



## BRIEFING PAPER

Number CBP 8978, 22 December 2020

# Eat Out to Help Out Scheme

By Georgina Hutton

## 1. What was the Eat Out to Help Out Scheme?

The Eat Out to Help Out Scheme (EOHO Scheme) was one of the Government's policy measures aimed to support businesses reopening after the first COVID-19 lockdown period. It formed part of the Chancellor's summer economic update on 8 July 2020 (the [Plan for Jobs](#)). The Scheme aimed to protect jobs in the hospitality sector by encouraging consumers to return to eating out. It was one of several support measures targeted at the hospitality industry throughout the coronavirus period (Box 1).

Under the [Eat Out to Help Out Scheme](#) the Government provided 50% off the cost of food and/or non-alcoholic drinks eaten-in at participating businesses UK-wide, Monday to Wednesday from 3–31 August 2020.<sup>1</sup> The discount was capped at £10 per head. The discount did not apply to take-away orders or event catering. There was no minimum spend requirement and no limit on the number of times customers could use the offer.

### Box 1: Support for the hospitality industry

The accommodation and food services sector has been [one of the hardest hit](#) during the pandemic. The UK Government has announced several financial support schemes specifically targeted at the sector, including:

- [Temporary VAT cut](#): VAT for hospitality, accommodation and attractions has been temporarily reduced to 5% (from 20%) from 15 July 2020 to 31 March 2021.<sup>2</sup> The Library briefing paper, [VAT on Tourism](#) (SN06812) provides further information.
- Business rates relief: retail, hospitality and leisure businesses in England are receiving a 100% business rates holiday in 2020/21. Each nation has set up their own coronavirus business rates relief schemes.
- Small business grants: businesses in the retail, leisure and hospitality sectors in England that are eligible for full business rate relief, and which occupy properties with a rateable value of £51,000 or under, were entitled to a grant of £25,000 in respect of each qualifying property that they occupy in 2020-21. This grant scheme ran from March-August 2020 and was followed by a series of [further grant schemes](#) later in the year.<sup>3</sup> Separate grants schemes apply in the devolved Administrations.
- [£1000 Christmas grant for pubs](#) in Tiers 2 and 3 in England that predominantly serve alcohol.

<sup>1</sup> Inclusive of VAT but does not include service charge. Examples are provided in the Government's guidance: [Get more information about the Eat Out to Help Out Scheme](#), 9 July 2020.

<sup>2</sup> HMRC, [VAT: reduced rate for hospitality, holiday accommodation and attractions](#), 9 July 2020.

<sup>3</sup> [Coronavirus: New business grant schemes explained](#), 17 November 2020 provides further information.

Additionally, the [Business and Planning Act 2020](#) made some temporary changes to licensing law and outdoor seating to make it easier for restaurants and pubs in England and Wales to seat and serve customers outdoors and comply with social distancing requirements.

These measures are in addition to support schemes available to all businesses, such as the Coronavirus Job Retention Scheme and government-backed business loans. A summary of all Government support measures is provided in Section 4.3 of the [Library paper Coronavirus: economic impact](#).

For further detail, see the Library briefing paper, [Coronavirus: support for businesses](#).

## 2. How did the EOHO Scheme work?

Eligible businesses had to [register with HMRC](#) before offering the discount to customers. Once registered, businesses offered the discount to customers and claimed the money back from HMRC on a weekly basis via an online system. The system was open to claims from 7 August and business had until 30 September 2020 to make claims.<sup>4</sup>

Eligible businesses were those registered with their local authority as a food business on or before 7 July 2020. Food and drink had to be sold for consumption on the premises to claim the discount. This means in a dining area set aside specifically for that restaurant (including in areas shared between more than one business).

The Government made available an [online restaurant finder](#) that showed businesses registered within 5 miles of any postcode entered. A list of [larger chain businesses participating](#) was also published. Members and their staff can contact the Library to request a list of businesses participating in their constituency.

Further information and FAQs are available in the Government's guidance for businesses: [Get more information about the Eat Out to Help Out Scheme](#), 9 July 2020.

The legal conditions for the Scheme were set out in a [Treasury Direction](#) made on 7 July 2020.<sup>5</sup>

## 3. Reactions to the Scheme announcement in July

On 7 July, Permanent Secretary of HMRC, Jim Harra, [wrote to the Chancellor](#) highlighting the difficulty of assessing the value for money of the EOHO Scheme given the uncertainty regarding how customer demand would have recovered without the scheme in place.<sup>6</sup> The Chancellor was asked about Mr Harra's letter during [oral evidence to the Treasury Committee](#) on 15 July 2020. Accepting the "environment of uncertainty" the Chancellor stated that he "firmly" believed that the Scheme would make a difference.<sup>7</sup>

The Institute for Fiscal Studies also [questioned whether the Scheme was introduced too early](#), before it was clear whether the real problem is one of demand (customers need to be encouraged to go out) or supply (with social distancing, restaurants can't serve enough

---

<sup>4</sup> Businesses had to be registered for a week before making claims under the scheme; registration for the scheme closed on 31 August 2020.

<sup>5</sup> HM Treasury, [Treasury Direction made under Sections 71 and 76 of the Coronavirus Act 2020: Eat Out to Help Out Scheme](#), published 9 July 2020

<sup>6</sup> Letter from Jim Harra, Chief Executive and First Permanent Secretary HMRC, to the Chancellor, [COVID-19 "Eat Out to Help Out" \(EOHO\) Scheme](#), 7 July 2020.

<sup>7</sup> House of Commons Treasury Committee, [Oral evidence: Economic Impact of Coronavirus](#), HC 271, 15 July 2020, Q864.

people).<sup>8</sup> The Institute for Government made similar comments noting the [potential for deadweight](#) in the Scheme, possibly subsidising activity by higher income households that might have happened anyway.<sup>9</sup> The [Resolution Foundation think tank](#) stated that the voucher scheme showed the “creativity needed to support hard-hit sectors” but is “on a far too small a scale to make a significant impact” and excluded other hard-hit sectors such as retail.<sup>10</sup>

In general, the scheme was welcomed by the hospitality industry. Trade body UKHospitality described the Scheme, along with the [temporary VAT cut](#) for hospitality, as a “[huge bonus](#)” given that consumer confidence is key to the sector’s recovery.<sup>11</sup> However, the Campaign for Pubs and the Society of Independent Brewers were [disappointed by the decision](#) to exclude beer from the EOH Scheme and VAT cut, arguing that the measures favour bigger chain pubs and restaurants with large floor space and wider food offerings but [offers little to support smaller “wet-led” community pubs](#).<sup>12</sup> Some health campaigners argued that [unhealthy food](#) should also have been excluded from the Scheme.<sup>13</sup>

The British Retail Consortium (BRC), trade association for the retail industry, [expressed disappointment](#) that a similar scheme had not been introduced for retail shops, and called for the Government to reconsider this ahead of the Autumn Budget.<sup>14</sup>

## 4. How much did the Scheme cost?

Overall, £849.24 million was claimed under the Scheme. **The total amount paid under the scheme was £840 million** (slightly lower than the amount claimed due to some rejected claims or errors in payment details).<sup>15</sup> This exceeds the £500 million forecast by the Treasury at the time of the Scheme announcement.<sup>16</sup>

In total, over 160 million individual meals (covers) were claimed under the Scheme. This corresponds to approximately 1.5 meals per head of the population. The average claim per cover was £5.24, just over half the £10 maximum per person.

HMRC has not published data on where in the country Eat Out to Help Out discounts were claimed, but states that “a geographic breakdown of the Eat Out to Help Out statistics for businesses with 25 or fewer outlets will be published in due course”.<sup>17</sup>

---

<sup>8</sup> IFS, [Summer Economic Update](#), 9 July 2020. (accessed 15 July 2020); surrounding the extent to which demand would have recovered without the scheme in place.<sup>8</sup>

<sup>9</sup> IfG, [Five things we learnt from Rishi Sunak’s summer economic statement](#), Gemma Tetlow, 8 July 2020.

<sup>10</sup> Resolution Foundation, [£30bn top up to pandemic support takes the total to almost 10 per cent of GDP – and borrowing to £350bn](#), 8 July 2020 [accessed 15 July 2020]

<sup>11</sup> UKHospitality, [UKHospitality warmly welcomes jobs and hospitality package](#), 8 July 2020.

<sup>12</sup> Campaign for Pubs, [The Government has turned its back on thousands of local community pubs – Campaign for Pubs response to the Chancellor’s summer statement](#), 8 July 2020; Society of Independent Brewers, [SIBA respond to today’s Summer Economic Statement from the Chancellor](#), 8 July 2020.

<sup>13</sup> [Eat out to help out: Coronavirus scheme offering UK diners 50% off begins](#), *BBC News*, 3 August 2020.

<sup>14</sup> British Retail Consortium, [BRC responds to Chancellor’s economic update](#), 8 July 2020.

<sup>15</sup> HM Treasury, [Spending review 2020](#), 25 November 2020, Table 1.1, line 15.

<sup>16</sup> HM Treasury, [Plan for Jobs \(PDF\)](#) 8 July 2020. This figure is based on the 2018 ONS Annual Business Survey turnover data for the relevant sectors along with the Spring Budget consumption forecast.

<sup>17</sup> HMRC, [HMRC coronavirus \(COVID-19\) statistics](#), accessed 22 December 2020. HMRC did publish regional data in September 2020 but this was later retracted.

## Eat Out to Help Out Scheme

Total claims (up to 30 September 2020)

Number of participating businesses	49,353
Number of participating outlets	78,116
Total amount claimed (£ million)	£849
Total meals claimed	161,934,000
Average meal claim (£)	£5.24

Notes Figures represent claims not payments; the amount ultimately paid under the scheme was slightly lower (£840 million). Total meals and discount claimed rounded to nearest 1000; number of participating outlets are those that made at least one claim.

Source: HMRC, [Eat Out to Help Out statistics](#), 25 November 2020; accessed 10 December 2020.

### 4.1 Claims by business size

49,353 businesses made claims under the EOHO scheme by 30 September 2020. These businesses represented 78,116 outlets. Almost a quarter (23%) of the participating outlets (18,134) were part of large businesses with more than 25 outlets.<sup>18</sup>

93% of claims under the scheme were made by businesses with just one participating outlet. These claims amounted to just over half of the total discount claimed under the scheme (52%). The average weekly claim by these small businesses was £2,100.

Just over a quarter (27%) of the total discount (£232 million) was claimed by large businesses with more than 25 outlets. The average weekly claim by large businesses was £371,900.

Most of the claims made under the scheme were by restaurants and pubs. Claims were also made by establishments in the retail, accommodation and leisure sectors as well as others.<sup>19</sup>

## EOHO claims by business size

Business size by number of registered outlets. Total claims by 30 September 2020

Number of outlets	Total discount claimed (£ million)	% total discount claimed	% total meals claimed for	Average weekly claim (£)
1	442	52%	42%	2,100
2 to 5	92	11%	11%	7,000
6 to 35	83	10%	14%	33,500
More than 25	232	27%	34%	371,900

Notes Figures represent claims not payments; the amount paid under the scheme was slightly lower (£840 million) due to some rejected claims). Total meals and discount claimed rounded to nearest 1000; number of participating outlets are those that made at least one claim.

Source: HMRC, [Eat Out to Help Out statistics](#), 25 November 2020; accessed 10 December 2020.

<sup>18</sup> Source: HMRC, [Eat Out to Help Out statistics](#), 25 November 2020; accessed 10 December 2020.

<sup>19</sup> Restaurants and pubs formed 77% of businesses for which for which a sector could be assigned. 68% of businesses participating could be matched by VAT code to a sector.

## 5. What impact did the Scheme have?

Jim Harra, Permanent Secretary and Chief Executive of HMRC [told the Public Accounts Committee](#) on 16 November 2020 that there was evidence to show that the scheme boosted overall consumer demand in the hospitality sector – which he stated was the primary purpose of the scheme – but that there needed to be a fuller analysis of the Scheme and whether it achieved value for money:

The Treasury will be announcing in due course its plans for evaluating Eat Out to Help Out and the other covid support schemes. From the point of view of achieving its objective, clearly, from the claims received, restaurants did successfully reopen in August. There is already some evidence to show that, because the scheme was targeted on Monday to Wednesday, that significantly increased footfall during those days without reducing footfall by an equivalent amount in later days, and therefore increased overall demand for that sector as it reopened. However, there will need to be a fuller evaluation of the operations, the error and fraud risk and whether it achieved value for money in due course.<sup>20</sup>

He also stated that the scheme went “very well” operationally in terms of handling registration claims from restaurants. He stated that HMRC had developed data analytics processes to help identify fraudulent claims and that three arrests had been made for suspected fraud in relation to the scheme.<sup>21</sup>

### Customer demand

UKHospitality reported [high uptake of the scheme](#) amongst its members when the scheme began. Press reports and the Government were [positive about the take up](#) by customers during the first week of the Scheme.<sup>22</sup> However, some in the industry reported concerns that the scheme had simply [shifted dining patterns](#) earlier in the week.<sup>23</sup>

Data from online [restaurant booking service Open Table](#), plotted in the chart below, showed that seated diners increased on Monday to Wednesday throughout the scheme, and was higher than the same days in 2019.<sup>24</sup> On the final day of the scheme (bank holiday Monday 31 August), there was a 216% increase in seated diners compared to the same Monday in 2019 (which was not a bank holiday). Weekend dining during August was significantly lower than Monday-Wednesday but increased towards the end of August. From early September, dining out rates have dropped off to within about 10% of 2019 levels. Dining decreased below 2019 levels again from late-September as new restrictions on hospitality venues were imposed.

---

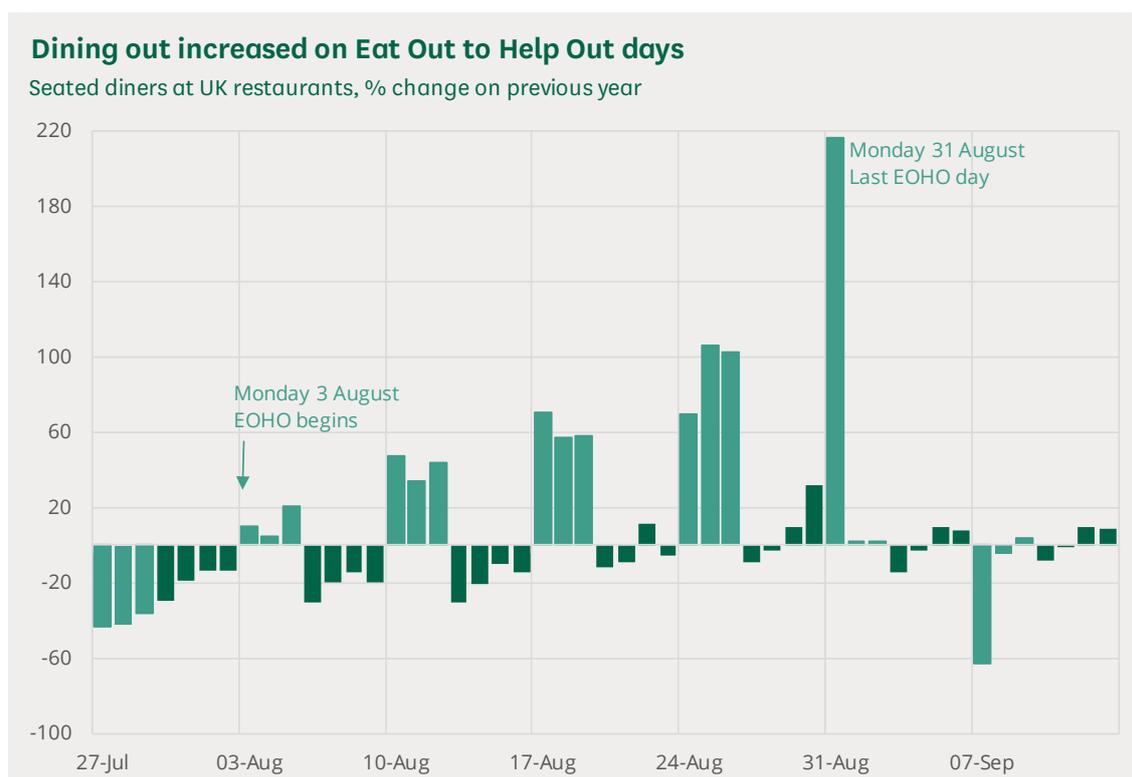
<sup>20</sup> Public Accounts Committee, [Oral evidence: HM Revenue & Customs 2019-20 Standard Report, HC 690](#), 16 November 2020, Qq 29, 31-32.

<sup>21</sup> Public Accounts Committee, [Oral evidence: HM Revenue & Customs 2019-20 Standard Report, HC 690](#), 16 November 2020, Q 28.

<sup>22</sup> [‘Sales went berserk!’ Eat out scheme serves much-needed help to hard-hit restaurants](#), Zoe Wood, *The Guardian*, 8 August 2020; [Eat Out to Help Out: Diners lap up Rishi Sunak’s half-price meals](#), Robert Miller, *The Times*, 14 August 2020; HM Treasury, [Britain eats out to help out – over 35 million meals claimed in first two weeks](#), 18 August 2020.

<sup>23</sup> [UK’s Eat Out to Help Out draws in diners, but is it enough?](#) Alice Hancock, George Parker, *Financial Times*, 7 August 2020; [‘Eat out to help out will definitely affect the weekend’](#), Robert Plummer, Simon Read, *BBC News*, 3 August 2020.

<sup>24</sup> Open Table, [State of the Industry](#), accessed 18 August 2020. Based on a sample of restaurants that use the Open Table service.



Notes: includes online, phone and walk-in reservations from a sample of restaurants on the Open Table network. Comparison is to the same day of the week from the same week in the previous year.  
Source: Open Table, [State of the Industry](#), accessed 10 November 2020.

Survey data collected by the ONS also reported that the number of people leaving their home to eat out at restaurants increased in August.<sup>25</sup> More than half (53%) of the adults surveyed by the ONS that were aware of the EOHO scheme stated that they had eaten out in August just to make use of the scheme. However, 47% of adults told the ONS that they would have eaten out in August anyway, without the discount from the scheme.<sup>26</sup> The ONS reported that the proportion of adults that left their home to eat or drink at a restaurant, café, bar or pub increased week-on-week in August, and decreased week-on-week in September. In the week of 24-27 September, 28% of adults surveyed by the ONS said that they left home to eat or drink at a restaurant or bar, compared to 38% at the end of August (26 to 30).<sup>27</sup>

Consumer spending in restaurants also increased during August.<sup>28</sup> The Bank of England's Agents Report for Q3 2020 reported that the Scheme helped boost demand in restaurants, but that nevertheless revenues were constrained due to need to limit customer numbers for social distancing.<sup>29</sup> Consumer card transaction data analysed by the ONS showed that the proportion of card transactions in restaurants during EOHO had shifted more towards the beginning of the week.<sup>30</sup>

Consumer demand and spending dropped off in September, alongside increasing restrictions on hospitality venues imposed from mid-September. Businesses raised concerns about [maintaining demand](#) once the Scheme ended from early on in the Scheme, pointing to high ongoing costs such as rent and the investments made to make

<sup>25</sup> ONS, Opinions and Lifestyle Survey (OPN), [Coronavirus and the social impacts on Great Britain](#).

<sup>26</sup> ONS, Coronavirus and the social impacts on Great Britain, [4 September release](#).

<sup>27</sup> ONS, Coronavirus and the social impacts on Great Britain, [4 September release](#) and [2 October release](#).

<sup>28</sup> Markit/CIPS [UK Services PMI, 30 September 2020](#) (PDF); ONS, [First estimate of household final consumption expenditure](#), 12 November 2020, series ZAXS.

<sup>29</sup> Bank of England, [Agents' summary of business conditions - 2020 Q3](#), 17 September 2020.

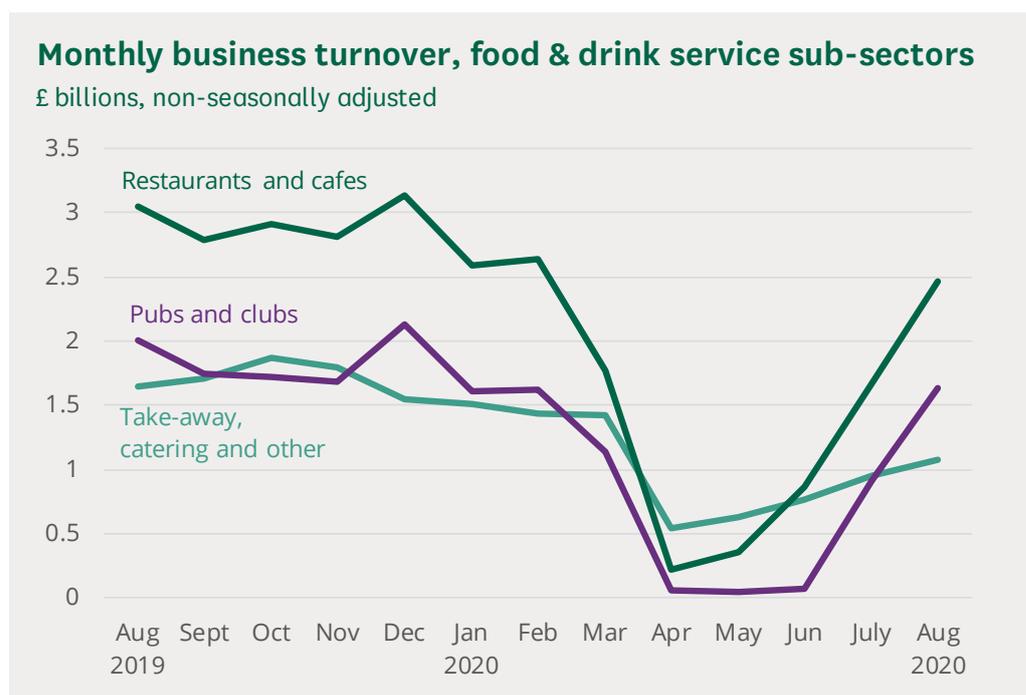
<sup>30</sup> ONS, [Impacts of Eat Out to Help Out on consumer prices: August 2020](#), 21 October 2020, Figure 1.

premises COVID-secure, which were causing businesses to struggle.<sup>31</sup> Some restaurants continued to offer self-funded discounts to customers following the end of the Scheme.<sup>32</sup> Others reported difficulty coping with the demand prompted by the Scheme.<sup>33</sup>

### Impact on economic output and business turnover

The EOHO scheme contributed to a boost in the economic output of the food and beverage service activities (restaurants, bars, cafes, takeaways and so on) in August.<sup>34</sup> Food and beverage services output grew by almost 70% in August. This was less than the 120% growth seen when restaurants re-opened in July. Nonetheless, output in August remained 11% below pre-pandemic levels (February 2020).<sup>35</sup> In contrast, other sectors of the economy saw slower or no recovery in August (see Section 3.5 of the Library paper [Coronavirus: economic impact](#) for discussion).

Business turnover for restaurants, bars, pubs and cafes increased in August, even excluding the EOHO subsidy claimed from the Government. The ONS reported that turnover in restaurants and cafés increased 47% in August to £2.46 billion, reaching 81% of August 2019 levels. Turnover from pubs bars and clubs grew by 79% in August, reaching £1.6 billion, 82% of August 2019 levels. Take-away and catering businesses which were generally not eligible for the scheme saw a lower increase in turnover in August (and were also less affected by the downturn in April). Accommodation sectors also saw an increase in turnover in August.<sup>36</sup>



Note: data subject to volatility and a large degree of uncertainty due to Covid-19. Turnover for August excludes the EOHO subsidy received by businesses from the Government.

Source: ONS, [Coronavirus and the impact on output in the UK economy: August 2020](#), Figure 6, 9 October 2020.

<sup>31</sup> [‘Eat Out’ scheme fills tables but operators worry about afters](#), Alice Hancock, Andy Bounds, *Financial Times*, 3 August 2020; [Eat out to help out: ‘We’ve had 15,000 bookings’](#), Mary-Ann Russon, *BBC News*, 7 August 2020.

<sup>32</sup> [Coronavirus: Restaurants extend discount dining into September](#), *BBC News*, 27 August 2020

<sup>33</sup> [Eat out scheme causing ‘hostility towards staff’](#), *BBC News*, 15 August 2020.

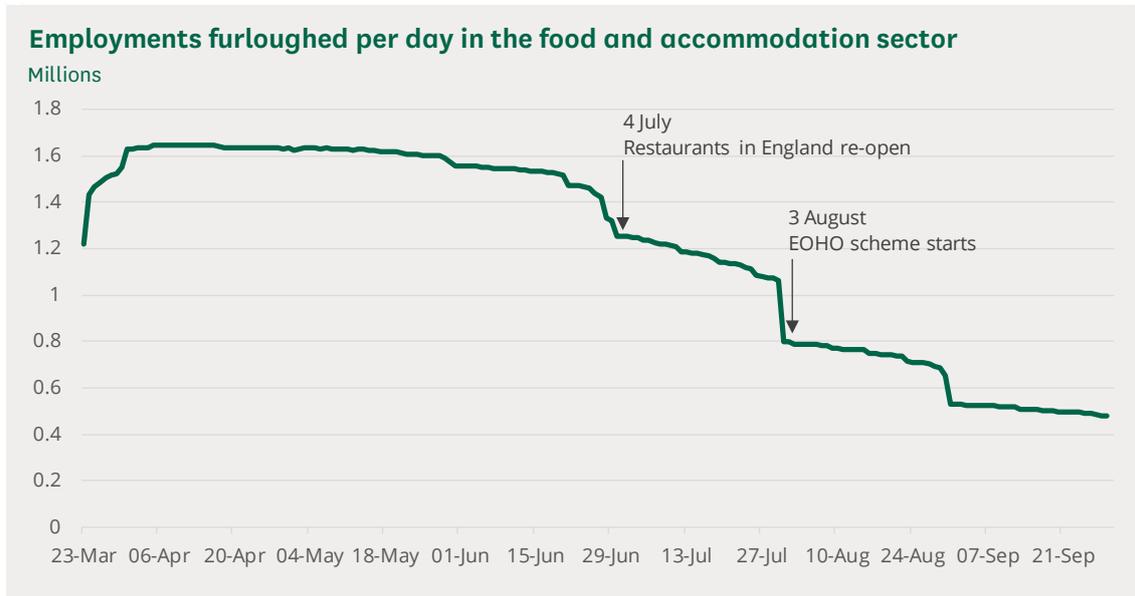
<sup>34</sup> ONS, [Coronavirus and the impact on output in the UK economy: August 2020](#), 9 October 2020.

<sup>35</sup> ONS, [Coronavirus and the impact on output in the UK economy: August 2020](#), 9 October 2020.

<sup>36</sup> ONS, [Coronavirus and the impact on output in the UK economy: August 2020](#), Figure 7, 9 October 2020.

## Impact on jobs

August 2020 saw a drop in the number of food & accommodation sector jobs on furlough under the Coronavirus Job Retention Scheme (CJRS). On 31 August, 527,900 jobs in the food and accommodation sector were on furlough, compared to 1,063,400 on 31 July 2020 (a 38% decrease).



Note: the number of jobs furloughed does not necessarily represent the number of individuals furloughed, as individuals may hold more than one job.

Source: HMRC, [HMRC Coronavirus \(COVID-19\) statistics](#) [accessed 17 December 2020]

HMRC was able to match many of the businesses participating in the EOHO against those that had also claimed under the furlough (CJRS) and self-employment income support schemes.<sup>37</sup> HMRC reported that 83% PAYE-registered businesses participating in the EOHO had furloughed staff under the CJRS at some point since March. This reduced to 61% furloughing some staff in August.<sup>38</sup> 35% of the self-employed businesses participating in the EOHO had also claimed at least one Self Employment Income Support Scheme Grant (SEISS).

## Impact on Inflation

The EOHO, along with the temporary reduction in VAT for hospitality services, led to a fall in inflation in August 2020. The annual rate of the Consumer Prices Index (CPI) fell to 0.2% in August, from 1.0% in July. This was largely driven by restaurant prices paid by consumers decreasing in August due to the EOHO scheme. The ONS reported that the 12-month growth rate of the CPI would have been approximately 0.6% in August 2020 had the EOHO scheme not been in place.<sup>39</sup>

<sup>37</sup> 78% of businesses that made a claim under the EOHO provided their PAYE reference number when registering for the scheme; this allowed HMRC to match these businesses against CJRS and SEISS claims data. HMRC, [Eat Out to Help Out statistics](#), 25 November 2020.

<sup>38</sup> HMRC, [Eat Out to Help Out statistics](#), 25 November 2020. Note that employers claim retrospectively for the CJRS so it is possible that further claims for August may still be made after the EOHO statistics were published in November.

<sup>39</sup> ONS, [Impacts of Eat Out to Help Out on consumer prices: August 2020](#), 21 October 2020, Table 2.

## About the Library

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publicly available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email [papers@parliament.uk](mailto:papers@parliament.uk). Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email [hcinfo@parliament.uk](mailto:hcinfo@parliament.uk).

## Disclaimer

This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the [conditions of the Open Parliament Licence](#).