

Research Briefing

By Georgina Hutton

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Hospitality industry and Covid-19



Summary

- 1 What is the hospitality industry?
 - 2 Hospitality industry in the UK: pre-pandemic
 - 3 Impact of Covid-19 on the hospitality industry
 - 4 Support for the hospitality industry during the pandemic
- Annex: Timeline of hospitality restrictions

Number

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Summary

The hospitality industry primarily refers to the food and accommodation services industries. This means restaurants, cafes, pubs, bars, catering, hotels, campsites and other accommodation. The hospitality industry has been one of the hardest hit sectors by the pandemic.

Hospitality industry in the UK: pre-pandemic

In 2019 the economic output of the hospitality sector was £59.3 billion, which was around 3% of total UK economic output. Hospitality businesses represented 3-5% of businesses in each country and region.

In the three months to March 2020, there were 2.53 million jobs in the hospitality sector in the UK, representing 7.1% of total UK employment. The hospitality industry has higher proportions of younger workers, foreign-born workers, part-time workers and workers from minority ethnic backgrounds compared to other sectors. Median hourly pay is lower in hospitality compared to other sectors.

The **excel sheet attached** to this briefing allows users to view the number of accommodation and food/beverage businesses and employment by Parliamentary constituency. The Library briefing on [Pub Statistics](#) provides data on the number of pubs by constituency.

Impact of Covid-19

Restrictions on trading disproportionately impacted hospitality businesses.

Restrictions ranged from forced closures and limits on opening hours to factors that affect customer capacity and demand, such as rules on the number of people that can meet indoors and table-service requirements. While forced closures and restrictions limited customer demand and business revenues, hospitality businesses continued to face fixed costs such as certain property and staff costs.

Some hospitality sub-sectors fared better than others. For example, late-night businesses such as nightclubs and businesses in city centres were the hardest hit. Accommodation sub-sectors such as camping and self-catering accommodation benefited from domestic tourism and recovered faster than hotels that rely on international visitors.

Economic output

The hospitality sector saw the biggest economic declines of all sectors during the pandemic. Periods of public health restrictions saw large falls in output.

The peak of the economic downturn was in April 2020, where economic output in the food & accommodation sector was 90% below pre-pandemic levels (February 2020).

Overall, hospitality economic output over 2020 was 42% lower than 2019. In 2021, hospitality output was 21% lower than 2019. The hospitality industry's share of the UK economy fell from 3% in 2019 to 2% in 2020 and 2021.

Business trading status and resilience

Hospitality businesses reported higher than average proportions of businesses with low profits, cash reserves and business confidence throughout the pandemic.

It isn't possible to say exactly how many hospitality businesses closed during the pandemic. Between January 2020 and 2021 there was a 10% fall in the total number of hospitality businesses in the UK. This compares with a 7% fall in businesses across all sectors. Looking only at hospitality employers however, there was a 3% increase in the number of businesses.

Labour market

From January-March 2020 to October-December 2021, the number of workers in the sector fell by 90,000 or 3.6%. This compared to a 1.3% decline in jobs across all industries over this period.

The hospitality sector was one of the largest users of the Coronavirus Job Retention Scheme (CJRS or furlough scheme), which played a part in protecting jobs in the sector. In total, across the full length of the scheme, 2.13 million jobs in the hospitality were furloughed, 18% of all furloughed jobs.

As the economy began to re-open in 2021, the hospitality industry began facing staff shortages. For the three months to February 2022, there were 166,000 job vacancies in the hospitality sector, 7.8% of all employee jobs.

There are a multitude of factors leading to high vacancies including: many businesses hiring at once, workers not returning to jobs furloughed and workers having moved away during the pandemic not returning.

Support for the sector during the pandemic

The hospitality industry benefited from business support schemes available to all industries, such as the CJRS and business loans. Hospitality, leisure and retail businesses were also eligible for business rates relief and a series of

business grants. Support schemes specifically targeted to the hospitality industry included the [Eat Out to Help Out scheme](#) and a temporary cut to VAT.

Other support included temporary changes to alcohol licensing and planning law for pavement licences, to make it easier for restaurants and pubs in England and Wales to seat and serve customers outdoors. The Government has said that its forthcoming [Levelling up and Regeneration Bill](#) would make the temporary changes to pavement licences permanent.

Government departments have published strategies relevant to the recovery of the hospitality sector, including:

- The Department for Digital Culture Media and Sport's [Tourism Recovery Plan](#) (June 2021)
- The Department for Business Energy and Industrial Strategy's [Hospitality Strategy](#) (July 2021) and
- The Department for Levelling Up, Housing and Communities' (DLUHC) [Build Back Better High Streets Strategy](#) (July 2021).

Outlook for 2022

All coronavirus restrictions were lifted from early 2022 and the hospitality sector continues its recovery, particularly as international tourists return. Consultancy firm Oxford Economics forecast that the hospitality and leisure sectors are expected to be the fastest growing parts of the economy over the next five years. This in part reflects the large ground to be recovered following the pandemic.

Kate Nicholls of trade body UKHospitality has said that hospitality businesses that had survived the pandemic are in “[a very precarious state](#)”. She highlighted that hospitality businesses have low profit-margins and have high debt levels following the pandemic.

Some key remaining business support measures expired at the end of March 2022. In particular, the moratorium on eviction for non-payment of commercial rent and temporary changes to insolvency law. In addition, VAT on hospitality services has returned to the full 20% rate. These factors, along with ongoing challenges such as rising inflation, means further business closures may still yet follow.

1

What is the hospitality industry?

The hospitality industry primarily refers to food and accommodation service industries.¹ This means restaurants, cafes, pubs, bars, catering, hotels, campsites and other accommodation. This is the definition of the industry used in this paper.

The term hospitality is often used more broadly to include leisure attractions and events services. The trade body [UK Hospitality](#) (which represents the hospitality and leisure industry) includes convention and trade show organisers, amusement and recreation activities in their definition of the industry for their [economic analysis of the sector](#).²

Other industries such as the wedding industry and events industry also overlap considerably with hospitality services but are difficult to define in official statistics (Box 1).

The hospitality industry is a significant contributor to the tourism industry – the industries overlap considerably but are not the same. Tourism refers to providing services and activities to domestic and international visitors for business, leisure or other purposes.

¹ [Standard Industrial Classification](#) (SIC) Section I: [Accommodation and food services](#).

² UK Hospitality, [Economic contribution of the UK hospitality industry \(2018\)](#); accessed 6 January 2021.

1 Wedding and events industries

There is no official definition of the wedding or events industry. Because of the way that industrial sectors are classified in official statistics, it is very difficult to estimate the size or contribution of these sectors to the overall UK economy.

Industrial sectors are classified according to the [Standard Industrial Classification \(SIC\)](#) codes that group together similar types of economic activity. These categories are standardised internationally and were last revised in 2007. There are some SIC codes relevant to the events industry, such as event catering, the organisation of conventions and trade shows and letting exhibition centres.³

However, the events industry comprises a much broader range of activities and services including for example, marketing, audio-visual services, and hospitality services such as hotels for accommodation and facilities. There is no way to disaggregate the contribution of these services that are due to events in official figures.⁴

Similarly, there is no separate SIC code for the wedding industry and no way to disentangle wedding services from other services of the same type in official figures. For example, while there is official data for the value of the catering and photography services, many caterers and photographers would provide services for weddings as well as other events.

Some industry bodies commission their own research on the sector's economic contribution. For example, in 2019 consultancy firm Oxford Economics published a report (commissioned by the events industry trade alliance) on the [economic impacts of exhibitions](#).

³ SIC codes: [82.3](#) (organisation of conventions and trade shows); [56.21](#) (Event catering); [68.20/2](#) (letting and operating of conference and exhibition centres);

⁴ The challenge for capturing the events industry in official statistics has been noted by the industry prior to the coronavirus crisis, see: BVEP, [The UK Events Report 2020](#), accessed 6 January 2021.

2

Hospitality industry in the UK: pre-pandemic

2.1

Economic output of the hospitality sector

In 2019 the economic output of the hospitality sector (food & accommodation services) in the UK was £59.3 billion.⁵ This corresponded to around 3.0% of total UK economic output. Of this, £17.7 billion (30%) was from accommodation services and £41.6 billion (70%) was from food and beverage services.⁶

Almost one quarter (24%) of total output from the sector was based in London; 13% was based in the South East. The relative importance of food & accommodation services to the economic output for each country and region however is similar: food & accommodation services make up 3–4% of the total economic output for each UK country and region.⁷

Hospitality industry: economic summary 2019

	Hospitality	% UK Total
Economic output (GVA)	£59.3 billion	3.0%
Employment	2.53 million	7.1%
Businesses	223,000	3.7%

Notes: GVA is a measure of economic output similar to GDP; Business count is for 1 January 2020 and rounded to the nearest thousand; Employment is for the three months to March 2020. Employment is not the same as the number of people employed, as individuals may hold more than one job.

Sources: ONS, [GDP output approach - low level aggregates](#), 31 March 2022; ONS, Workforce Jobs, via [NOMIS Workforce jobs by industry](#); BEIS, [Business Population Estimates: 2020](#), 8 October 2020.

⁵ Gross Value Added (GVA). GVA is a measure of economic activity similar to GDP. GVA is the contribution of part of the economy, minus costs incurred in production.

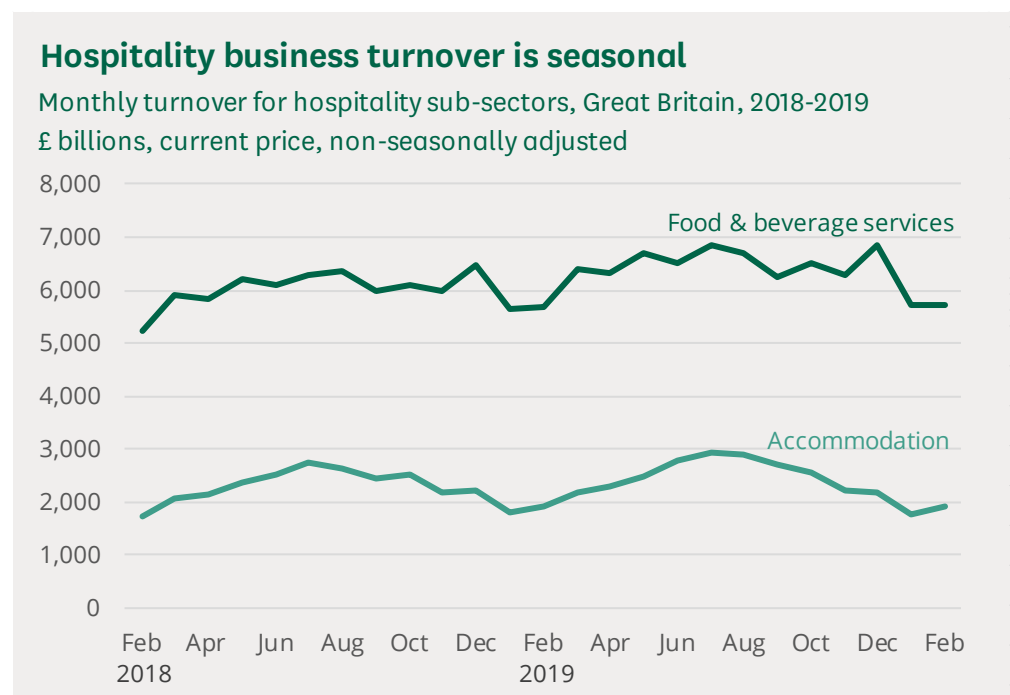
⁶ Source: ONS, [GDP output approach - low level aggregates](#), 12 September 2020, data series KKJ3, KK7V and KK7X.

⁷ Source: ONS, [Regional gross value added \(balanced\) by industry: all NUTS level regions](#), 19 December 2019.

Business turnover is seasonal

Business turnover is a key input when measuring the economic output and performance of a sector. For the hospitality industry business turnover is seasonal.

The following chart shows non-seasonally adjusted turnover for hospitality sub-sectors. Both food & accommodation sub-sectors see revenue rise in the summer, particularly for the accommodation sector due to the summer holiday tourism season. Food & beverage services see a peak in turnover in December, with Christmas party bookings playing a part. This pattern is relevant to understanding the impact of the pandemic on the industry, with restrictions on trading at peak-turnover periods being particularly damaging.



Source: ONS, [Monthly Business Survey of service industries](#), 11 March 2022

2.2

Businesses

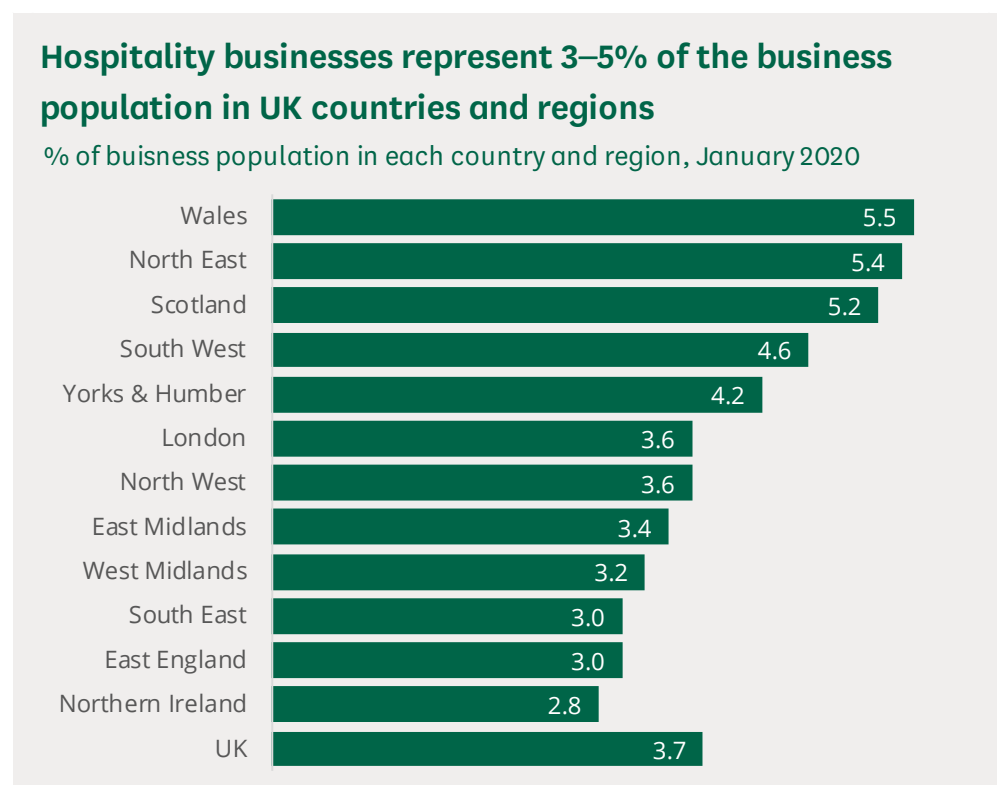
There were 223,045 food and accommodation businesses in the UK as of 1 January 2020, 3.7% of all businesses in the UK.⁸ Of these, 137,225 were employers, 10% of the UK total; 172,390 were food and drink service businesses (77%); and 50,660 were accommodation businesses (23%).⁹

18% of UK food and accommodation businesses are based in London (40,816 businesses). Wales has the highest proportion of hospitality businesses, with

⁸ BEIS, [Business Population Estimates 2020](#), 1 October 2020, Table 5 and 6.

⁹ BEIS, [Business Population Estimates 2020](#), 1 October 2020, Table 5 and 6. Numbers do not add to total due to rounding.

the sector representing 5.5% of all businesses in Wales. Northern Ireland has the lowest, representing 2.8% of businesses in Northern Ireland.¹⁰



Note: data based on the head office location of the businesses, individual business units/workplaces are not counted separately.

Source: BEIS, [Business Population Estimates: 2020](#), 8 October 2020.

Most hospitality businesses are small or medium enterprises (SMEs) (as is the case across most sectors of the economy). 97% of hospitality employers (133,315) businesses were micro or small businesses (1–49 employees). There were 3,235 medium-sized businesses (50–249 employees) and 675 large businesses (250+ employees).¹¹

The Department for Business Energy and Industry Strategy (BEIS) Small Business Survey 2019 reported that hospitality had higher proportions of SMEs led by minority ethnic groups and women compared to other sectors.¹² 7% of hospitality SME employers were minority ethnic-led businesses (compared to

¹⁰ BEIS, [Business Population Estimates 2020](#), 1 October 2020. The data is based on the head office location of the businesses, individual business units/workplaces are not counted separately.

¹¹ BEIS, [Business Population Estimates 2020](#), 1 October 2020, Table 5.

¹² Business where at least half of the leadership team are women or come from minority ethnic groups, respectively. BEIS, [Small Business Survey 2019: businesses with employees](#), 4 June 2020, Table 25 and 26.

5% across all industries).¹³ 21% of hospitality SME employers were led by women (compared to 15% across all sectors).

2 Hospitality businesses and employment: local data

The **excel sheet attached** to this briefing provides the number of accommodation and food/beverage businesses and employment by Parliamentary constituency.

The data only includes businesses registered for Value Added Tax (VAT, £85,000 turnover threshold) and/or with employees registered for Pay-As-You-Earn (PAYE) so are not comparable to the figures shown in the main briefing.

The [Library briefing on Pub Statistics](#) provides statistics on pub numbers by Parliamentary constituency.

2.3

Employment

In the three months to March 2020, there were 2.53 million jobs in the accommodation and food service sector in the UK, representing 7.1% of total UK jobs.¹⁴ Note that this does not represent the number of people working in the sector, as individuals may hold more than one job.

From March 2013 to March 2020, the number of jobs in the sector had been rising, as shown in the chart below. In the first quarter of 2013 the number of jobs in the industry was around 2 million. Reaching 2.5 million in the first quarter of 2020 represents a 25% increase on 2013. In comparison, the total number of jobs across the economy as a whole increased by 11% in that time.

Representing 7.1% of all jobs in the economy, the sector was the 7th largest employer of the main 20 industrial sectors.¹⁵ Taking a broader definition of the hospitality and leisure industry (see section 1.1), hospitality trade body, [UK Hospitality](#), says the sector is the “third largest employer in the UK”.¹⁶

¹³ Data on breakdown by different minority ethnic groups is not available. Minority ethnic groups included those classified as being from mixed race backgrounds, Indian, Pakistani, Bangladeshi, other Asian background, black Caribbean, black African, other Black background, Chinese, Arab or Gypsy or Irish traveller. See: [Small Business Survey 2019: methodology](#).

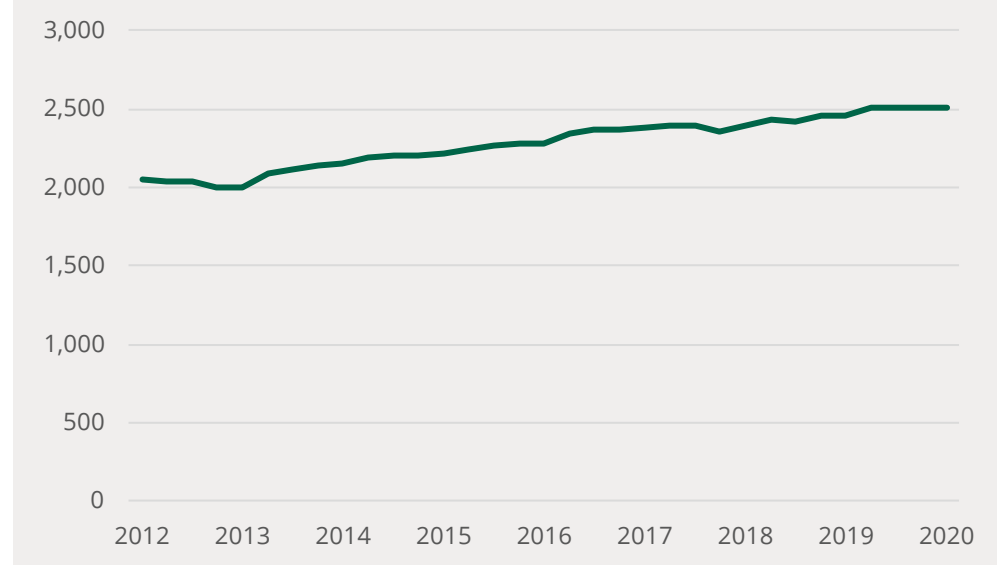
¹⁴ ONS, Workforce Jobs, [JOBS02: Workforce jobs by industry \(dataset\)](#), 15 December 2020, seasonally adjusted

¹⁵ Based on the [Standard Industrial Classification](#) (SIC) system, excluding Section U: Activities of Extraterritorial Organisations and Bodies.

¹⁶ UK Hospitality, [The economic contribution of the UK hospitality industry](#), October 2018, p9

Jobs in the food and accommodation sector

March 2012 to March 2020



Source: ONS, [Labour Market overview December 2020](#), Dataset A01 (table 6), 15 December 2020

Country and region

The table below shows jobs in the hospitality sector by country and region of the UK in March 2020. London had the highest number of jobs in the sector. The South West had the highest proportion of hospitality jobs (8.7%) relative to total employment in the region. Northern Ireland had the smallest proportion of jobs in the sector (5.9%).

Hospitality employment by country and region

January-March 2020

	Jobs (thousands)	Percent total jobs in region
London	454.2	7.5%
South East	334.9	6.8%
South West	265.2	8.8%
North West	249.9	6.5%
East	220.4	6.7%
West Midlands	190.1	6.4%
Yorkshire and The Humber	170.4	6.2%
East Midlands	142.7	5.9%
North East	97.3	8.1%
Scotland	215.3	7.7%
Wales	119.5	8.2%
Northern Ireland	54.5	5.9%
United Kingdom	2514.4	7.1%

Note: Data is seasonally adjusted.

Source: ONS, Workforce Jobs ([Dataset A01: Summary of Labour Market Statistics](#), Table 6, 15 March

Demographics

The hospitality industry has higher proportions of younger workers, foreign-born workers, part-time workers and workers from minority ethnic backgrounds compared to other sectors.¹⁷

According to the ONS, 46% of hospitality jobs in March 2020 were full-time and 54% were part-time.¹⁸ This compares to 68% full-time and 32% part-time across all industries.

In 2019, 35% of workers in the sector were aged 16 to 24 compared to 11% across all sectors.¹⁹

The Migration Observatory reported that 30% of the workers in the food & accommodation sector in 2019 were foreign-born workers compared to 18% across all economic sectors.²⁰

Ethnicity

The table below shows the breakdown of workers in the food service and accommodation sector by ethnicity. In the 12 months to June 2020, 17% of workers in the sector were from minority ethnic backgrounds (Black, Asian and Mixed/Multiple ethnic backgrounds), compared to 13% of all workers in the UK. 7% of all workers from minority ethnic backgrounds worked in the hospitality sector, compared to 5% for all workers.²¹

Please note, statistics for all workers may differ from earlier in this section, due to different data sources.

¹⁷ Resolution Foundation, [Ethnic minorities in the hospitality sector](#), December 2020, pages 3-6.

¹⁸ ONS, Workforce Jobs via [NOMIS database](#), accessed 6 May 2022.

¹⁹ ONS ad hoc release: [Employment by age, industry and occupation, UK, 2010, 2015 and 2019](#), November 2020 (data from Annual Population Survey)

²⁰ Migration Observatory, [Migrants in the UK Labour Market](#), January 2021.

²¹ Source: ONS, [Annual Population Survey](#), via NOMIS annual population survey - regional - ethnicity by industry [accessed 6 January 2021]

Workers in the accommodation and food service sector by ethnicity

July 2019-June 2020

	Accommodation and food		Whole economy	
	Workers (thousands)	% of all workers	Workers (thousands)	% of all workers
White	1,476	83%	28,447	88%
Other ethnic group	57	3%	511	2%
Any other Asian Background	46	3%	383	1%
Black/African/Caribbean/Black British	44	3%	999	3%
Indian	39	2%	936	3%
Bangladeshi	38	2%	203	1%
Mixed/multiple ethnic group	33	2%	406	1%
Pakistani	25	1%	486	2%
Chinese	19	1%	156	1%
All minority ethnic groups	302	17%	4,080	13%
All workers	1,778	100%	32,527	100%

Note: all minority ethnic backgrounds includes mixed/multiple ethnic backgrounds.

Source: ONS, [Annual Population Survey](#), via NOMIS annual population survey - regional - ethnicity by industry [accessed: 6 January 2021]

Pay

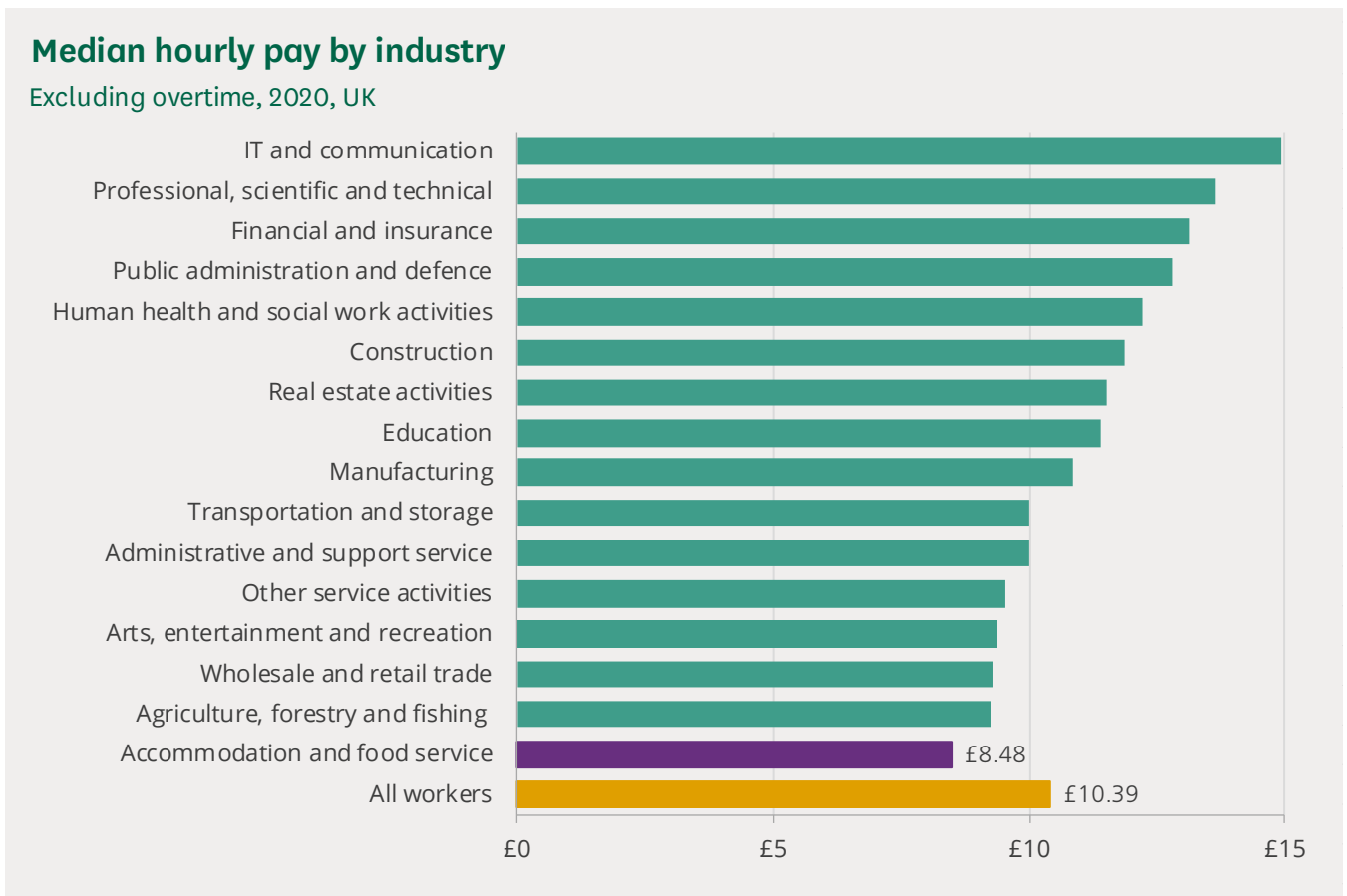
The chart below shows median hourly pay by industry. Of the 20 broad industrial sectors, workers in the accommodation and food service sector had the lowest median hourly pay. In April 2020, workers in the sector had a median hourly pay of £8.48, compared to £10.39 on average for all workers in the UK. Median hourly pay was lower than other sectors for both full-time and part-time hospitality workers.

The Resolution Foundation [reported](#) that in 2019, 52% of workers in the hospitality sector are 'low paid' (the proportion of people earning below two-thirds of median hourly pay), compared to 15% of all workers.²²

The Resolution Foundation also reported that the hospitality sector has higher than average proportions of workers on 'non-standard' forms of employment. In 2019, 3% were on zero-hour contracts compared to 2% of the whole economy, 9% were on temporary contracts compared 5% of all workers.²³

²² Resolution Foundation, [Low Pay Britain 2020](#), 23 September 2020, p17

²³ Resolution Foundation, [Ethnic minorities in the hospitality sector \(PDF\)](#), December 2020, p4-5.



Source: ONS, ASHE, [Earnings and hours worked, industry by two-digit SIC: ASHE Table 4](#) (revised), October 2021, accessed May 2022.

3 Impact of Covid-19 on the hospitality industry

3.1 Hospitality restrictions

The food & accommodation sector has been one of the hardest hit sectors by the pandemic. Restrictions on trading have disproportionately impacted hospitality businesses.

Restrictions ranged from forced closures and limits on opening hours to factors that affect customer capacity and demand, such as rules on the number of people that can meet indoors, on mixing between households, alcohol sales and table-service requirements. While forced closures and restrictions limited customer demand and business revenues, hospitality businesses continued to face fixed costs such as property and staff costs.

The Annex to this briefing paper provides a timeline of hospitality restrictions during the pandemic. Broadly, full lockdowns requiring hospitality businesses to close to seated dining were in place from March to July 2020, in November 2020 and from December 2020-April 2021.²⁴ Various restrictions on trading were in place throughout 2020, including different restrictions in different local authority areas and in each nation.

The following sections set out data sources showing the impact of the pandemic on the food & accommodation industry UK wide.

3.2 Economic output

The hospitality sector saw the biggest economic declines of all sectors during the pandemic. Overall, hospitality economic output during 2020 was 42% lower than during 2019; in 2021 output was 21% lower than 2019.²⁵ The hospitality industry's share of the UK economy fell from 3% in 2019 to 2% in 2020 and 2021.²⁶

²⁴ Dates varied between each nation of the UK, see the Annex for further information and sources.

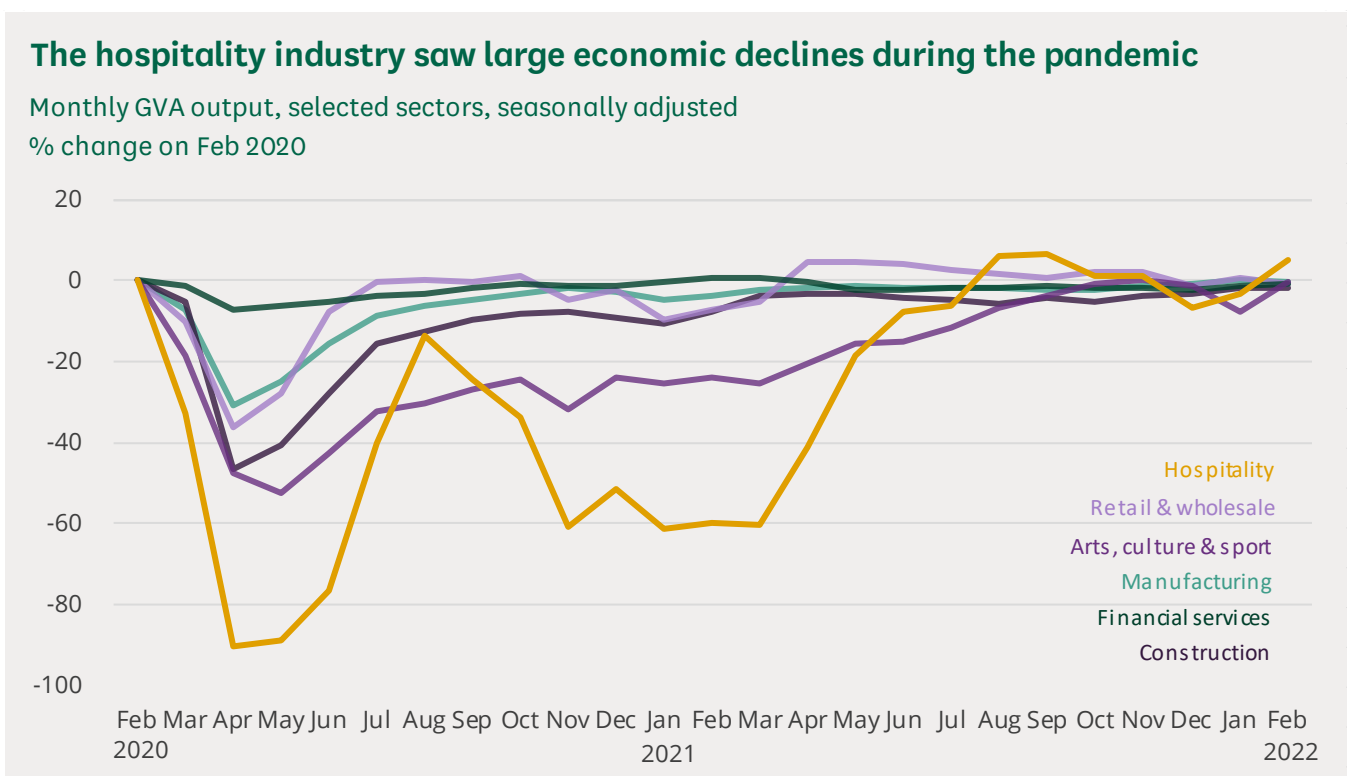
²⁵ ONS, [GDP output approach, low level aggregates](#), Low level aggregates series KL9H.

²⁶ ONS, [GDP output approach, low level aggregates](#), series KKP5 KKJ3, accessed 5 May 2022.

Periods of public health restrictions saw large falls in output, as shown in the chart below.²⁷

The peak of the economic downturn was in April 2020, where economic output in the food & accommodation sector was 90% below pre-pandemic levels (February 2020). In July 2020, when dining was allowed to resume (with restrictions on customer numbers), output in the sector was still down 44% compared to February.

Economic activity in the sector recovered further in August 2020, boosted by the Government’s [Eat Out to Help Out Scheme](#) alongside easing lockdown restrictions and the summer holiday period.²⁸ The industry saw 71% growth in August 2020 compared to July, driven by increased output in the food and beverage service sector.²⁹ However, output was still down 14% in August 2020 compared to February 2020.



Note: Data subject to volatility and a large degree of uncertainty due to Covid-19.

Source: ONS, [Monthly gross domestic product by gross value added](#), 11 March 2022. Series: ECYT, ECYJ, ECYH, ECYD, ECY9, ECY6

After a peak in August 2020 output in the sector declined as restrictions were gradually re-imposed before the full nationwide lockdown at the end of December 2020. The impact of restrictions on hospitality output in winter 2020 was not as severe as the first lockdown, as many businesses had

²⁷ Gross Value Added (GVA). GVA is a measure of economic activity similar to GDP. In brief, GVA is the contribution of part of the economy, minus any costs incurred in production.

²⁸ ONS, [Monthly gross domestic product by gross value added](#), 11 September 2020.

²⁹ ONS, [Coronavirus and the impact on output in the UK economy: August 2020](#), 9 October 2020.

adjusted to lockdown trading, for example by expanding their online takeaway services.

Output strongly recovered from April 2021 which saw the start of restrictions lifting. The summer of 2021 saw hospitality output rise above pre-pandemic levels between August and November. This corresponds to high customer numbers during the summer of 2021.³⁰

Output declined in December 2021 due to the emergence of the Omicron variant which saw work from home guidance and customer caution return. However, the impact on output was significantly less severe compared to earlier peaks in the virus. Hospitality output was 6% below pre-pandemic levels in December 2021 and 3% below in January 2022.

By February 2022, monthly output for the hospitality sector had risen above pre-pandemic levels again (4.9% above February 2020). Early estimates of economic performance in March 2022 showed the service sector growth being fuelled by the hospitality and leisure industries with customer demand returning.³¹ Section 2.5 below covers outlook for the sector going forward.

Some sectors were more impacted than others

There has been variation in impact between hospitality sub-sectors' recovery through the pandemic. Although initially all sub-sectors saw a big fall in turnover, as the pandemic progressed recovery differed.

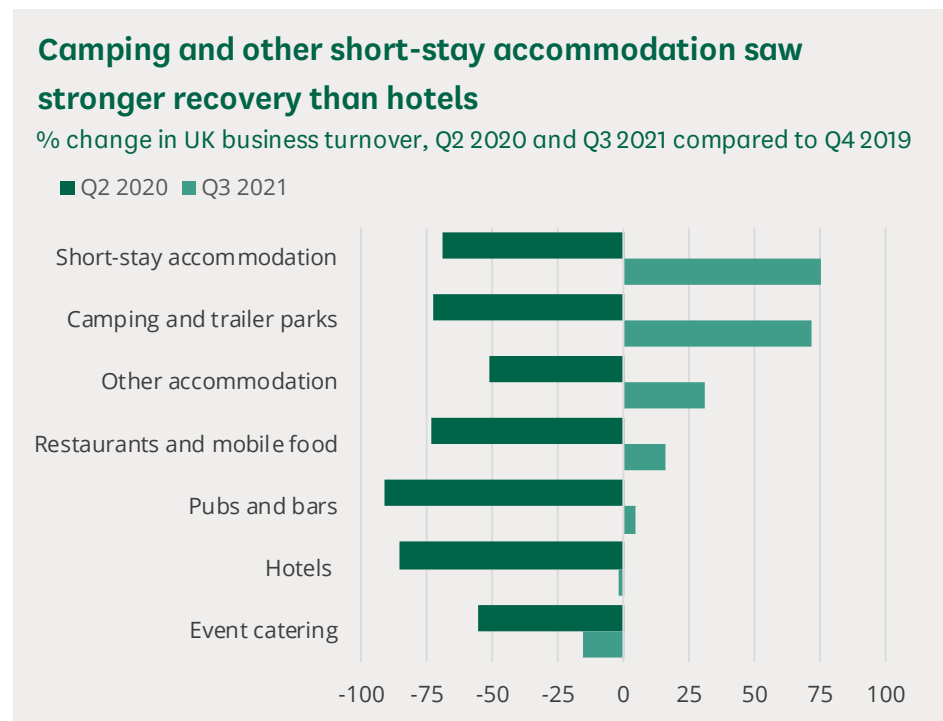
For example, by Quarter 3 2021, turnover for camping grounds and other short-stay accommodation had recovered to over 70% above its pre-pandemic level (Q4 2019), while hotels remained 2% below pre-pandemic levels.³² This may be attributed to domestic tourism recovering whereas hotels, particularly in city centres, suffered much more from the large fall in international visitors. Low international visitor numbers continued throughout the pandemic and remained low in Q3 2021 when most domestic coronavirus restrictions had been lifted, but some travel restrictions (such as testing and quarantine rules) remained.³³

³⁰ Open Table, [State of the Industry](#) data on seated diners at UK restaurants on the Open Table network. See also: ONS, [Coronavirus and the latest indicators for the UK economy and society](#): 6 May 2021

³¹ [S&P Global / Markit](#) UK Services PMI, March 2022; see Library briefing: [Economic indicators](#), 29 April 2022.

³² ONS, [Effects of the coronavirus \(COVID-19\) pandemic on "high-contact" industries](#), 6 May 2022.

³³ See the Library briefing: [Coronavirus: International Travel FAQs for England](#), 24 March 2022.



Source: ONS, [Effects of the coronavirus \(COVID-19\) pandemic on "high-contact" industries](#), 6 May 2022

3.3

Business trading status and resilience

How many hospitality businesses closed during the pandemic?

It is difficult to say how many hospitality businesses permanently closed during the pandemic, or how many new businesses opened. There is no single measure of business closures and openings that covers all types of businesses.³⁴

Between January 2020 and 2021 there was a 10% fall in the total number of hospitality businesses in the UK.³⁵ This compares with a 7% fall in businesses across all sectors. The decline in businesses was predominately led by businesses with no employees. Looking only at hospitality employers, there was a 3% increase in the number of businesses. This means more new hospitality business employers opened in 2020 than closed.

Some hospitality sub-sectors fared better than others. For example, the number of takeaway food business units increased between 2020 and 2021

³⁴ For further discussion on measuring business closures during the pandemic, see our briefing paper: [Business Statistics](#) (Section 1.2).

³⁵ A net decrease of 22,000 businesses; BEIS, [Business population estimates 2021](#).

while the number of bars and clubs decreased.³⁶ For pubs and clubs, this continued a trend of declining business numbers seen over the last few years.³⁷ UKHospitality stated that late-night businesses such as nightclubs, and businesses in city centres were the hardest hit during the pandemic.³⁸

The number of hospitality businesses going insolvent in 2020 was lower than pre-pandemic levels.³⁹ This is likely to be due to Government support for the sector, not only financial support schemes for businesses (explained in Section 3 below) but also temporary changes to insolvency law to prevent otherwise viable companies going into insolvency.⁴⁰

The number of hospitality businesses (and businesses in general) going insolvent has been broadly rising since January 2021. In the three months to January 2022, 513 hospitality businesses went insolvent in England and Wales, almost the same amount as the same period before the pandemic.⁴¹

Some key remaining measures supporting businesses expired at the end of March 2022. In particular, the moratorium on eviction for non-payment of commercial rent and changes to insolvency law, which means further business closures may still be yet to follow.⁴² Outlook for the hospitality sector for 2022 is discussed further in Section 4.

Hospitality businesses trading status throughout the pandemic

The Office for National Statistics (ONS) [Business Insights and Conditions \(BICS\)](#) provides fortnightly indicators on how business trading conditions are impacted by the pandemic and other factors such as Brexit, supply chain disruptions and labour shortages.

³⁶ Commons Library analysis of ONS figures for 5-digit hospitality sub-sectors, ONS Interdepartmental Business Register, [UK Business Counts via NOMIS database](#). Takeaway food businesses increased by 6% in 2020-2021; pubs declined by 1%. These figures only capture businesses registered for PAYE and/or VAT. Figures are for business units, which means each unit of a chain business is counted separately. These figures are not comparable to the total business figures from the BEIS Business Population Estimates quoted in the paragraph above.

³⁷ See our briefing: [Pub statistics](#), 21 May 2021.

³⁸ DCMS Committee, Oral evidence: Promoting Britain Abroad, [HC 856](#), 8 March 2022, Q167.

³⁹ Insolvency is just one of a number of ways that a business can come to an end. Insolvencies typically make up only a small fraction of total business closures. There are also types of insolvency that do not lead to business closure, although most do. See [Companies House official statistics: definitions to accompany our statistical releases](#) for definitions of dissolution and insolvency. [Insolvency Service Official Statistics](#) provide monthly and quarterly statistics for company insolvencies by type of insolvency.

⁴⁰ Our briefing: [Business statistics](#) (section 1) discusses this trend across all businesses.

⁴¹ 515 businesses went insolvent for the three months to January 2020; Insolvency Service, [Monthly Insolvency Statistics, January 2022](#).

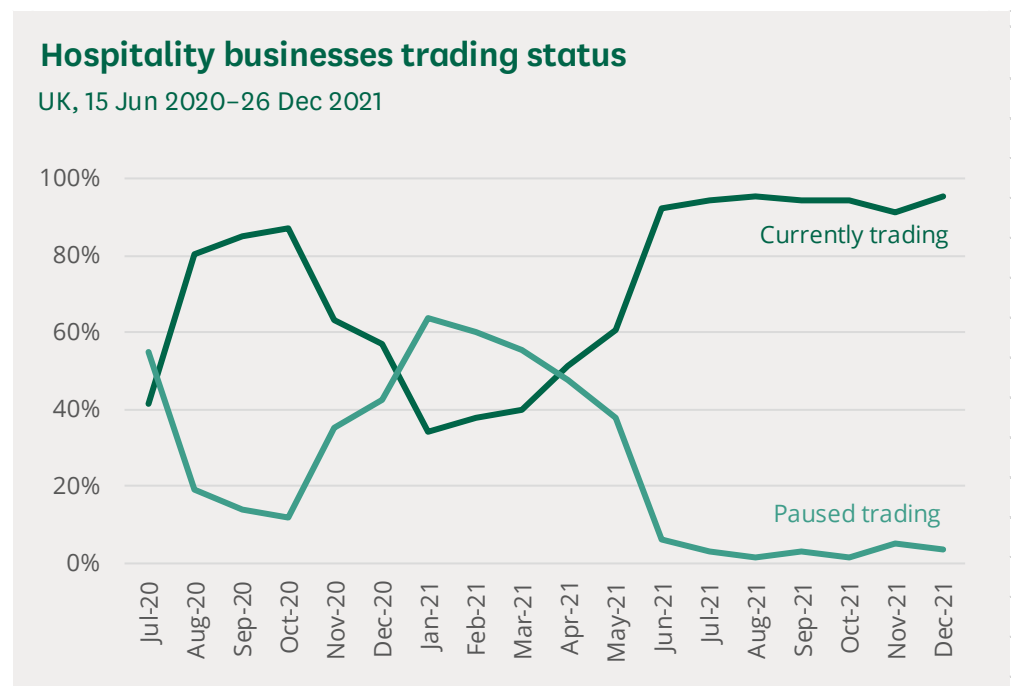
⁴² See our briefings: [Commercial Rent \(Coronavirus\) Act 2022](#) and [New business support measures: Corporate Insolvency and Governance Act 2020](#).

The following chart shows the trading status of hospitality businesses from late June 2020 to end of December 2021, as reported to the ONS.

The proportion of businesses trading gradually increased through July 2020 as businesses were able to reopen following the first lockdown. Around 80% of hospitality business were trading over the summer of 2020 before declining in October and November as restrictions were reimposed.

From late-December 2020, the proportion of businesses trading was lower than those paused trading. Between 22 February and 7 March 2021, 43% of UK hospitality businesses were trading, while 55% had paused trading and 2% had permanently ceased trading.

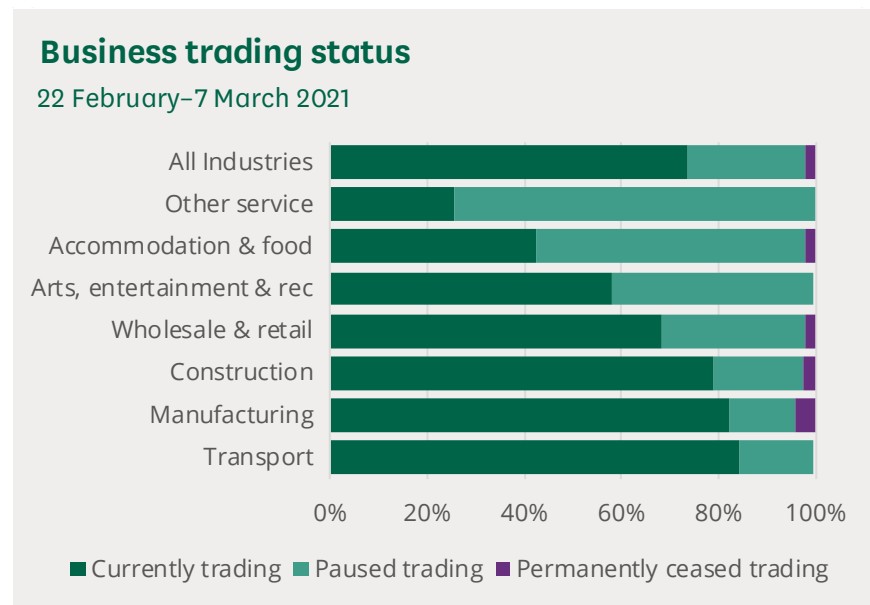
The proportion of business trading quickly increased from early April 2021 as restrictions were gradually lifted. By the end of 2021, between 13-26 December 2021, 95% businesses were trading and 4% had paused trading.



Notes: data points are for fortnightly survey periods. Businesses permanently ceased trading are not shown.

Source: ONS, [Business impact of coronavirus survey \(BICS\)](#) Waves 7–20.

The proportion of hospitality businesses paused trading during the pandemic has been high relative to most other sectors. Between 22 February and 2 March 2021 only the “other services” sector (which includes hairdressers and beauty salons) had a larger proportion of businesses paused trading. In comparison across all industries, 74% businesses were trading and 24% had paused trading during this period



Note: Permanently ceased trading not shown where % is less than 1. Totals do not sum to 100 due to rounding.

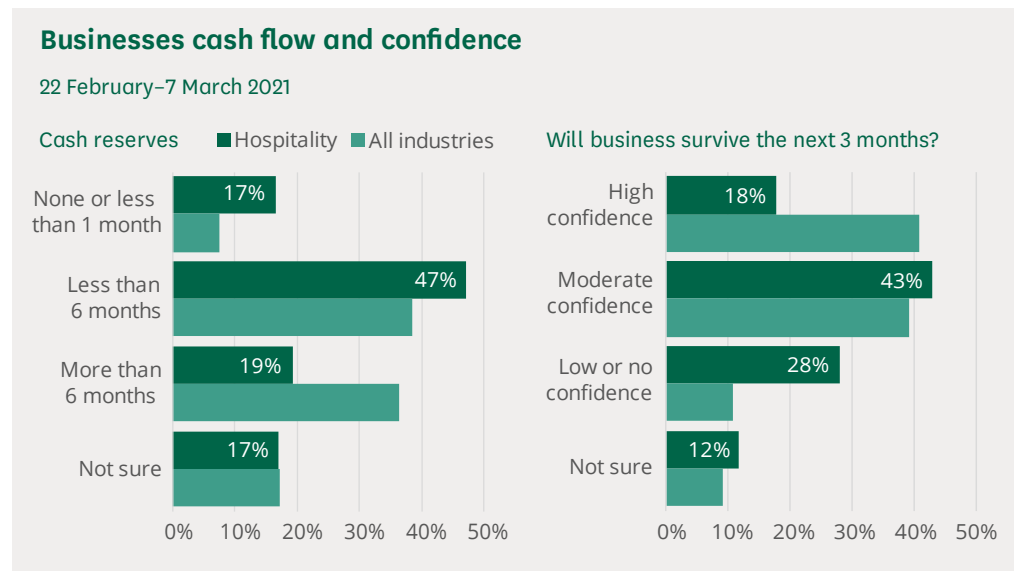
Source: Source: ONS, [Business impact of coronavirus survey \(BICS\)](#) Wave 20.

Hospitality businesses also reported higher than average proportions of businesses with **low profits, cash reserves and business confidence** throughout the pandemic.

During mid-February 2021, 45% of hospitality businesses said that their profits were over 50% lower than normally expected at this time of year, compared to 13% of businesses across all sectors.⁴³ In late February 2021, 17% of hospitality businesses reported less than one month or no cash reserves, compared to 8% across all industries. Over one quarter of hospitality businesses (28%) had “low or no confidence” that their business would survive the next 3 months.⁴⁴

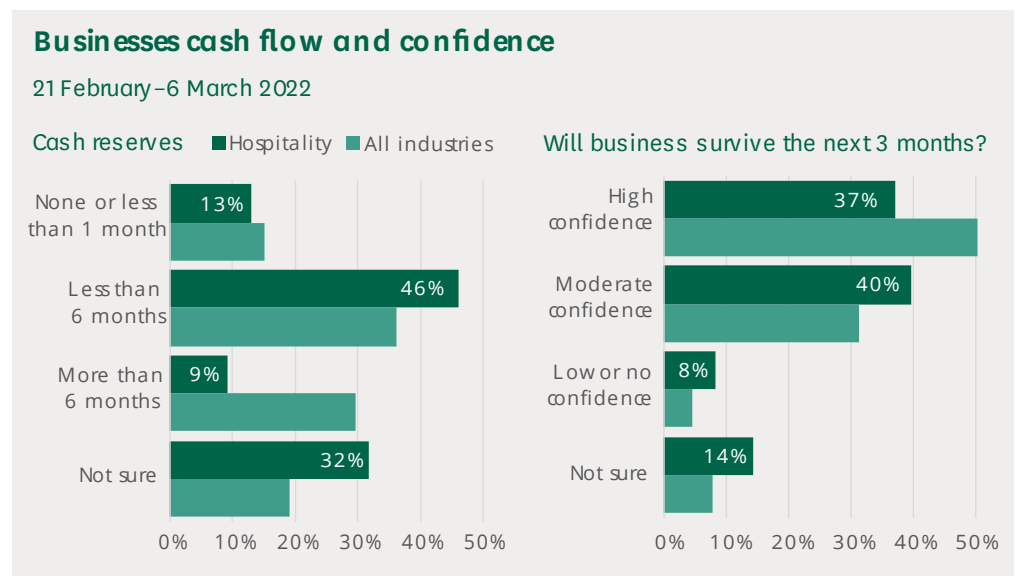
⁴³ Percentage of businesses currently trading; 8-21 February. ONS, [Business impact of coronavirus survey \(BICS\)](#) (Wave 20).

⁴⁴ Percentage of businesses that had not permanently stopped trading; 22 February and 7 March 2021. ONS, [Business impact of coronavirus survey \(BICS\)](#) (Wave 20).



Notes: Proportion of businesses that have not permanently ceased trading.
 Source: ONS, [Business impact of coronavirus survey \(BICS\)](#) Wave 20

By late February 2022, similar proportions of hospitality businesses were reporting low cash reserves, but these figures were now more in line with the average across the economy. 13% of hospitality businesses reported less than one month or no cash reserves, compared to 15% across all businesses. Business confidence had also improved, with 8% of businesses reporting low or no confidence that their businesses would survive the next three months.⁴⁵



Notes: Proportion of businesses that have not permanently ceased trading.
 Source: ONS, [Business impact of coronavirus survey \(BICS\)](#) Wave 51.

⁴⁵ Percentage of businesses that had not permanently stopped trading; 21 February and 6 March 2022. ONS, [Business impact of coronavirus survey \(BICS\)](#) (Wave 51).

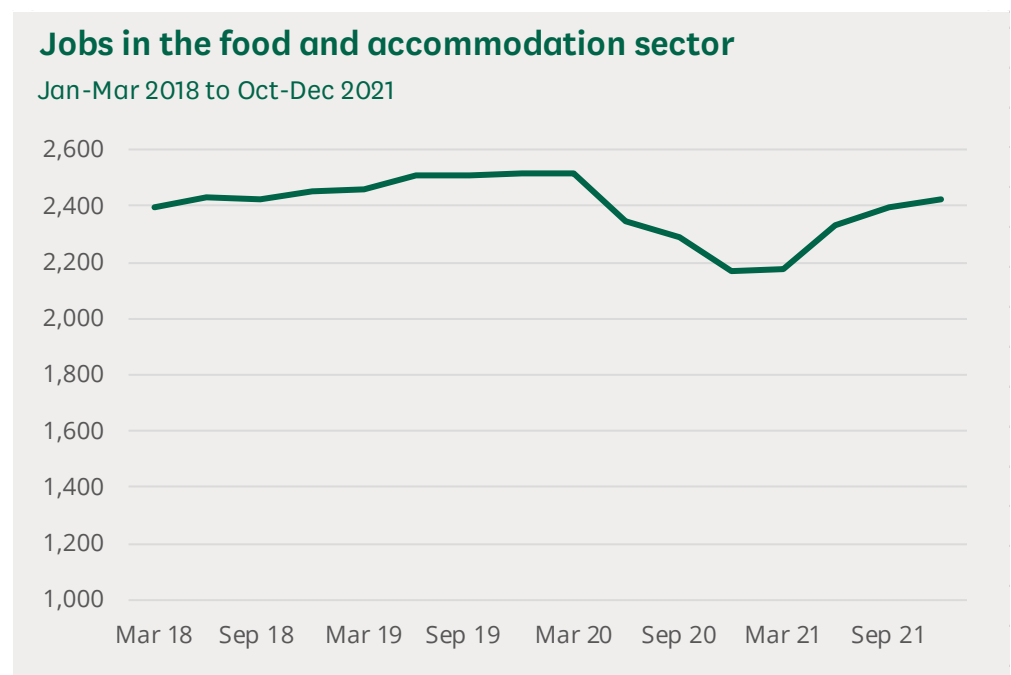
3.4

Labour market impact

Workers

Official Labour market data indicates that there has been a fall in the number of workers in the accommodation and food service sector. From January-March 2020 to October-December 2021, the number of workers in the sector fell by 3.6% (90,000).⁴⁶ This compares to a 1.3% decline in jobs across all industries.⁴⁷

The chart below shows that jobs in the sector recovered during 2021 following a more significant fall in jobs during 2020. In October-December 2020 the number of jobs in the sector was 13.6% below pre-pandemic levels.



Source: ONS, Workforce Jobs. A01 Table 6.

The Guardian reported major hospitality and leisure brands that announced redundancies during 2020 on their [Coronavirus redundancy tracker](#). These included redundancies announced at Pret A Manger, Whitbread (owners of Premier Inn), Marston's brewery and SSP group (owner of brands including Starbucks, M&S food, Burger King, LEON and others).

⁴⁶ ONS, [Labour Market overview December 2020](#), Dataset [A01](#) (table 6), 15 December 2020

⁴⁷ See Library briefing: [Coronavirus: Impact on the labour market](#) (20 April 2022).

Coronavirus Job Retention Scheme

The hospitality sector was one of the largest users of the Coronavirus Job Retention Scheme (CJRS or furlough scheme), which played a part in protecting jobs in the sector.⁴⁸

The scheme launched in March 2020 and was [designed to support employers to retain and continue to pay staff](#) while businesses were closed.⁴⁹ The Government paid up to £2,500 per month to furloughed employees.

The chart below shows the number of jobs on furlough in the sector each day from March 2020. Changes in the number of jobs on furlough generally align with changes in lockdown restrictions and changes to support payments under the scheme.

The number of hospitality jobs on furlough under the scheme peaked on 10 April 2020, with **1.6 million** jobs on furlough. From this point until the end of October 2020, the number of furloughed jobs declined.

The number of jobs on furlough increased again from 31 October 2020 as further nationwide lockdown restrictions were announced.

At the end of January 2021, there were **1.15 million** jobs on furlough in the accommodation and food service sector. These numbers stayed at a relatively steady level (between 1.1 million and 1.2 million) until the end of April 2021. Restrictions on hospitality eased at this point, and the number of furloughed employees gradually reduced.

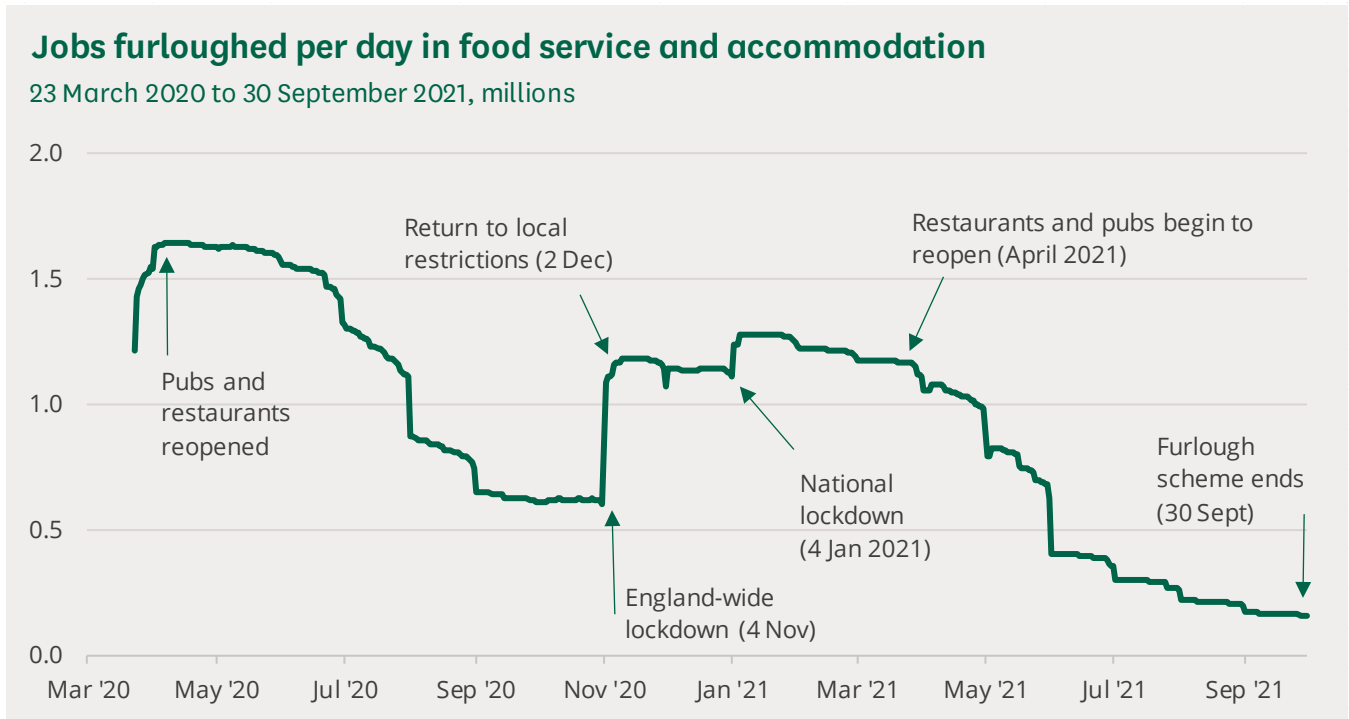
At the end of May 2021, 36% of jobs in the sector were on furlough, compared to 9% of jobs across all sectors. The furlough scheme ended on 30 September 2021, with 159,400 hospitality jobs on furlough. This represented 9% of hospitality jobs on furlough compared to 4% of jobs across the economy.

In total, across the full length of the scheme, 2.13 million jobs in the hospitality were furloughed, 18% of all jobs furloughed. Only the wholesale and retail sector had a higher number of jobs furloughed (2.25 million).

More information on furloughed workers by sector can be found in the Library briefing, [Coronavirus Job Retention Scheme: statistics](#).

⁴⁸ See our Insight: [Examining the end of the furlough scheme](#), 15 November 2021.

⁴⁹ HM Treasury, [The Chancellor Rishi Sunak provides an updated statement on coronavirus](#). 20 March 2020.



Source: HMRC, [HMRC Coronavirus \(Covid-19\) statistics](#), 16 December 2021

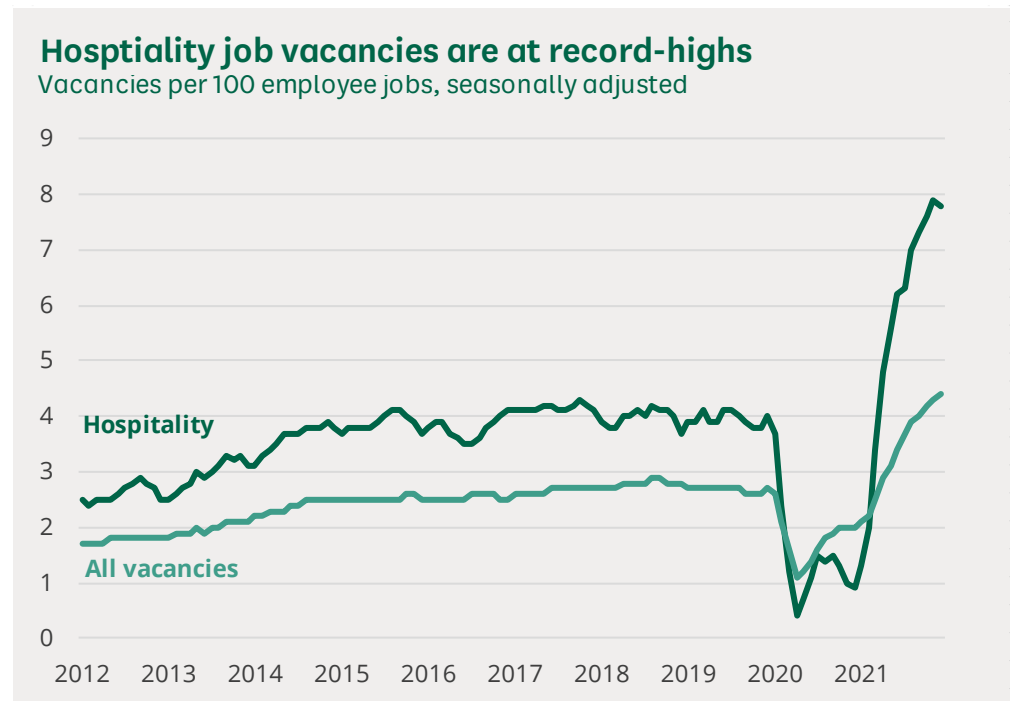
Job vacancies and labour shortages

As the economy began to re-open in 2021, the hospitality industry began facing staff shortages. Vacancies in the industry were at already high levels relative to other industries even before the pandemic and have been at record-highs since mid-2021, shown in the chart below.

For the three months to February 2022, there were 166,000 job vacancies in the hospitality sector, 7.8% of all employee jobs.

Labour shortages are reportedly worse in London and regional tourism hubs, which have suffered from larger falls in customer demand during the pandemic, compared to other places.⁵⁰

⁵⁰ DCMS Committee, Oral evidence: Promoting Britain Abroad, [HC 856](#), 8 March 2022, Q144.



Source: ONS, [VACS02: Vacancies by industry](#) [accessed 30 March 2022]

There are a multitude of different factors leading to high vacancies, including for example:⁵¹

- many businesses hiring workers at once as the economy reopens.
- workers not returning to jobs furloughed having found other opportunities. Kate Nicholls of UKHospitality said that the industry was still “battling” the perception of hospitality as a stable employer.⁵²
- workers having moved abroad during the pandemic and not returning.

Regarding overseas workers, UK Hospitality said in 2021 that travel restrictions and quarantine requirements were the biggest factor impacting workers coming to the UK.⁵³ The hospitality sector has a high proportion of foreign-born, in particular EU-born workers, compared to other industries.⁵⁴

The Office for National Statistics, [Business Impact and Conditions Survey \(BICS\)](#) reported survey evidence suggesting that a higher proportion of hospitality businesses saw the number of EU workers decrease since the start of the pandemic compared to other industries. For the survey period 29 December 2020 to 10 January 2021 (Wave 22), the ONS reported that 17% of

⁵¹ Treasury Committee, Oral evidence: Economic impact of coronavirus, [HC 306](#), 7 June 2021, Q 486.

⁵² DCMS Committee, Oral evidence: Promoting Britain Abroad, [HC 856](#), 8 March 2022, Q159.

⁵³ Treasury Committee, Oral evidence: Economic impact of coronavirus, [HC 306](#), 7 June 2021, Q486.

⁵⁴ Migration Observatory reported in their January 2021 [Migrants in the UK Labour Market](#) report that 30% of the workers in this sector in 2019 were foreign born workers, and this compared to 18% across all economic sectors. Resolution Foundation, [Home and away: The UK labour market in a post-Brexit world](#), 16 December 2020, [page 21 and 26](#).

hospitality businesses said that the number of workers from within the EU employed had decreased since the start of the covid-19 pandemic, compared to 8% across all industries.

Additionally, as noted in section 1.4, the hospitality industry has an above-average proportion of younger workers and part-time workers which may also be contributing to staff shortages due to labour market changes during the pandemic. The London School of Economics (LSE) reported that the pandemic saw a much [bigger fall in part-time jobs compared to full-time jobs](#), particularly for the hospitality sector. LSE reported that part-time jobs went from making up 34% of the sector in 2019, to 31.3% in 2021. Additionally, the hospitality industry has commented that many young workers and students moved away from cities during the pandemic and are therefore in the “wrong place at the wrong time” to fill vacancies.⁵⁵ Additionally, training courses disrupted during the pandemic has limited the flow of new trainees.⁵⁶

As a result of labour shortages, [hospitality businesses are under pressure to increase wages and improve working conditions](#).⁵⁷ As noted in section 2.3, the hospitality sector has lower median hourly pay compared to other sectors. Industry organisations and trade unions have highlighted concerns over long working hours for chefs.⁵⁸

Kate Nicholls of UKHospitality said pressure to increase wages is challenging for businesses which are struggling with high debt from the pandemic.⁵⁹ She said that the pandemic represented a “reset moment” for the industry to look at working conditions, training and skills development.⁶⁰ The industry has launched an industry-wide recruitment campaign – ‘[Hospitality Rising](#)’ – as the official industry response to the recruitment crisis. It is a fundraising effort within the industry to launch a hospitality recruitment advertising campaign to “change the perception of hospitality for the better”.⁶¹

3.5

Outlook for 2022

All coronavirus restrictions were lifted from early 2022 and the hospitality sector continues its recovery, particularly as international tourists return. Consultancy firm Oxford Economics forecast that the hospitality and leisure sectors are expected to be the fastest growing parts of the economy over the

⁵⁵ Treasury Committee, Oral evidence: Economic impact of coronavirus, [HC 306](#), 7 June 2021, Q486; DCMS Committee, Oral evidence: Promoting Britain Abroad, [HC 856](#), 8 March 2022, Q159.

⁵⁶ [Is there a solution to the hospitality staff crisis?](#), BBC News, 21 July 2021.

⁵⁷ [Is there a solution to the hospitality staff crisis?](#), BBC News, 21 July 2021.

⁵⁸ Unite, [Chefs demand better](#) [accessed 10 May 2022]; Health and Safety Executive, [The Burnt Chef Project joins HSE’s Working Minds campaign](#), 25 April 2022.

⁵⁹ [Proportion of EU workers in UK hospitality falls to lowest level since 2019](#), Alice Hancock, Financial Times, 6 April 2022 [subs only].

⁶⁰ [Is there a solution to the hospitality staff crisis?](#), BBC News, 21 July 2021.

⁶¹ UKHospitality, [Hospitality industry launches £5m campaign for talent in response to jobs and skills crisis](#), 10 February 2022.

next five years.⁶² In part this reflects that the industry saw greater falls during the pandemic and has more scope to recover. Oxford economics predicted that hospitality's share of the economy in 2026 to be similar to that in 2019.⁶³

Key issues for the hospitality sector going forward are labour market shortages, concerns about the impact of inflation on consumer confidence and high debt-levels in the sector.

Kate Nicholls of UKHospitality told the House of Commons Digital Culture Media and Sport Select Committee that hospitality businesses that had survived the pandemic are in "a very precarious state" and would remain fragile for another two years.⁶⁴ She said that UKHospitality estimated the sector had "around £10 billion of covid-related debt" outstanding and noted that businesses in the sector have low profit margins in general (even before the pandemic).⁶⁵ She said the sector would "undoubtedly see business failures over the next two years" and called for support to not taper off too soon.⁶⁶

On top of this, businesses in the hospitality industry are, like all businesses, facing rising input costs, both for goods and energy.⁶⁷ The ONS reported that in late February to early April 2022, energy prices and inflation of goods and services prices were most highly cited as the main concerns facing businesses in general.⁶⁸ The industry is concerned about rising prices for customers just at the time that demand is returning and the sector needs to continue to entice customers back to eating out and traveling.⁶⁹

The ONS reported that in March, 37% of hospitality businesses reported having to absorb price increases and 37% reported having to pass on costs to customers. 14% of hospitality businesses reported having to reduce staff work hours (compared to 4% across all businesses) and 9% reported making redundancies (compared to 2% across all businesses).⁷⁰

Much of the last remaining coronavirus business support ended at the end of March 2022, which the industry described as a "cliff edge".⁷¹ VAT returned to the full 20% rate and the moratorium on eviction for non-payment of commercial rent also ended. Business rates remain reduced, but relief is now

⁶² Oxford Economics, [UK: High inflation slows the regional recovery](#), 29 April 2022.

⁶³ Oxford Economics, [UK: High inflation slows the regional recovery](#), 29 April 2022.

⁶⁴ DCMS Committee, Oral evidence: Promoting Britain Abroad, [HC 856](#), 8 March 2022, Q166.

⁶⁵ DCMS Committee, Oral evidence: Promoting Britain Abroad, [HC 856](#), 8 March 2022, Q166.

⁶⁶ DCMS Committee, Oral evidence: Promoting Britain Abroad, [HC 856](#), 8 March 2022, Q166.

⁶⁷ See Library papers: [Rising cost of living in the UK](#) and [Background to Spring Statement](#) (17 March 2022).

⁶⁸ 35% of hospitality businesses reported energy prices to their main concern and 24% of businesses reported inflation as the main concern; ONS, [Business Insights and Conditions Survey](#), Wave 53 21 March-3 April.

⁶⁹ UK Hospitality, [Skyrocketing energy costs force hospitality businesses to raise prices and cut opening hours](#), 22 March 2022.

⁷⁰ ONS, [Business Insights and Conditions Survey](#), wave 52, 7-20 March 2022

⁷¹ [UK businesses face April 'cliff edge' as most pandemic support ends](#), Alice Hancock, Financial Times, 31 March 2022 [subs only].

50% (compared to 66% up to end of March 2022) and subject to a £110,000 per-business cap.⁷²

The Hospitality Strategy, High Streets Strategy and Tourism Recovery Plan are the Government's policy plans for supporting the industry with these challenges (see section 3.2 below).

⁷² HM Treasury, [Autumn Budget and Spending Review 2021](#), October 2021, para 5.44

4 Support for the hospitality industry during the pandemic

4.1 Support for the hospitality sector

Further information about Government support schemes is Library briefing [Coronavirus: Support for businesses](#).

The hospitality industry benefited from business support schemes available to all industries, such as the Coronavirus Job Retention Scheme and business loans.⁷³ Hospitality, leisure and retail businesses were eligible for business rates relief and a series of business grants. Support schemes specifically targeted to the hospitality industry included the [Eat Out to Help Out scheme](#) and a temporary cut to VAT (summarised below).

There was no separate or tailored support for sectors such as the events or the wedding industry (see Box 1).⁷⁴

Data is not available on support provided to hospitality businesses by constituency or local area. The Library paper [Coronavirus business support scheme: statistics](#) includes constituency data on total support provided in loans, grants, business rates relief, Eat Out to Help Out and employment support.

Coronavirus Job Retention Scheme (CJRS)

Up to 30 September 2021, claims worth £12.9 billion had been made by businesses in the food service and accommodation sector under the CJRS, just under 18.5% of the total value of all claims. This was the highest of all sectors covered by the scheme.⁷⁵

Section 2.5 above covers the number of jobs furloughed. The Library paper [Coronavirus Job Retention Scheme: statistics](#) provides further information.

⁷³ The Library briefing paper, [Coronavirus: support for businesses](#) provides further information about the schemes. The Library paper: [Coronavirus business support: statistics](#) provides figures on the support provided including by Parliamentary constituency.

⁷⁴ [HC Deb 9 November 2020](#) [Live Events and Weddings: Covid-19 Support]. The Government also points to the [Culture Recovery Fund](#) that supports some venues and cultural organisations unable to open ([PQ 110294, 2 November 2020](#))

⁷⁵ HMRC, [Coronavirus Job Retention Scheme statistics](#), 16 December 2021.

Business loans

There are two main loan schemes that represent the majority of loans: the Coronavirus Business Interruption Loan Scheme (CBLIS) and the Bounce Back Loan Schemes (BBLIS).

As of 31 May 2021, 125,873 loans (CBILS and BBLIS) worth £6.2 billion in total had been offered to hospitality businesses, representing 8% of the total loan value across all sectors.⁷⁶ This corresponds to 56% of hospitality businesses being offered a loan. In comparison, approximately 28% of UK businesses overall had been offered a loan.⁷⁷

The Library paper [Coronavirus business support scheme: statistics](#) provides further information.

Eat Out to Help Out Scheme

The Eat Out to Help Out scheme (EOHO) provided 50% off the cost of food and non-alcoholic drinks eaten-in at participating restaurants on Monday to Wednesdays in August 2020.

Overall, £849 million was claimed under the Scheme across 78,118 outlets. The [Library briefing paper on the Scheme](#) provides further information, statistics and commentary on the scheme's impact. The Library paper [Coronavirus business support scheme: statistics](#) provides data on EOHO claims by constituency.

Temporary VAT cut

VAT for hospitality, accommodation and visitor attractions was temporarily reduced to 5% (from 20%) from 15 July 2020 to 30 September 2021. A 12.5% rate then applied for the six months to 31 March 2022, after which it reverted back to 20%.⁷⁸ The reduced rate applied to food and non-alcoholic drinks served in hospitality venues in addition to accommodation services and admission to certain visitor attractions. The Library briefing paper, [VAT on Tourism](#) (SN06812) provides further information.

Business rates relief

Retail, hospitality and leisure businesses in England received a 100% business rates holiday in 2020/21. This was extended to 30 June 2021 in the March 2021 Budget. A 66% relief followed from 1 July 2021 to 31 March 2022,

⁷⁶ British Business Bank, [Regional analysis of Coronavirus loan schemes shows continued even distribution across the UK](#), 15 October 2020. Figures are for loans offered up to 4 October and may differ from aggregate figures published by HM Treasury due to a time lag between the sources and since some borrowers may decide not to proceed with an approved loan.

⁷⁷ House of Commons Library calculations based on [British Business Bank data on loans](#) (15 October 2020) and the BEIS, [Business population estimates: 2020](#). Businesses were only able to take out one loan.

⁷⁸ HM Treasury, [Budget 2021](#), 3 March 2021.

which was capped.⁷⁹ The level of the cap depended on whether the eligible property was closed on 5 January 2021. From 1 April 2022 to 31 March 2023, businesses in these sectors will receive [50% business rates relief](#) up to a £110,000 per-business cap.⁸⁰

The business rates multiplier (essentially the business rates tax rate) was frozen in both 2021/22 and 2022/23. The multiplier would normally be increased by inflation.

Each nation has set up their own coronavirus business rates relief schemes.⁸¹

English local authorities estimated that around 374,200 business premises were eligible for the expanded 2020/21 retail relief as at 5 July 2020.⁸² These businesses received around £10.8 billion in relief.⁸³

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. A series of [further grant schemes](#) followed later in the year as tiered local restrictions were brought in in October.⁸⁴

A [£1000 Christmas grant for pubs](#) in Tiers 2 and 3 in England that predominantly serve alcohol was announced 1 December 2020.

On 5 January 2021, the Chancellor announced [further grants of £4,000-9,000](#) per qualifying property (depending on rateable value) occupied by hospitality, leisure and retail businesses in England, to support businesses “through to the Spring”.

In the March Budget 2021 the Chancellor announced a new [restart grants scheme](#) in England through which hospitality, accommodation, leisure, personal care and gym businesses could receive up to £18,000 per premises to help businesses re-open safely once restrictions are lifted.⁸⁵

The Library briefing, [Coronavirus: Support for businesses](#) provides more information on business rates relief and business grants (Section 10).

⁷⁹ HM Treasury, [Budget 2021](#), 3 March 2021.

⁸⁰ HM Treasury, [Autumn Budget and Spending Review 2021](#), October 2021, para 5.44

⁸¹ Scottish Government, [Help for non-domestic rate payers in Scotland during coronavirus \(Covid-19\)](#), 31 July 2020; Welsh Government, Business Wales: [Business rates relief](#), accessed 6 January 2021; Nibusinessinfo.co.uk, [Coronavirus: Rates support for businesses](#), 21 May 2020.

⁸² Legally known as hereditaments. A hereditament is a unit of non-domestic property that is, or may become, liable to national non-domestic rates. These can include pylons, telephone boxes, advertising hoardings as well as offices, shops, warehouses, factories, and public buildings like hospitals and schools.

⁸³ MHCLG, [Covid-19: business rates reliefs by parliamentary constituency](#), 7 August 2020

⁸⁴ [Coronavirus: New business grant schemes explained](#), 17 November 2020 provides further information.

⁸⁵ HM Treasury, [Budget 2021](#), 3 March 2021.

In December 2021, further grants in England were made available for businesses affected by the emergence of the Omicron variant.⁸⁶ Hospitality businesses were likely to see decreased footfall, and numerous cancellations, due to the rise in cases, at what is traditionally a very profitable time of year. Businesses were eligible for grants of up to £6,000 per premises, and assistance with statutory sick pay for small and medium-sized employers.

Separate grants schemes applied in the devolved administrations.⁸⁷

Alcohol duty reform

The pubs and beer industries have been long campaigning for reform to alcohol duties, which intensified during the pandemic.⁸⁸

The Chancellor froze duty rates for beer, cider, wine, and spirits in 2020/21 and 2021/22.⁸⁹ In the 2021 Autumn Budget and Spending Review the Chancellor announced a review of alcohol duties, saying they would undergo a “major simplification” such that drinks would be taxed in proportion to their alcohol content. In addition, a new relief was flagged that would see rates of draft beer and cider cut by 5%.⁹⁰ A [consultation](#) was opened in October 2021 and closed in January 2022. The Government is analysing responses to the consultation.⁹¹

The Library briefing, [Alcohol taxation and the pub trade](#), provides background information on alcohol duties and previous changes.

Other support measures

The [Business and Planning Act 2020](#) made some **temporary changes to alcohol licensing and planning law** to make it easier for restaurants and pubs in England and Wales to seat and serve customers outdoors and comply with social distancing requirements.⁹² These included temporary pavement licences that made it easier for businesses to offer seated dining outside, and changes to licencing laws that made it easier to serve take-away alcoholic drinks. These temporary changes have been extended to 30 September 2022.⁹³ There were also changes to allow marquees to be installed in

⁸⁶ HM Treasury and Department for Business, Energy & Industrial Strategy, [£1 billion in support for businesses most impacted by Omicron across the UK](#), 21 December 2021

⁸⁷ Scottish Government, [Help for non-domestic rate payers in Scotland during coronavirus \(Covid-19\)](#), 31 July 2020; Welsh Government, [Business Wales: Financial support and grants](#);

⁸⁸ BBPA, [BBPA Budget response – Good news for pubs in the short-term, long-term stimulus still needed to secure the great British pub](#), 3 March 2021.

⁸⁹ HM Treasury, [Budget 2020](#), 22 March 2020 and [Budget 2021](#), 3 March 2021.

⁹⁰ HM Treasury, [Autumn Budget and Spending Review](#), 27 October 2021, page 8 para 2.178-2.182.

⁹¹ HM Treasury, [The new alcohol duty system: consultation](#), 27 October 2021.

⁹² For further information, see the [Commons Library analysis of the Business and Planning Bill 2019-21](#), 26 June 2020.

⁹³ DLUHC, [Guidance: pavement licences \(outdoor seating\)](#), 21 March 2022.

hospitality venues and for local councils to hold markets without planning permission, which have now been made permanent.⁹⁴

In terms of support for **property costs**, the Government introduced a moratorium on forfeiture due to non-payment of commercial rent (extended to 25 March 2022), as well as changes to commercial rent arrears recovery, statutory demands and winding up petitions.⁹⁵ These measures were extended several times and as the pandemic went on there was uncertainty about how disputes about outstanding rent debt would be resolved.⁹⁶ The [Commercial Rent \(Coronavirus\) Bill 2021-22](#) was introduced in November 2021 and received Royal Assent in March 2022. The Act establishes an arbitration process to resolve disputes over rent arrears between business tenants and landlords. Further information can be found in the [Library briefing](#) on the Bill. Trade body UKHospitality [welcomed the Act](#) as “decisive Government legislation”.⁹⁷

The Government established a Hospitality Futures Group to provide a forum for discussion between Government and industry leaders on possible ways to support the recovery of the hospitality sector. The Government stated in November 2020 that the Group met weekly from June 2020 and engages with a “small number of Government officials”.⁹⁸ The group was led from the Department for Business Energy and Industrial Strategy (BEIS).

4.2 Hospitality, High Streets and Tourism Strategies

In June and July 2021, Government departments published several strategies relevant to the recovery of the hospitality sector, including:

- The Department for Digital Culture Media and Sport’s [Tourism Recovery Plan](#) (June 2021)
- The Department for Business Energy and Industrial Strategy’s [Hospitality Strategy](#) (July 2021) and
- The Department for Levelling Up, Housing and Communities’ (DLUHC) [Build Back Better High Streets Strategy](#) (July 2021).

⁹⁴ DLUHC, [Boost for high streets and businesses as markets and outdoor marquees allowed permanently](#), 20 December 2021

⁹⁵ Section 11 of the Library briefing [Coronavirus: Support for businesses](#) provides further information and sources.

⁹⁶ [Economy faces 'long Covid' if debts not tackled](#), BBC News, 7 June 2021;

⁹⁷ UK Hospitality, [UKH comments on Commercial Rent Bill](#), 24 March 2022.

⁹⁸ [PQ 91973, 18 November 2020](#) [Hospitality Industry and Retail Sector Council]

In September 2021, the [Hospitality Sector Council](#) was established, comprising hospitality industry leaders and Government. The group's role is to support the implementation of the Hospitality Strategy.

The short-term focus of these strategies, particularly the Hospitality Strategy and Tourism Plan, was an aim to re-open the economy and remove restrictions impacting business trading as soon as possible. Hospitality businesses are a key tourism sector, and many businesses rely on tourists for customer demand. The Tourism Recovery Plan aims to help domestic tourism recover to pre-pandemic levels by 2022 and international tourism by 2023.⁹⁹

Both the High Streets and Hospitality strategies suggest making the more flexible pavement licensing system that was introduced during the pandemic, permanent. The Government said that its forthcoming [Levelling up and Regeneration Bill, mentioned in the Queen's Speech 2022](#), would bring these changes this Parliamentary session.¹⁰⁰ UKHospitality said that the flexible pavement licences were a “really positive success story”.¹⁰¹

Other policy proposals to support hospitality in both the High Streets and Hospitality strategies included encouraging more flexible use of high street buildings and setting up hospitality regeneration hubs, aiming to create new opportunities for micro businesses and start-ups.

Efforts on skills and workforce since the Hospitality Strategy launched has included creating a steering group (National Employers and Partners Team) to find hospitality vacancies and support employers in filling them, and the Department for Education adding hospitality and catering qualifications to Free Courses for Jobs.¹⁰²

4.3

Calls for further support for the sector

Winter 2020

In December 2020 the hospitality industry described the Government's support for the sector as “woefully inadequate” to cover “even basic fixed costs”, stating it would not be sufficient to stop mass business closures and job losses in 2021.¹⁰³ The sector, [joined by the Labour Party](#), pointed to the loss of peak Christmas revenues important for many businesses, particularly as parts of England were moved into the highest category of local restrictions

⁹⁹ Department for Digital Culture Media and Sport, [Tourism Recovery Plan](#), June 2021, paragraph 7.

¹⁰⁰ PM's Office, [Prime Minister to give local leaders power to breathe new life into high streets](#), 7 May 2022.

¹⁰¹ UK Hospitality, [UKHospitality says permanent pavement licences will speed recovery](#), 3 March 2022.

¹⁰² BEIS, [New Hospitality Council to guide the sector's recovery](#), 29 September 2021.

¹⁰³ [Industry warns 80 per cent of UK pubs face 'perilous position'](#), Alice Hancock, *Financial Times*, 27 November 2020; [Restaurants and pubs call for help as 72% fear closing permanently](#), Rebecca Smithers, *The Guardian*, 18 November 2020; BBPA, [Last orders for an enhanced package of Government support](#), 22 December 2020; [Campaign for Pubs](#), 17 December 2020.

(Tier 4) before Christmas.¹⁰⁴ The sector called for more grants and extensions to the CJRS, business rates and VAT relief.¹⁰⁵

Further support measures were subsequently announced by the Government in January 2021 and the March Budget 2021 which were welcomed by trade bodies UKHospitality and the British Beer and Pub Association.¹⁰⁶ These included further grants and extensions to many of the existing support schemes that the industry had been calling for. The industry called on the Government to stick to its earliest forecast reopening date of 21 June 2021.¹⁰⁷

Calls for VAT and other tax relief

The industry has been calling for longer-term support for the sector through reform of business rates, VAT and beer duty. For example, UK Hospitality has called for the 12.5% VAT rate to be permanent, saying that the VAT relief has been the biggest support to the sector after the furlough scheme and is essential for the sector's long-term recovery and growth.¹⁰⁸

Pub trade associations called for a reduced rate to apply to all drinks during the pandemic, arguing that “wet-led” pubs that make most of their revenue from alcohol sales, got little benefit from the VAT relief measure.¹⁰⁹

In April 2022 when asked what support was being provided to hospitality businesses in the face of rising prices and the end of VAT relief, the Treasury pointed towards ongoing support through business rates relief and subsidies for apprenticeships and training:

The government has already prioritised support for SMEs by cutting business rates by 50% for eligible retail, hospitality and leisure businesses, providing a 95% subsidy for apprenticeships, and supporting them to invest and grow by increasing the Annual Investment Allowance to £1 million. The Help to Grow scheme provides eligible SMEs with a 90% subsidy for world class management training and subsidises the cost of new software up to £5,000.

The Spring Statement 2022 went further and cuts the cost of employment for half a million small businesses, by increasing the Employment Allowance from £4,000 to £5,000. This means that from April, 670,000 businesses will not pay NICs and the Health and Social Care Levy. In addition, to help businesses and

¹⁰⁴ BBPA, [December pub beer sales up to 90% lower than normal - 270 million fewer pints](#), 14 December 2020; Labour Party, [Not such a Merry Christmas as majority of Britain's pubs and bars miss out on billions in sales – Lucy Powell](#), 26 December 2020; [Christmas takings in pubs, bars and restaurants fall almost 80%](#), Rob Davies, The Guardian, 28 December 2020.

¹⁰⁵ UKHospitality, [UKHospitality comments on tiers announcement: “act now or face hospitality bloodbath”](#), 30 December 2020; Campaign for Pubs, [#SupportPubsNow campaign](#).

¹⁰⁶ UK Hospitality, [UKHospitality reaction the Chancellor's Budget statement](#), 3 March 2021; British beer and pub association, [BBPA Budget response](#), 3 March 2021.

¹⁰⁷ UK Hospitality, [UKHospitality reaction the Chancellor's Budget statement](#), 3 March 2021; British beer and pub association, [BBPA Budget response](#), 3 March 2021.

¹⁰⁸ [UK hospitality sector intensifies calls for permanent VAT reduction](#), Alice Hancock, Financial Times, 12 January 2022 [subs only]; DCMS Committee, Oral evidence: Promoting Britain Abroad, [HC 856](#), 8 March 2022, Q166; UK Hospitality, [Comment on the latest ONS labour market figures](#), 15 March 2022.

¹⁰⁹ British beer and pub association, [BBPA Budget response](#), 3 March 2021

consumers, the main rates of petrol and diesel duty will be cut by 5 pence per litre, the largest cash terms cut that has ever been applied to fuel duty rates at once.¹¹⁰

¹¹⁰ PQ [HL7508](#), 7 April 2022 [Hospitality Industry: VAT].

Annex: Timeline of hospitality restrictions

For further details and sources, please see the Commons Library briefing paper [Coronavirus: A history of English lockdown laws](#).

Timelines for Covid-19 rules in Scotland and Wales are provided by the [Scottish Parliament Information Centre](#) and the [Welsh Parliament Research Service](#).

2020

- **16 March:** People were advised to avoid bars, restaurants and other indoor leisure venues
- **20 March:** Hospitality businesses were required to close (except for take-away/delivery service).
- **Early July:** Hospitality businesses were able to open for dining with social distancing measures and Covid-secure mitigations in place (exact dates varied between nations).
- **July-August:** Other than social distancing and Covid-secure mitigations there were limited restrictions on the opening conditions for hospitality venues over the summer. The [Eat Out to Help Out Scheme](#) in August encouraged customers to eat out UK-wide. Local lockdown restrictions were in place in some areas.¹¹¹
- **September:** Restrictions on restaurant and bar opening began being introduced from September. In England, from 14 September the “rule of 6” applied to all indoor gatherings. From 24 September hospitality venues were required to close at 10 pm and were limited to table service only. Similar restrictions on opening hours and groups of 6 were also in place in Scotland and Wales in late September. A growing number of local area restrictions were imposed.
- **October:** From 14 October in England, what had become a complex patchwork of local restrictions was simplified into three tiers. Pubs and restaurants serving food could open to dining (with restrictions on groups) even under the strictest tier (Tier 3) but were only allowed to

¹¹¹ Leicester was the first city to be placed into “local lockdown” on 29 June.

serve alcohol with a “substantial meal”. Local restrictions were also in place in the devolved administrations.

- **November:** Restaurants, cafes, pubs and bars were required to close other than for take-away during the England wide lockdown from 4 November to 2 December. Shorter “circuit breaker” lockdowns applied in Wales and Northern Ireland (over different periods). In Scotland a system of local restrictions applied, with pubs and restaurants required to close in the highest local protection level (Level 5).
- **December** the tiered system of local lockdown restrictions returned in England. Restaurants and pubs in Tier 3 were required to close (with takeaway only); all restaurants and pubs had to close at 11 pm. A fourth tier was introduced on 18 December. The number of areas in Tiers 3 and 4 increased throughout the festive period. Pubs and restaurants were required to close (except for takeaway) from Boxing Day in Wales, Scotland and Northern Ireland.

2021

- **January 2021:** From 5 January all hospitality venues in England were required to close (except for takeaway) with the commencement of the third England-wide lockdown.
- **April:** Outdoor hospitality reopened, with restrictions on group sizes, and table service only. In Scotland, hospitality venues were able to serve food indoors until 8pm, without alcohol.
- **May:** Indoor dining reopened with restrictions on group sizes. In England, six people (or two households) could gather in indoor hospitality venues. In Scotland, up to six people from three households could meet, with alcohol able to be served until 10.30pm. In Wales, six people from different households could meet indoors.
- **July:** The majority of restrictions on hospitality in Scotland and England were removed on 19 July. In Scotland, customers were still required to provide contact details for Test and Assist.
- **August:** Wales removed all restrictions on hospitality on 7 August, including nightclubs reopening.
- **October:** Covid passes were required for nightclubs in Wales.
- **December:** Work from home guidance was introduced in England in response to the Omicron variant (“Plan B”). The NHS Covid pass was required for entry into certain venues such as nightclubs.¹¹² In Wales, the

¹¹² PM’s Office, [Prime Minister confirms move to Plan B in England](#), 8 December 2021.

“rule of six” was reintroduced, hospitality venues were required to take customer contact details, and licensed premises were only able to operate with table service, from 26 December. In Scotland, one metre physical distancing in hospitality premises was introduced, and nightclubs closed, from 27 December.

2022

- **January 2022:** Social distancing restrictions on hospitality in Scotland and Wales were lifted.
- **February 2022:** UK Government publishes its Living with Covid-19 Plan for the removing all remaining Covid-19 restrictions in England.¹¹³
- **April 2022:** all remaining Covid measures were lifted in England.

¹¹³ Cabinet Office, [COVID-19 Response: Living with COVID-19](#), 21 February 2022.

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