioners have argued that splitting that representation between two crowded Departments—the Department for Business, Energy and Industrial Strategy, and the Department for Digital, Culture, Media and Sport—is not working. One of the leading supporters of the petition, Robin Hutson, put it succinctly:

“I’ve long held the view that the hospitality sector requires really focused representation in government. This is about the future of our industry and the campaign and petition showcases the strength of feeling across the country on this issue. Hospitality is a sector that deserves a seat at the top table.”

That responsibility sits across two Departments, which is not a problem. Hospitality sector businesses are businesses, but they are also a creative art—in fact, much of the arts sector relies on hospitality as a source of revenue to underpin its activities. We used to have more Ministers with cross-Department briefs, out of recognition that some issues unavoidably straddle Government Departments, but that seems to be out of fashion at the moment. I worry that it creates an incentive for passing the buck between Departments, which reinforces the case for a Minister for hospitality.

It is hard to believe some of more farcical debates that we have had, such as the controversy about whether a Scotch egg constitutes a meal. If we had a dedicated hospitality Minister, we might not have ended up with that mess. If a new ministerial role is not something that the Government are open to, we must at least recognise that the sector needs a strong voice in Government, with a genuine recognition of its diversity, greater engagement with businesses and a much deeper understanding of the different ways that they are affected by lockdown measures.

The hospitality sector is an industry that has always been driven by passion and soul. It is not an industry in which businesses generally have huge amounts of cash reserves, and we know that many businesses operate at just above break-even point. The industry knows it needs to encourage more home-grown talent, now that it cannot rely on people coming over from Europe. There is a levelling-up piece here, as I have mentioned. Hospitality is one of the few industries that is represented in almost every part of the country. It is an industry that is a gateway for so many people who do not particularly enjoy the academic side of school but who have creativity and graft and can be successful, if just given the chance. If the Government understood and took the industry seriously, it could be a route to transformation in every community right across the country. We need to raise the profile of hospitality and encourage young people from the UK to do apprenticeships and to see entering the industry as a “Sky’s the limit” career. As we set out our stall on the world stage in the post-Brexit era, one of the key things that will attract people to our country—with their investment—is our culture and its offerings, and a big part of that will be the richness and quality of our hospitality.

Newcastle’s hospitality sector has something for everyone: restaurants offering everything from hearty traditional Geordie pub grub to innovative fine dining, hipster-style hang-outs for craft beer and gourmet burgers, and a thriving street food scene. Our nightlife is famous in its own right and is regularly featured in guides and magazines—Newcastle is often one of the top places for an unforgettable night out. However, my fear in the current situation is that the larger, more standardised chains will have the resources to survive into the post-pandemic era, but the smaller, heart-and-soul operations might not. We will see a hollowing out of the sector. I do not want to see my city lose any part of what makes it unique, and I am sure colleagues feel the same way about their areas.

I know there is a limit to how much heart and soul people can give when they have been hammered month after month. Even in the best-case scenario, there are several months of closure ahead. Countless smaller owner-operators are now worse off than they were when the pandemic began. Some took out personally secured loans in March. Having spent the last nine months in difficulty, they are now looking at losing not only their businesses, but their homes. It is a real tragedy, because they were good and viable businesses before this unseen crisis came along.

What does the sector need? The one-off grants announced by the Chancellor last week will of course be strongly welcomed, and they should help more businesses to stay afloat. The resource that the Government have put in through the job retention scheme has been a lifeline to sector employees, but industry representatives have made it clear that the current support is not enough to cover the costs of many businesses and will not secure their long-term viability. We need a longer-term plan to help businesses to plan their survival while the vaccine is rolled out, starting with clarity on how long the new support payments will be available. UKHospitality and others have called for an extension of the business rates holiday and a 5% VAT rate, to provide certainty in the longer term. I would be grateful if the Minister commented on whether that is under consideration.

I also urge the Government to commit to examine urgently the inadequacies of their support measures as they relate to hospitality suppliers and, as I said in our previous debate on the night-time economy, to consider introducing some flexibility to the local restrictions support grants, to give local authorities the freedom to grant and target support towards the businesses that need it and can use it best.

The petitioners do not expect to go back to dining out, dancing in nightclubs and checking into hotels straightaway; the public health situation is at a critical point, and saving lives must take precedence. However, they want there to be a greater understanding of the diverse nature of their sector and a strong voice for them in Government. Above all, and like us, they want this country's mix of pubs, hotels, restaurants and clubs, which does so much to enrich our lives, to still be standing when this crisis is over.

Graham Stringer >

(in the Chair)

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I think it would be appropriate to impose a time limit of three minutes.

🕒 4.51pm

Greg Clark >

(Tunbridge Wells) (Con)

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It is a great pleasure to reverse roles, Mr Stringer, and to serve under your chairmanship.

Nearly 10 months ago, I asked the Chancellor in an urgent question to bring in an arrangement to reverse the usual flow of funds from businesses to Her Majesty's Revenue and Customs, and for the nation to pay the wages of people if—and only if—their employers committed to keep employing them. At the time, I asked for that to be done for a few weeks, but 10 months later it shows how little we knew about the virus then that we should still have in place now what became the furlough scheme. I commend the Chancellor for a crucial intervention that saved millions of jobs that would otherwise have been lost. However, having come this far, and after the investment that has been made in keeping these businesses and jobs alive in the hospitality sector, we must make sure that we get through the next few weeks, so that they can continue to thrive in the future.

The furlough scheme, the business rate holiday, the hospitality grants, the discretionary grants, the VAT cut, the bounce back loans and eat out to help out have all been deployed to help hospitality businesses. However, just as the Government did not expect that this pandemic would be with us for what will soon be well over a year, neither did hospitality businesses, many of which are small, personally run and without access to resources and cash. Yet these are the pubs, cafés and restaurants that will be at the forefront of the recovery when lockdown ends—the first to give job opportunities to young people, to give business to their suppliers and to attract people back to our city centres, high streets and villages across Britain. They will also be first to pay their taxes to the Exchequer.

Last Friday, I met—virtually—several of the people who run hospitality venues in Tunbridge Wells and in Tonbridge and Malling, in a meeting arranged jointly with my hon. Friend the Member for Tonbridge and Malling (Tom Tugendhat). In a survey of 36 local

meeting arranged jointly with my non-MP friends and members for remittance and raising (from regenerative, in a survey of 100 local hospitality businesses, they established that in the year before the pandemic they had collectively paid £4.4 million in VAT and pay-as-you-earn, and that the value of grants and furlough payments to date that have been paid to them is around £3 million. So whatever the precise figures, the point is that these businesses pay their way, and if they manage to survive they will thrive in the future and help to repay the sums that have been set aside during these last few months.

The requests of the businesspeople I met are straightforward, to make sure that they can get through the next few weeks. They ask for the Government to reconsider the requirement to pay national insurance on furloughed employees, given that, at the moment, zero revenue is coming in; to extend the business rates holiday and VAT cut, to reflect the fact that the closure of businesses has been for much longer than was expected; and to extend the terms of the loan scheme, so that these businesses can finance themselves for these crucial few months and so that, at the end of that time, everyone in this Chamber can join together and look back at a pandemic that is over, raising a drink and celebrating the success of continuing businesses.

🕒 4.54pm

Dr Rupa Huq >

(Ealing Central and Acton) (Lab)

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To say that the coronavirus has been a shock to the system is an understatement. What was once a health crisis spread quickly to become an economic crisis—indeed, the biggest recession on record. The multimillion-employing hospitality industry has been particularly hard hit, adding to existing, pre-covid woes over Brexit supply chains and the loss of its international workforce. Hospitality drives the health of our high streets and the viability of our suburbs and towns. A lot of these business are family run—I know: my late dad was an Indian restaurant person himself. All of these things are now facing existential threat. At the other end of the scale, the collapse of big chains such as Carluccio's, Pizza Express and even Jamie Oliver outlets would ordinarily be big news, but these are not ordinary times, and with the worst death toll in Europe, we hear barely a whisper about them.

I never thought I would live to see the day when a Conservative Government would forcibly shut down businesses, but here we are again. A dedicated Government Minister for hospitality would give food, beverage and leisure accommodation a proper say, rather than them always being an afterthought, suffering the consequences of the latest failed experiment—the tiering system, the 10 pm curfew or whatever it is. At a time of distancing and isolation, a sector based on togetherness and sociability cannot exist on takeaway only. This sector spent a fortune on remodelling, even though social distancing slashes the number of covers available: people instituted one-way systems, enhanced cleaning, and screens to create a covid-secure environment, all seemingly now for nothing. These people are famed for hard work and resilience, but they cannot run on empty, and no one clapped when they provided meals for NHS staff or for children, outside of the Government's initial, cruel insistence that they would not run the free school meals scheme in the holidays.

Coronageddon should not relegate hospitality to being the easiest lever to pull: first into lockdown, last out, in this zig-zag, stop-start way. These businesses need cash flow, and they need to plan for things like fresh produce orders and staffing rotas. As the MP who first spoke of a “curry crisis”, I implore the Minister: the sector is fighting for survival, and bold action is needed. Now is the time for a dedicated Minister, plus additional financial support, extending furlough and rent, rates and VAT relief, because we will all need restaurants, hotels and pubs. Some 56 pubs a week are closing at the moment; that is a matter of shame. We will all need them to get us out of the other side and build consumer confidence.

🕒 4.57pm

Jane Hunt >

(Loughborough) (Con)

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I first declare an interest, in that my husband works for a logistics company and deals directly with the hospitality sector in his role.

Looking at hospitality as a whole, we must first recognise the level of support that has been received generally within the sector throughout the covid crisis. However, three main themes are of great concern. The first is that there are many supporting and spin-off businesses that co-exist within this sector, but that seem not to have been included in all aspects of the support offered. The second

is that the prolonged period in which the sector and those spin-off businesses have had to endure no customer revenue is stretching the limits to which they can wait for the sector to reopen once more, and the third is the lack of customer confidence in when the sector will be able to trade again.

A great many businesses in Loughborough are either directly part of, or related to, the hospitality sector: pubs, restaurants, cafés, bingo halls, nightclubs, bed and breakfasts, and hotels are obvious examples, and we have 290 such businesses locally, employing 3,000 people. We also have conference organisers, wedding event organisers and venues, lighting and audio technicians, event carpet and equipment suppliers, hair and beauty technicians, florists and printers, food production plants, breweries and catering equipment suppliers. Everything from hiring a tablecloth to arranging a major corporate event in Kuala Lumpur can be obtained from businesses in Loughborough. We are a very hospitable place.

Before covid, all of these business were not only viable, but thriving. However, economic output in this sector was down 92% in April 2020 compared with February 2020. If we want a V-shaped recovery, we must plan for one and support the businesses that will deliver it. For example, I understand that 264,000 weddings were missed last year. There will be pent-up demand, but if there are no businesses to deliver the events and services when we open up once more, that demand will not be met, and tax revenues will not materialise. There are revenues to be had: 475,000 weddings are currently scheduled for 2021, getting on for double the usual amount, creating the potential for an additional £25 billion in the sector. However, a lack of confidence that events will be allowed to go ahead means that weddings for spring and summer are already starting to be postponed and cancelled. In the meantime, finances are stretched to the limit for the whole of the hospitality sector, while businesses wait for permission to operate again. My hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) will present a 10-minute rule Bill tomorrow, advocating the abolition and reform of business rates. That would really help pubs and other hospitality outlets, both with immediate effect, and into the future, giving pubs the chance to remain the centre of our communities. In supporting my colleague's aim I ask that business rate relief for the hospitality and leisure sector be extended for a further year to include related businesses during the pandemic.

The best way out of this crisis, for business, is to be able to trade. For businesses to be able to do that with confidence, we need the people we are most concerned about in our communities to be vaccinated, and we are well on the way to achieving that—

Graham Stringer >

(in the Chair)

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Order.

🕒 5.00pm

Ian Paisley >

(North Antrim) (DUP)

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It is an honour to serve under your chairmanship, Mr Stringer. You are a very hospitable person, but it is so cold in here—I have stood in warmer graveyards—that it is not so hospitable in terms of temperature. I hope that it will not be a political graveyard for anyone here, but it would founder ye, as we would say in Northern Ireland.

I wholly agree with the way in which the hon. Member for Newcastle upon Tyne North (Catherine McKinnell) moved the motion. I think that everyone can say a hearty “Hear, hear” to what she put on the agenda. It was a comprehensive piece of work, and I agree that all the regions of the United Kingdom need to swing behind the point she made. She made sound, good points.

To put a little perspective on the case, in Northern Ireland there are 60,000 direct jobs in the hospitality sector. In other words, one in 20 people in Northern Ireland works in the sector. We are a small economy. Before covid, I had 1 million out-of-state visitors to my constituency—principally visiting the Giant's Causeway, a world-renowned geological site. For a place with a population of 1.7 million, getting 1 million visitors dramatically changes the local economy. We have 45,000 jobs directly in food and drink. We contribute about £88 million to the Chancellor's purse each year in direct taxation, and we contribute about £1.1 billion to our entire economic picture; that is, for an economy of £13 billion, a sizeable piece that the hospitality sector provides.

The impact of covid has therefore been staggering and massive, but we must look forward. In the last 52 weeks the hospitality sector has probably traded for only about 13 weeks, so it has not had the benefit of the VAT cut the Government gave it. That must be extended and I hope that the Minister will relate that to the Chancellor. We need a kick-start plan to open up businesses—to help

extended, and I hope that the Minister will relate that to the Chancellor. We need a risk start plan to open up businesses to help them to open up when they start back again, probably at some time in March. Loans under the coronavirus business interruption loan scheme need to be repaid, but it should be done softly, and they should be extended if possible.

I want to make an appeal in particular for the music sector, which entertains people when they come to Northern Ireland. I think of great singers such as Sir Van Morrison and others. He coined the words:

“We are not in this together.”

I hope that we get back to being in it together, and that we will be able to get benefit for our hospitality sector.

🕒 5.03pm

Dr Julian Lewis >

(New Forest East) (Con)

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The hon. Member for North Antrim (Ian Paisley) complained that it is rather cold in Westminster Hall today. I can recommend the House of Commons Library to him. It is an absolute furnace there, where I prepared the great oration that I was going to make, 90% of which is now going to be chucked because of the time limit. However, that is a measure of the importance of the debate, because so many people want to contribute to it. That is why our time is so limited.

When I last looked, more than 206,000 people had signed the petition, and the group with the highest number was people from the New Forest. In New Forest East alone almost 300 businesses are in the food and accommodation sectors, employing 4,000 people and constituting 10.8% of the working population. The hospitality industry is the UK's largest employer of under 25-year-olds and, as the hon. Member for Newcastle upon Tyne North (Catherine McKinnell) said in her able introduction, the importance, post Brexit, of our having an appealing environment for people to come and invest in cannot be overstated.

As the vaccine programme is implemented, one might reasonably expect the reintroduction of tiered restrictions on a gradually reducing basis. That is where the significance of adequate ministerial representation for the hospitality industry comes into play. For a sector of this size—the third largest in the UK—ranging from pubs through to restaurants and hotels, tourism and travel, not having a separate specialist and dedicated voice at the core of Government has led to a justified sense of disregard and discrimination.

Robin Hutson, who was mentioned earlier and who is my constituent, said, “It is our belief that we do not have a respected, truly invested senior Minister with deep sector knowledge, but who also has the power and the ear of the PM to effectively defend our corner.” It took more than four months for the Treasury to respond to one letter that I sent from a concerned constituent. Having a separate dedicated Minister would prevent that sort of delay. It would matter less that responsibilities are spread over more than one Department if only it were the same Minister who held the post in each Department. It is not uncommon to have a specialist Minister with a focused role in more than one Department. Initially, that could be on a temporary, emergency basis, as a hospitality industry recovery Minister. If it is found to work well during that phase, making it permanent might well be the logical next step.

🕒 5.06pm

Charlotte Nichols >

(Warrington North) (Lab)

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It is a pleasure to serve under your chairmanship, Mr Stringer. I congratulate my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) on securing this important debate. This discussion is not before time. Within the wider hospitality industry, I will focus on the pub trade, as the chair of the all-party parliamentary group on pubs.

We all recognise the crisis that the pandemic has caused pubs over the past year, with takings having collapsed through the floor, thousands of staff made redundant, and the closure of many pubs that may never open again. Not all of that damage was inevitable. Landlords invested many thousands each in making their establishments covid-secure during 2020, only to have rules changed or imposed on them at short notice, collapsing their trade time and again. I remain angry that many of those restrictions were put in place without any scientific evidence for them. We asked for any available, but it seems that Ministers simply thought that they should be seen to be doing something—whether enforcing pub curfews or requiring farcical definitions of substantial

meals, prohibiting the trade of wet pubs.

Decisions that were not based on scientific recommendations led to public resentment and non-compliance, as well as the exasperation of the industry, which is doing its best. Now that we are in full lockdown once again we have another example. Official guidance suggests that pubs are permitted to sell alcohol only for delivery as opposed to takeaway. What is the reason for that

decision, which puts them at a disadvantage to off-licences and supermarkets? I cannot believe that there is a scientific basis, so that discrimination must be because there is not a strong enough voice in Government making the case for pubs and the wider hospitality sector.

I am glad that the Government recognise the need for further support for businesses that are prevented from trading by law, but one-time £9,000 grants are a drop in the pint glass. Pubs up and down the country need the reassurance of a proper financial package that recognises what they have lost this year and what they contribute to our communities as a vital social hub. When the pandemic is over, people will want to congregate in relief to see their friends again. It will be devastating if the venues in which they can do that have died in the meantime.

🕒 5.09pm

Damien Moore >

(Southport) (Con)

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It is a pleasure to serve under your chairmanship, Mr Stringer. Of all the different sectors that have been coping with this pandemic, the hardest hit has probably been the hospitality sector. To follow on from what the hon. Member for Warrington North (Charlotte Nichols) said, pubs are not just a business; the local is a centre of the community. It helps people. It helps their wellbeing. It quite often helps them to feel more connected to the outside world.

My resort constituency of Southport is a centre of hospitality, and has been for over 150 years. A third of all my businesses in the constituency are based around hospitality, supporting jobs. There are not only the businesses that are static in my constituency; we also have various annual shows. The flower show is the largest independent flower show in the country. We have an air show, a musical fireworks competition, a comedy festival, and a food and drink festival, and in 2017 we attracted 235,000 visitors when we hosted the Open golf championship.

This is a booming industry in my constituency in normal times. In 2015 it accounted for 24% of my local economy, and by 2020 the figure was 30%—a situation that I want to see continue. I want to see the industry not only survive the pandemic, but thrive in future.

I must say to my hon. Friend the Minister that we are very grateful for all the support that the Government have provided. Many Members will go through the menu of things—no pun intended—such as eat out to help out, furlough, business loans and so on. We all know that they have been an absolute lifeline and we are very grateful; my local businesses are very grateful for them.

Looking to the future, we have things such as the town deal that we have put in a bid for. If we get our town deal, we will then get the private finance that will help us to get a brand-new theatre and convention centre, helping all those businesses that are reliant on the one that we have at the moment, which is closed.

I point out to the Minister again that we need a clear road map. We want to work with the industry, in collaboration with the industry. The short notice that we have been giving some of these businesses has been quite wrong. We must not say it on a Thursday if the pubs have to close on the Saturday—and then throw all the beer away. Similarly, we must not ask them to open on a Thursday when they have no beer brewed. We need to work with them, staging the points at which they will open those businesses.

We want to ensure that people feel satisfied. In nearly every survey that has come back, people were satisfied with the covid security in these businesses. We need to extend the VAT support. We need to look at business rates, of course. Beer duty is something that keeps coming up and it is important. A hospitality and tourism recovery fund would help. Giving the industry a voice and a seat at the table with the decision makers is absolutely vital—it is critical.

I asked the owner of Rueters Bar what he thought of the Government's support so far for businesses in the hospitality sector, and he said, "A dream." I said to him, "What can we do to help it in the future?" He said, "Continue the dream." For those who make our dreams become realities, let us ensure that we support our hospitality sector.

🕒 5.12pm

Ben Lake >

(Ceredigion) (PC)

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It is a pleasure to serve under your chairmanship, Mr Stringer. I am grateful for the opportunity to contribute to this debate and to speak in support of an industry that is important to Ceredigion. Taken together, hospitality businesses, such as restaurants, cafés, pubs and bars, and the events catering industry employ about 4,500 people in my constituency, equating to more than 16% of all employees, and that is without accounting for the many supply chain jobs that depend on the sector.

For these businesses, measures such as the furlough scheme have proved invaluable, with more than 7,500 workers in Ceredigion supported by it in the early months of the pandemic. Both the VAT reduction and the business rates holiday were warmly welcomed. There can be no denying that these interventions offered the sector lifelines as the pandemic hit and that the Chancellor of the Exchequer was right to bring forward support measures such as the furlough and the self-employment income support schemes, even though they required extraordinary public expenditure. There are strong arguments in favour of continuing this level of intervention for some time yet.

The vaccination programme offers us some hope that we will see the level of covid disruption reduce significantly this year, but hospitality businesses across Ceredigion tell me that they are deeply concerned about their immediate prospects for survival. The hoteliers, restaurateurs, café owners and landlords I speak to fully understand that the pandemic was never going to be an easy time. Their expectations have long been calibrated to focus on basic survival. Support measures have been welcomed, but much of the grant funding has long been spent to cover fixed operating costs that simply cannot be avoided. Too many owners, ineligible for the Government's income support schemes, have had to deplete their personal savings in order to keep their businesses afloat and their employees in jobs.

The Treasury has received details from the Federation of Small Businesses of a proposal for a directors income support scheme, which I urge the Treasury to consider adopting, as it would help many of these small business owners. I also support the proposals made this afternoon, such as the one-off grant to help businesses to bounce back once restrictions have been eased, and the proposal to pause national insurance contributions for furloughed employees as a way of alleviating the burden on businesses that are still, in many instances, required to remain closed by law.

To inject some much-needed confidence into the sector, I urge the Treasury to consider extending the business rates holiday for the forthcoming financial year, as well as extending the hospitality VAT reduction scheme into 2022. I am aware, of course, that such measures would mean further significant expense for the Exchequer, but I argue that that would be money well spent. Not only would it give businesses in such an important sector the support that they require to see out the pandemic, but it would avoid a terrible situation whereby businesses that have previously received Government support are forced to close for good, leaving their employees without a job and previous Government support or investment being made in vain. In other words, do not spoil the ship for a ha'porth of tar.

🕒 5.15pm

James Wild >

(North West Norfolk) (Con)

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It is a pleasure to serve under your chairmanship, Mr Stringer. I congratulate the hon. Member for Newcastle upon Tyne North (Catherine McKinnell) on securing this debate.

The restaurants, pubs, hotels, bed and breakfasts, campsites, attractions and other businesses that make up hospitality are a vital part of North West Norfolk's economy, contributing around £500 million a year and making up about a fifth of the jobs, and 2019 was a record year for that sector. Of course, last year it was a record in the opposite direction. That collapse in demand and the redundancies have hit younger people disproportionately. In these challenging times, the Crown Inn, the Rose and Crown and other premises have adapted by selling takeaway meals, but not being able to sell alcohol in closed containers with those meals is unfair and is having a damaging impact. The rules should be changed. Where there are issues, enforcement should be taken rather than this blanket approach.

These businesses are at the heart of our community. We have only to look at venues such as Bank House, the Anvil Inn and many others that, unable to open, have offered their premises as vaccination centres. Given their importance, my constituents are grateful for the support that the Government put in place to help them bounce back. That has provided a lifeline, but I have been contacted by many businesses that signed the petition and which say that the new lockdown gravely threatens their future after months when they have been unable to open properly and unable to trade. The one-off grants of up to £9,000 are very welcome, but many

employers have taken on considerable debt and have to cover national insurance costs for staff who are furloughed. Those businesses tell me that more help is required. It would be tragic, as others have said, if the benefits of the support to date are lost if firms are unable to hang on until the vaccination programme has had the impact that we all hope for.

In July my right hon. Friend the Chancellor responded to calls that many others and I supported to cut VAT to 5%, but the tier restrictions and national lockdown mean that businesses have not had the benefit from the cut, as had been expected, so the cost to the Treasury has been lower. I support the sector's calls, and I hope the Chancellor will look favourably on continuing that reduction until the end of the year. Extending that and the business rates holiday will help firms to survive and be there when the reopening comes. We all look forward to that reopening as the vaccination programme rolls out to the most at-risk groups. People crave normality: meeting for a meal, going to the theatre and having a pint in a pub. We want those places to be there, so we need a road map to get there.

Finally, we need further action to help the sector. One opportunity is through the Government's new tourism zones. Norfolk and Suffolk have developed a strong case with a proposal to be the most sustainable place for tourism in the country, with a strong skills offer for young people. The hospitality sector is crucial to our economy and our wellbeing. I urge the Government to continue their unprecedented support and ensure it is well placed to help drive the economic recovery.

🕒 5.18pm

Stephen Doughty >

(Cardiff South and Penarth) (Lab/Co-op)

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It is a pleasure to see you in the Chair, Mr Stringer. I second the comments of my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) on virtual participation in these proceedings. I hope that can come sooner rather than later. I also second many of her excellent comments in opening this crucial debate. It was disappointing to come to this debate after the Chancellor's statement earlier—the first statement he has made in Parliament in 41 days. He had very little new to say. I think many of the hospitality businesses in Cardiff South and Penarth and in many of our constituencies would have hoped for something different, given the new and very difficult but necessary restrictions that they face.

I also second many of the points made by colleagues across the House about the support that will be required to ensure that businesses can come out on the other side of this when restrictions can eventually be lifted. I have had a huge number of emails from businesses in my constituency of Cardiff South and Penarth and from concerned constituents who point out that turnover across the sector is down by 40%, and that 41% of businesses might fail in 2021, yet one in six new jobs in the economy were created in this sector. I know that from my own constituency.

Even during the pandemic, businesses were able to set up, particularly during the summer period, and get going, but have found themselves in new difficulties. We have to remember that the sector is much wider than it appears on the face of it. It is not just the pubs, restaurants and cafés; it is also the food supply businesses, the breweries and the laundries—I have some major laundries in my constituency. It is the wider economy and all the jobs that come with it.

I commend the approach taken by the Welsh Government. A new tranche of the economic resilience fund was announced in December—£340 million for hospitality, tourism and leisure—on top of the £1 billion they announced to support businesses through rates relief and other measures, as well as the job retention scheme and the self-employment income support scheme. The new measures required new support, and on 18 December, they were announced with £110 million of support.

On the situation facing pubs in particular—my hon. Friend the Member for Warrington North (Charlotte Nichols) raised many of these issues—many local independent pubs in my constituency have contacted me in significant difficulties, but primarily I want to raise the case of Brains Brewery, one of the signature brands of Wales. Tragically, it has found itself in significant difficulties.

Brains has its headquarters in my constituency and has been brewing there for many decades. It is one of the things at the very heart

Brains has no headquarters in my constituency, and has been brewing there for many decades. It is one of the things at the very heart and soul of Welsh culture or, certainly, of Cardiff culture, as anybody who knows groups like the Hennessys will know—they refer to the importance of Brains Dark and many other fantastic brews. Now, while more than 1,000 jobs have been able to be saved through a deal with Marston's, the tragic possibility is that Brains beer will no longer be brewed in Cardiff.

I have been speaking with the Welsh Government, Cardiff Council and others, and I urge the Minister to consider what support can be given to breweries in particular, especially those with particular cultural and historical heritage in parts of the UK. I hope that he can address some of those concerns in his remarks.

🕒 5.21pm

Steve Double >

(St Austell and Newquay) (Con)

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It is a pleasure to serve under your chairmanship, Mr Stringer. I rise to speak as the chairman of the all-party parliamentary group for hospitality and tourism. I thank all the petitioners who signed the petitions, in particular the 400 residents of the St Austell and Newquay constituency who put their name to a petition and whom I have the honour of representing.

I place on the record my thanks to the Minister: I believe that we have a Minister for hospitality—that may not be in his title, but I know from my work with him over the past year, he has always been available to me and colleagues across the House to address the concerns of the sector. He has also worked closely with the sector, so although I recognise the call for a Minister have “hospitality” in his name, I do not accept the premise that we do not have a Minister for hospitality, because we very much do.

I also place on the record my thanks to, and recognition of, all hospitality businesses across the country for the way in which they have approached the past 10 months, and for the way in which they have adapted, taken a positive attitude to making their premises safe for visitors and worked together to get us through this pandemic. I thank and recognise them for all that they have done.

There is no doubt about the vital role that hospitality plays in our economy, as other colleagues have mentioned. One in six new jobs created over the past 10 years has been in this sector. It is a great vehicle for social mobility, for people from all sorts of backgrounds to get into a career and into management quickly. It impacts every community. The Government have recognised that with the unprecedented level of support that they have given to the sector. Although I would join calls for the need for more support, we should recognise the incredible support that has been put in place and is very much welcomed by the sector.

One of the key points to reinforce, which I do not think has been fully recognised in the support that the Government have made available, is the impact on hospitality of having to close quickly when decisions have been made to protect public health. Those decisions have been right, but the impact that they have had on the hospitality sector has been disproportionate. It is very different for a clothes shop having to close—six or 10 weeks later, the clothes will still be there. The food in the fridge and the beer in the seller will not last, however, and has to be thrown away. More support needs to be given to the sector to recognise that.

I join the calls made by many others: we need to extend the support for the sector. I very much look to the Chancellor, in the Budget, to extend the VAT cut—many businesses have not been able to make use of it, because they were closed for so long—and the business rates holiday. I would add that the opportunity should be taken to reform business rates in this sector. They have been unfairly impacting the sector for far too long. Let us take this opportunity to reform business rates, as well as extending the holiday.

🕒 5.24pm

John Spellar >

(Warley) (Lab)

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The fact that there are two petitions shows how important this issue is. To my hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty), I would say that Marston's is an excellent brewery that really looks after the trade.

The hospitality industry is a huge driver of our economy, as many hon. Members have said. It employs millions directly and in its supply chain. It is an energetic innovator—my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) talked about how it responded to the pandemic and how businesses opened. In many small businesses, there are individuals who have invested their lives, savings and hopes in the industry and see them at grave risk.

The industry is also a vital part of our social fabric, our communities, our sense of self and our wellbeing. Our hospitality and entertainment environment is one of our big attractions to the wider world. It not only attracts tourists, but is one of the reasons why companies and workers come here, rather than go to many other countries.

Of course, the industry pays a huge amount of tax, but it is on its knees. It has been hit time and time again by Government restrictions, often brought in with notice of only a day or two. Pubs and clubs, restaurants and hotels, betting shops and casinos all put in huge effort and cash to make their premises covid secure and keep their customers safe. They were being responsible but,

frankly, Ministers took precious little notice of that. They did not understand the industry and just shut it down at short notice because they wanted to be seen to be doing something.

What better example than the 10 pm curfew, which made no sense? Ministers took no notice of representations from those who work in the industry—especially pubs, restaurants and casinos. Incidentally, there was very little data to show that the industry was a major cause of the spread of disease. In fact, I talked to the public health officer in my area of Sandwell, and it was quite the contrary.

The petition for a Minister for the industry is perfectly understandable, because the industry falls between different Departments. It represents hundreds of thousands of establishments and falls between the bureaucratic cracks. It needs someone to be its champion in Whitehall.

One quick example is the coach industry. That key part of domestic tourism was left out in the cold, devastating thousands of family businesses and undermining the hospitality businesses they serve. The industry needs someone to understand the whole economic ecosystem and join the dots. A Minister might also have pointed out the chaos and waste that would occur when firms had to dump tonnes of food and barrels of beer because they were not able to plan. That was bad for the businesses and bad for the environment.

🕒 5.27pm

Mark Pawsey >

(Rugby) (Con)

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It is a pleasure to take part in this important debate after receiving 50 representations to do so from constituents, including from pubs—The Red Lion in Hillmorton, and The Griffin in Kingsway. I want to talk about the impact on supply, as one or two Members have already done. I spent 30 years as a supplier to the catering trade. In that regard, I draw the House's attention to my entry in the Register of Members' Financial Interests.

We often appreciate things when they are not there, and we are missing our pubs, cafés and restaurants right now. When they are not operating, it has a significant effect on the suppliers to the sector. Although I welcome the support that the Chancellor has spoken about—he referred to £4.5 billion today—many of the suppliers are not receiving the same level of support as the trading companies. During the pandemic, we have seen food purchases transferred from out-of-home to in-home consumption, and the beneficiaries have been supermarkets, which have done well out of the restrictions. Most have reported higher sales. For example, Tesco sales were up 11% over the Christmas period.

It is often assumed by many that suppliers and food manufacturers are able to switch production and pivot to supplying retail, but catering and retail products are very different, and as a consequence those businesses are losing out. We have heard about the switching on and off of hospitality, which has led to a great deal of stock being wasted. The food supplier, Creed Foodservice, spoke at the weekend about £6,000 of milk going out of date because of the decision to close schools. It says that it has written off £150,000-worth of food since April.

The business I ran supplied tableware items—things such as paper napkins, table covers and Christmas crackers. I have to say that an awful lot of the crackers that were bought for Christmas in 2020 were not pulled. Now, they can be held in stock and used for another year, but of course that involves tying up capital and taking up warehouse space, which are costs to those businesses.

Food service businesses continue to pay bills such as rent, electricity for chillers and loan payments for vehicles that are often standing idle. Wholesale distributors are usually high-volume, low-margin businesses, and the fixed costs mean that a relatively small fall in sales has a disproportionate impact on profitability. Too long a period without profit will cause many suppliers to fail.

In addition, the catering trade—restaurants and pubs—often use the cash sales generated in the current period to pay for goods received in the previous period when they were trading. That has led to many suppliers becoming banks and funding their customers.

There is very little action that those suppliers can take if the hospitality businesses do not have the cash to pay them. I hope that the Minister in his response will show his appreciation for the supply chain, as well as for valued hospitality businesses.

🕒 5.30pm

Navendu Mishra >

(Stockport) (Lab)

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It is a pleasure to serve under your chairship, Mr Stringer. I, too, hope that we can return to virtual proceedings in Westminster Hall, so that all Members and staff can contribute safely amid rising infection rates. I pay tribute to my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) for securing this important debate. I also thank the Mayor of Greater Manchester, Andy Burnham, and his night-time economy adviser, Sacha Lord, who have done so much in recent months to push the Government to provide a fair financial support package and who have set out the scale of the challenge facing my region.

The hospitality industry is a vital part of our economy and a growth industry. It is the fourth-biggest employer in the UK and contributed £133.5 billion to the economy in 2019. My constituency of Stockport is no different from many others in that a significant number of people are employed in the sector, many of whom have written to me to express their concerns about the lack of meaningful support provided by the Government. It is clear that the current measures, such as furlough payments, are little more than a drop in the ocean for many businesses struggling to keep their heads above water almost a year on from the start of the crisis. Far more needs to be done if we are to avoid the industry nosediving and hundreds of thousands across the UK ending up unemployed.

In Greater Manchester, more than two thirds of hospitality operators expect to make or have already made redundancies, 80% of which are in the restaurant sector. The failure of the Government to provide more meaningful support is perhaps why more than a third of businesses believe that they will never return to pre-covid levels, and why the hospitality sector expects to lose about 600,000 jobs by next month.

My constituents want the Government urgently to introduce more supportive measures during this period. For example, in the beer and pub sector, many businesses have called for the beer duty to be cut, for more pubs to be allowed to offer a takeaway service, and for wider financial support measures. That is even more pressing given the precarious nature of the pub industry, which in Stockport alone shrank by 25% in the decade prior to the pandemic. Publicans across my constituency, including Veronica Bell of the Sun and Castle, Pamela Clews of The Grey Horse and Ellen Davies of the Gardeners Arms have continued to go above and beyond to ensure that their businesses survive the crisis.

There is also an important point about supply chain businesses, such as Stephenson's in my constituency, which supplies the catering trade across the north-west. Without their efforts, many more local jobs would have been lost and pubs would have disappeared for good from our high streets and communities. However, their hard work alone is not enough. Stockport Council recently made a successful bid for future high streets fund investment. Although that is welcome, it will do little to bring a halt to the significant decline in trade.

I therefore call on the Minister to provide assurances that the furlough scheme will be extended beyond its current deadline of the end of April and that other measures will be taken, such as the extension of business rates relief, until the hospitality sector is fully open again, as well as significant safety net measures such as Government-backed covid indemnity insurance policies like those we have seen in many European countries, including Germany.

🕒 5.33pm

Lucy Powell >

(Manchester Central) (Lab/Co-op)

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It is a pleasure to serve under your chairmanship, Mr Stringer. I congratulate and thank my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) for securing the debate and for her excellent opening speech. I fully support her comments about remote participation in Westminster Hall.

I thank the instigators of the petition and the 200,000-plus people who signed it. That is an impressive number, but it is unsurprising,

given that hospitality is the hardest-hit sector, as well as associated activities such as weddings, events and live entertainment. At the heart of the petition is the fact that people are looking for leadership, which is why they want a specific Minister. They want leadership, focus and understanding. I mean no disrespect to the Minister, with whom I share a lot of these occasions, but what we have had is bits—piecemeal, sticking-plaster support offers—alongside stop-start restrictions that have sometimes felt particularly pernicious for the sector and that have often lacked evidence.

The petition reflects the idea that the Government do not get hospitality in all its forms. As we have heard, hospitality includes lots of different businesses, but at the heart of it are people who have put their life's work, livelihoods and love into creating businesses that bring people together. Often they have used personal assets to guarantee those businesses.

We have heard that hospitality is a huge part of our economy. It was the third biggest employer before covid, generating billions in turnover and tax. Such businesses make up the heart and soul of our town centres, city centres, high streets and communities. They are a key part of the ecosystem and they bring people and places together. We saw that recently in the BBC documentary that Tom Kerridge, one of the supporters of the petition, presented—it was an excellent programme. There is a wider ecosystem, too, from the supply chain that we have heard about to taxi drivers and security, as well as hotels, events and weddings. Hospitality is a huge, interlinked and diverse sector, and it employs many young people, those from black and minority ethnic backgrounds, and women. It was growing before, and it will grow again.

We welcomed the support that the hospitality sector had at the start of the pandemic. It was the right thing to do then, and it is right now that that support continues. Then, however, cash grant support was worth more. The other packages brought in at the time were designed for a much shorter period of time—loans, deferrals, moratoriums and so on. They are now not fit for purpose after nearly a year and growing of closures and lost trade. That is the key issue, which I think other Members have raised: what was initially designed for three months is now not appropriate for the 12 to 18 months that we are talking about.

Supporting businesses is the right thing to do economically. The Government said they would put their arm around the shoulder of the sector, but that must be maintained. Every previously viable business that goes bust will lengthen and deepen the long tail of recovery. That is not just the Labour view, but the view of the International Monetary Fund, the Bank of England and the OECD. We cannot cut our way out of a crisis. Lots of focus early on was rightly on the furlough scheme to protect jobs, but leading businesses now warn that without further support, those jobs will no longer be able to be furloughed as businesses go bust. A survey out today says 250,000 businesses, many of them in hospitality and associated areas, will fold this year. That is a devastating warning.

Supporting businesses is also the right thing to do morally, because they have closed to keep us safe. It is only right that the Government should step in to support them and keep them going. With light at the end of the tunnel, it is now even more important that there is a proper long-term plan to help businesses survive to that point and then thrive beyond it. I am sorry to say that despite some of the early actions taken, no such plan is forthcoming. We have the sticking-plaster approach to economic support, and there is no plan or route map for reopening. Contrast that with the approach of other countries, such as Germany and elsewhere. Speak to any business and it will say that cash flow is the major issue now. Action simply cannot wait until the Budget, because many businesses will be bust by then.

The furlough extension is welcome, but contributions are now stretching balance sheets. Businesses have taken the loans, deferrals and holidays, and they have not paid the rent, yet it is still not enough. The stop-start nature of the lockdowns has damaged business confidence and liquidity, and we have heard about the costs of restocking and losing stock along the way. Businesses were expecting the job retention bonus, but they had it taken away at the last minute, despite it being priced in. That was all before hospitality lost its golden months of the pre-Christmas trade, so it is no surprise that some of the latest business surveys show that more than half of hospitality businesses have less than three months of cash reserves. Only one in five hospitality businesses has enough to survive until March.

Just this week, we heard of Mitchells and Butlers, one of the oldest and biggest players in the sector, seeking to refinance. It is losing £40 million a month just to stay closed. I do not like to say so, but it feels a little like Ministers are asleep at the wheel. I am sure the Minister will tell us about the billions of pounds that have been spent, but unless the Government set out a long-term plan and a comprehensive framework to see businesses through to the spring, there will be waves of insolvencies and job losses. As somebody asked earlier, that prompts questions about the billions that have already been spent. What was it for if, at the critical juncture, the rug is pulled, and jobs and businesses are lost anyway?

We have to be honest about the announcements that have been made this week. The £9,000 is not available to most businesses; five out of six will get a lot less than that. Even when taken together with the local restrictions grant, it is still a lot less than what was received last time around. It does not even cover businesses in the supply chain, who are again waiting to see whether discretionary

grants will come to them; for many, they will not.

What about the medium-sized businesses—the hotels, the chains, the breweries and others? As somebody said earlier, £9,000 is frankly a drop in the beer glass. There is no mention of the excluded, many of whom are associated with this sector. What was an outrage for these people for three months is now economically and mentally fatal for many after nearly 12 months. We called on the Government to begin by using the £2 billion repaid by supermarkets to provide proper support to businesses and the excluded, but they have yet to do so.

I am afraid that a huge amount of business uncertainty lies ahead. The Government urgently need to get ahead of that and make sure there is a comprehensive plan. There is a massive surge of a cash-flow crisis ahead of us, with businesses going bust. In the next few months, we are going to see the end of the evictions ban, the business rates holiday and the Government-backed loans. Corporation tax payments will be due and there will be an end to the VAT cut, the VAT deferral and measures to prevent insolvencies.

Businesses will need to start repaying their VAT deferrals and business rates in April, yet we heard this weekend that hospitality businesses will not even be reopened by then. This is now urgent. Businesses looking ahead at their cash flow are taking decisions about their staff and the future of their businesses today. This cannot wait until March. Something must be done. The VAT reduction will have little benefit for most businesses, because they have been closed during that time.

The failure of the Government to set out what might happen to those deadlines is creating massive anxiety, and will lead to wave after wave of insolvency and consequential job losses, not only extending and deepening the economic crisis, but taking with them all the loans and the previous investment in keeping them going up to this point. It makes no economic sense whatsoever.

Alongside this economic spring plan for businesses, we need a clear route map to reopening, as called for by the British Beer and Pub Association, UKHospitality and others. They want proper discussion now about the route map to reopening. What levels of vaccination, hospitalisations and mortality are needed for reopening, and what does that reopening look like? No household mixing? Substantial meals again? Curfews again? These have all caused extra burden when the evidence is clear.

In conclusion, hospitality businesses and their associated ecosystem need better leadership, focus and understanding. They need cash support that matches business need and revenue loss. There will be no businesses for firms to employ people unless this is done. They need immediate action on the uncertainty created about these cliff edges. That may involve big, creative thinking on some of the big issues coming up the track, with rent deferrals and the huge debt overhang, that will need to be addressed at some point. The Government need to stop their scattergun approach, which leads to sticking-plaster solutions, and come up with a proper long-term plan for this hugely important sector in distress.

Graham Stringer >

(in the Chair)

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Minister, I ask you to leave two or three minutes at the end for the proposer.

 5.44pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy >

(Paul Scully)

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Thank you, Mr Stringer, I will do. It is a pleasure to serve under your chairmanship.

I congratulate the hon. Member for Newcastle upon Tyne North (Catherine McKinnell) on securing the debate and representing the petitioners so well. They are understandably crying out for help to get across the line, after such a difficult period. Hospitality has undoubtedly been one of the hardest pressed, if not the hardest pressed, sectors over the pandemic. I thank everybody who has contributed to the debate for the way in which they have put the case for their constituents.

Since taking on responsibility for food and beverage hospitality businesses in March last year and establishing a dedicated sponsorship team within the Department for Business, Energy and Industrial Strategy, we have worked extremely closely with representatives from across the sector, so there has always been development. I will come back to the question of a dedicated Minister in a second, but essentially, this was split across a number of Departments and we now have a dedicated hospitality team that is working really hard.

I also put on record my gratitude to the sector itself for how its representatives have engaged with me and my officials throughout the pandemic. It is important to recognise that the hospitality sector is not just pubs and restaurants: cafés, the wedding sector, nightclubs and all the associated businesses that we have heard so much about today, including specialist suppliers, are also going through this. I thank them in particular for how they engaged with the safer workplace guidance to allow essential businesses to stay open, but also to allow these businesses to reopen at various points. Understandably, as we have discussed, the fact of the matter is

that there has been opening and closing depending on the tier system, and that has been a source of frustration for everybody, especially—as my right hon. Friend the Member for New Forest East (Dr Lewis) says—those that have had to pour away beer and throw away food at various points during this period.

We continue to work together with the sector across Government to make sure that we can strike the right balance between the covid-19 restrictions and the corresponding business support measures. As we have heard, we responded with an unprecedented package of support worth a staggering £280 billion, which included the grants, the furlough scheme, the various loan schemes, the business rates holiday, VAT deferrals, and of course the eat out to help out scheme. On top of that, we released additional funding worth £4.6 billion to help businesses through the current lockdown, which we estimate will help 600,000 hospitality businesses. We have also taken action to protect businesses by placing restrictions on landlords using commercial rents arrears recovery to enforce unpaid rents on commercial leases. Importantly, we have kept all the support measures under review to ensure that as far as possible, they have kept pace with the changing covid-19 situation and the need to flex restrictions accordingly.

Stephen Doughty >

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Will the Minister give way?

Paul Scully >

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I will not give way, just so that I do not run out of time, but I will come back to the hon. Gentleman in a second.

Like those who have taken the time to sign a petition, and those right hon. and hon. Members who have taken part in today's debate, I recognise the importance of the hospitality sector, not just to local areas but to whole communities and to the country as a whole. We have heard that the sector employs around 3.5 million people overall, and in normal circumstances generates revenues of around £63 billion a year. It is strategically important to the UK, as well, traditionally being the first sector to recover following an economic downturn and acting as a catalyst for wider economic recovery and regeneration.

Most importantly, the sector lies at the heart of communities, providing jobs and places to enjoy companionship and supporting mental health and wellbeing, social cohesion and cultural integration. It is important that when we talk about culture—about meeting people—we remember that that is what hospitality is there to do, and it is really sad that the restrictions and lockdown itself are there to stop people meeting people. As we have heard, though, that is not to say that hospitality in itself is the vector for transmission. It is really important that we do not scapegoat the hospitality sector, which has done so much—it has spent a lot of money and put in a lot of effort—to make its venues covid-secure.

Turning to the question of establishing a Minister for hospitality, responsibility is currently split between BEIS and the Department for Digital, Culture, Media and Sport: BEIS is responsible for the food and beverage industries, and DCMS is responsible for accommodation, primarily hotels, as part of its tourism remit. There is clearly some overlap between these important industries, and I work closely with the Minister for Sport, Tourism and Heritage at DCMS, my hon. Friend the Member for Mid Worcestershire (Nigel Huddleston), to ensure that the interests of this sector as a whole are fully represented across Government.

The close collaboration that we have means that the policy levers in both DCMS and BEIS can be employed effectively to the benefit of the sector. Clearly, it is not within my gift to create a new ministerial post—that power rests solely with the Prime Minister—but I can assure hon. Members that the two of us are doing all we can within Government to understand and represent the interests of the sector. Whether or not we have a dedicated Minister for hospitality, we need to ensure that the sector is in the best possible place to bounce back from covid-19, so that it can play a leading role in the UK's economic and social recovery.

We know that the hospitality sector has often shown great resilience and innovation in adapting; such adaptation is not a new phenomenon. We saw that hospitality was one of the first sectors to recover after the 2007 financial crisis, which helped drive the

UK's recovery more generally. In order to achieve the same level of recovery that we saw following that crisis, we are committed to maintaining support to the sector until the vaccines are rolled out and businesses can open without restrictions. However, we also need to think about and plan for the longer-term recovery.

The UK has a world-leading net zero target. I want to see the creativity that helps define the hospitality sector put to good use in helping to tackle climate change, by developing and utilising new technologies and processes to minimise emissions and, importantly, waste. Although this is a challenging time for the sector, it is essential that, as we bounce back, we work with hospitality businesses to build back their industry so that it is stronger and greener.

I thank the hon. Member for Brighton, Pavilion (Caroline Lucas), who was unable to attend the debate today but sent me a statement from hospitality businesses in her constituency, supporting the creation of the ministerial position and emphasising the important role that the sector will need to play in our economic recovery and growth. I hope that I have addressed both those points.

We have had a very interesting debate, starting with the hon. Member for Strangford (Jim Shannon). One of the regular calls that I have with the industry includes Colin Neill from Hospitality Ulster. We also heard from the hon. Member for North Antrim (Ian Paisley), who talked about Van Morrison. Actually, a Van Morrison gig was one of the last gigs that I went to at the O2, to raise money for the Royal Marsden Hospital. The O2 itself is now one of the nightingale hospitals, and one of the people who set it up was the chief nurse at the Marsden—everything comes around in a circular fashion, which shows the unusual times we are in.

With regard to the coffee culture that my hon. Friend the Member for Winchester (Steve Brine) talked about, we should not forget that takeaway coffees also play a part for shift workers, who need such extra support, so not everything that is seen as non-essential is non-essential to certain people.

There is no way we can have a one-size-fits-all policy. Certainly what I have learnt about the hospitality sector over the past nine or 10 months is that a lot of work is being done behind the scenes, whether with me or with my hon. Friend the Minister for Sport, or through lobbying by Colin Neill, Kate Nicholls or Emma McClarkin, or through lobbying from the chief executives of the larger pub businesses, the independent pubs, the restaurant groups and all those sorts of businesses. That means we can address issues such as the 10 pm curfew, which was a blunt instrument, as has been outlined. It clearly stopped restaurants having second sittings, but it also stopped pubs selling a lot of alcohol at that time—a lot of their profit is created at that time but it was also pushing people together. I am also the Minister for London and I saw at that time a 40% increase in the use of the tube between 10 pm and 10.15 pm. The curfew was clearly pushing people together, doing the opposite of what we wanted. It was therefore right to make the case against it and have it reversed.

Dr Huq >

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Will the Minister give way?

Paul Scully >

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I will not give way, because I have only a couple of minutes left and I want to give the hon. Member for Newcastle upon Tyne North a little time to respond to the debate.

From my business role through to my work with the hospitality sector, and in my work as Minister for London, I can see that any town centre, any city area or any retail area is an ecosystem. People do not go to a hotel, such as those within a mile or two of where we are now, just to sleep in another bed; they go because they want to spend time in the pubs, restaurants, theatres, museums, galleries and all the things that a city such as London has to offer. It is the same with Newcastle, Manchester or any of our fantastic towns across the country, and clearly it is also the same for rural areas such as Cornwall, which my hon. Friend the Member for Southport (Damien Moore) mentioned when he talked about tourism in his part of the world.

Indeed, that is a really interesting point about tourism in coastal or rural areas in particular, because we are now in the third winter of their three-winter scenario—we had the winter last year; then we had the summer, when they would expect to make a lot of their profits but effectively it was a winter for them; and now, as we can feel here in Westminster Hall today, this is really a third winter. It is important that we continue to work very closely with those areas.

I am more than happy to work with all hon. Members to ensure that we do not just hear the understandable cries of anguish from the

hospitality sector, but work out what we can do, given the public finances, to continue to flex, work on the recovery and look at how we can stagger the reopening. In a few weeks' time, we will get to the point with the vaccine roll-out, hopefully alongside the plateauing of the case load, at which we will have a better idea of the timescale and can start talking about a road map.

I know, because we talked about this last summer, that businesses, especially the bigger ones that have greater resources and can do that sort of forward thinking, will already be thinking about how to roll out the reopening of pubs, restaurants, cafés and, importantly, the wedding sector, which my hon. Friend the Member for Loughborough (Jane Hunt) mentioned. I would love to get to

that point, whether through pilots or just through working with the wedding sector, which is understandably filling my timeline on Twitter and social media—I can see exactly why it is doing that. After that, we can deal with the nightclub sector—we heard about Sacha Lord, who does a remarkable job in raising these issues with me and colleagues—which is a really tough one to crack. Hopefully we can get to the point where it can open.

I could go on forever, but I want to leave some time for the hon. Member for Newcastle upon Tyne North. Hospitality brings people together. We have heard a lot of calls for the evidence for why various measures were put in place. If hon. Members look at the infographics and the rules and guidance for this particular part of the lockdown, they will see that there are three words at the top of pretty much every page: “Stay at home.” Unfortunately, that is what everything is about. It is not about meeting. This will be a really tough few months, because it is miserable outside. With regard to exercise and so on, it is not going to be good. We need to offer hope to those businesses and get them across the finishing line so that we have a better summer and ensure that we do not have a fourth winter.

The hospitality sector represents friendship, generosity, enjoyment and happiness. It is a tonic for loneliness and a warm welcome for visitors at the heart of our communities. In short, hospitality matters. We will continue to work with hospitality businesses to get them through the immediate crisis and then help them to build back stronger and greener.

🕒 5.58pm

Catherine McKinnell >

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I thank everyone who contributed to this debate. We have done justice to the petitioners who raised this issue. There is nothing that we disagree on. In fact, there was nothing in what the Minister said for us to disagree with, other than the fact that he has not accepted the proposal to have a specific Minister for hospitality.

We agree that this industry is vital, but we all have concerns that the Government are not maximising the knowledge within the hospitality industry to ensure that they and the country get it right for the industry. If we put the two together, we can use all that creativity, energy and innovation to ensure not only that the Government's response is right, but that it is absolutely right for the hospitality industry.

According to the well-known saying, we do not know what we have got until it has gone, but I would say that we do know what we have got; we all know that these businesses are absolutely essential in our communities. They are essential for jobs and opportunities. They are essential for the sense of community. They are essential because they are unique and special and will attract to this country the people we will need in our post-Brexit world. They are also essential because they are a major tax generator for the Government.

The Government should want to get this right and should want the maximum possible engagement with the hospitality industry. A seat at the table and a strong voice for the hospitality industry would be in the Government's interest. I thank the Minister for his response today but urge him to take the idea away and put it to the Prime Minister as something that it is in the Government's interest to create.

Question put and agreed to.

Resolved,

That this House has considered e-petitions 552201 and 329985 relating to Government support for the hospitality industry.

🕒 6.00pm

Sitting suspended.

