



Select Committee on Economic Affairs

Corrected oral evidence: Employment and Covid-19

Tuesday 27 October 2020

4.15 pm

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Members present: Lord Forsyth of Drumlean (The Chair); Baroness Bowles of Berkhamsted; Lord Burns; Viscount Chandos; Baroness Kingsmill; Lord Livingston of Parkhead; Lord Monks; Lord Skidelsky; Lord Stern of Brentford; Lord Tugendhat.

Evidence Session No. 15

Virtual Proceeding

Questions 122 - 129

Witnesses

I: Nisha Katona MBE, Founder and Chief Executive Officer of Mowgli Street Food restaurants, and television presenter; Mark Da Vanzo, Chief Executive, Liverpool Everyman & Playhouse; Anna Goodband, Principal and Acting Director, Liverpool School of English; Steven Hesketh, Chief Executive Officer, Savvy Hotel Group.

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Examination of witnesses

Nisha Katona, Mark Da Vanzo, Anna Goodband and Steven Hesketh.

Q122 **The Chair:** Welcome, Nisha Katona, Mark Da Vanzo, Anna Goodband and Steven Hesketh. May I ask you to begin by introducing yourselves, in the order I have introduced you, and saying a little bit about yourselves?

Nisha Katona: Certainly. I am the CEO and founder of a group of restaurants called Mowgli Street Food. We are a limited company. We now have 11 restaurants that span the country, all of them, bar one, operating in tier 2 and tier 3. We tend to open in red-brick university towns. We started off in Liverpool.

My background is that I was a child protection barrister for 20 years, and six years ago I started the Mowgli chain here in Liverpool, where I am calling you from. It grew at a pace of about a restaurant a year. We have 500 employees and a head office still in Liverpool, but it is very much a national business, and very much affected by Covid because of the way we have fallen within the tiers, about which I will speak later.

Mark Da Vanzo: Thank you for your invitation today. I am the Chief Executive of the Liverpool Everyman & Playhouse theatres. We are a subsidised charitable trust that runs the two theatres in Liverpool. We have been closed since 16 March due to Covid, and we are currently under stage 4 of the Government's theatre reopening plan, which means that we can open, but to limited audiences.

Anna Goodband: I am the principal of the Liverpool School of English. We are a private English language school based in the city centre, established 20 years ago. Ordinarily, in a normal year, we would have over 5,000 students. We closed with 283 students in March, and we currently have 55 students. We are very much a local business for international travel.

Steven Hesketh: I am the CEO of the Savvy Hotel Group. We run three different hotels, two in Liverpool and one in Chester. Similarly to Nisha, we are aware of the tier 2 and tier 3 problems. I chair the Chester Hospitality Association and I am vice-chair of the Liverpool Hospitality Association. I have a good round-up. They are very hotel led, but increasingly involve more restaurants and bars.

Q123 **The Chair:** I realise that this is a difficult question to answer briefly, but could each of you say something about how the tier 3 restrictions have affected your business, and how the next six months looks for your business, or indeed for the groups that you represent?

Nisha Katona: The effect of tier 3 is quite remarkable. We were plotting a graph of it yesterday. We came to 4 August and the Eat Out to Help Out scheme.

I represent restaurants and I am talking about restaurants that are entirely food led. Our pattern of trade tends to be that our kitchens close

at about 9.30 pm. We are very early in that respect. We are family restaurants so there is not really any vertical drinking. We do not have that bar element, although we serve alcohol and have 30% alcohol sales.

To give you some context for the effect of tier 3 and the various tiers on our business, we came back into trade at net turnover of about a minus 5% level, so we were down 5% on last year. When the rule of six and the 10 pm curfew was announced, we dropped down to about 25%. The tier 3 announcement saw us drop, in my Liverpool restaurants, to about 50% trade. We are trading at minus 50%. In Manchester, we dropped to minus 60% trade, and places like Sheffield, as they entered tier 3, dropped to about minus 35% or 40% trade.

We were marked by a degree of hope, and thankfully up to this point we have not had to lose any of our 500 staff, but we are now having to make much more difficult decisions and having to be much more circumspect about it. In planning for the next six months, and trying to imagine how that will be, something of the entrepreneur in us is still hopeful that a vaccine or a treatment will have elevated to the point at which there might be some normality.

Lifting the restrictions would help. When we operated with the rule of six and a 10 pm curfew, we were still at 25%, and we could survive and retain those jobs. We employ primarily the 16 to 24 year-olds we are mandated to encourage. Those restaurants are the incubation businesses that, when we come to the other side of this, and we will, will nurture those people back into employment. It is really important that we stay open. Sometimes it hurts a great deal, especially when we are trading in Manchester now at minus 60%.

Planning for the next six months is very difficult. We will take it in four-weekly bites, because we know that the tiers will be revisited every four weeks. To give you a comparison, in Oxford, which is a tier 1 business, when we came out of lockdown we traded at about minus 5%. We are now trading at about minus 50%. That tends to be because of the bickering of the parents on the news, so there is a bit of consumer anxiety, but it is tenable. Tier 1 is very tenable. Tier 2, with the right messaging from government, is tenable. Tier 3 is where it becomes very precarious. We will take it in four-week chunks and see how we go.

Mark Da Vanzo: There is no doubt: tier 3 has had a drastic effect on footfall in Liverpool. In the arts sector, we have diversified. We are not just about our box office; we have a food and drink offer, weddings and events. Of course, all that trade has been deeply affected. In a usual year, our box office would be just over £2 million for our theatres. We will be lucky if we end the year on about 10% of that figure. Most recently, we have had some help through the government's cultural recovery fund, which was greatly appreciated. That takes us through to March, but a lot of our planning longer-term comes into focus now.

The important point to recognise is that we form part of an ecology, so if footfall is hit, and if we are closed or can perform to only limited

audiences, it has knock-on effects on restaurants, bars and hotels. About 28% of our box office comes from outside the Liverpool region. Under tier 3, people are not encouraged to travel into a tier 3 area, so that will affect our box office. We are starting to look at the longer-term effects on future audiences, especially under tier 3 over Christmas, and children not being able to come to our shows in the same numbers. We usually sell over 12,000 tickets to families. If they are not engaging in the arts or coming to the theatre over Christmas, what will that mean for our future audience numbers?

Anna Goodband: We are slightly different in that we do not fit into any specific box. The Government do not recognise us as hospitality; they do not recognise us as tourism; and they do not recognise us as education.

We have had to plan on a weekly basis, because we have to take into consideration quarantine rules, air corridors, the ability to travel in and out of tier 3, the ability of students from other countries to be able to travel back into the lockdown, and other social distancing measures put in place as part of being Covid secure. Pretty much every three days, we rewrite our business plan. It has been very difficult.

When we reopened face-to-face teaching at the beginning of September, we thought that was an opportunity. We had an extra 50 students who were willing to return. We opened with 13. We were then told, "You're going into tier 3". It went to international news. I became a superstar overnight. I got emails from all my partners everywhere, who had an image of the city ridden with the plague, which was not the most responsible message to send while not giving any support or recognition for what we do.

Since that time, over 60 students have postponed until after Christmas. When I looked at the figures last week, as part of our lobbying campaign with English UK, we had a 75% reduction in students on this time last year. We used to employ 64 members of staff full-time. Importantly for us, it was not just young people. It was people in their 30s, 40s and 50s, who saw it as a career, not as a stopgap. We have had to reduce our workforce to 24. Another school in the region had to lay off all its staff and cannot even afford to pay furlough.

The local lockdown restrictions are a really serious issue for us. We understand them, but we are getting extremely mixed messages; the gyms are closed one week, the soft play centres the next week. We are trying to support our partners abroad and our students here and get the message clear, but at the moment we are not getting any support or clear messages from the Government.

Steven Hesketh: I focus primarily on the accommodation trade, where tier 3 has done exactly what my peers said: it gave people the impression that Liverpool had shut down to some degree.

To go back to August, the ability of people to go out and have dinner and a drink has a knock-on effect on the accommodation portfolio. During Eat

Out to Help Out, my Chester property was at 90% occupancy and my Liverpool properties were at 65% occupancy. The minute the 10 pm curfew came into place, we saw Liverpool drop to about 40% and Chester to about 70%. As the tiers came into effect, we literally fell off a cliff. I stare at a Liverpool screen with occupancy as low as 10% right now. Although Chester sits in tier 2, its whole customer base is north Wales, Merseyside and Greater Manchester, all of which are shut down. Even though I sit in tier 2 in Chester, my occupancy has fallen to 30% anyway.

What is very clear is that, if people see tier 3, they do not visit and there is literally 10% occupancy; with tier 2 they possibly visit, but Chester is perhaps harder hit than a tier 2 market in any other region because it is surrounded by tier 3 marketplaces. It is a 90-minute drive get-away, so our whole customer base is almost cut off. Primarily for accommodation, it has been absolutely devastating. Our bigger properties have higher costs and overheads, and have the disadvantage of needing 24-hour staff, unlike the restaurant scenario.

That said, I am very restaurant-focused as well. I invested £30,000 in my Chester venue to change a car park into a garden, for want of a better word. It did exceptionally well in August, but that has all but fallen off. The recent weather has not helped. The further worry moving forward is the hotels. At my function suite in Liverpool we can fit in 200 people. We will not have the traditional Christmas food and beverage period. I create 80% of my food and beverage profits in November and December alone, and that sees me through January, February and March. That will not be here this year. The future is unbelievably dim. If truth be known, we as an independent cannot see ourselves lasting past January.

The Chair: It is very distressing to hear that.

Q124 **Lord Burns:** Between you, you tell a very sad tale of the challenges of trying to work under these arrangements and the way they have been announced. Given that we are likely to have ups and downs in the problem of the virus for some time yet, how would you like government to organise the way it announces the restrictions and support packages, and how can it help you to deal with them? In retrospect, do those of you in the restaurant business think that the relaxation of the rules quite so strikingly during August was a mistake and that we are now paying the price?

Nisha Katona: In relation to the way the Government announced the restrictions rather than the economic packages, there is something practical that we would find very helpful, if there was to be a change in the tiering. This week, two of our restaurants in two different cities went into tier 3. What happens on the ground is that each tier has to be marshalled very carefully in a different way, and our managers have a lot to organise. Organisationally, it would help a great deal—this was the real complaint of my operations director—if they could announce it on, say, a Wednesday or a Monday, with implementation to take place four days thence, just to give us time. What is great about hospitality is that we are scrutinised in every way, so we have marshals and the police coming in.

We need to get it right. If you are going to change the tiering, announce it on a Monday and give us perhaps until Thursday or Friday to do it. That is the practical side of how to change the restrictions.

As regards the announcement of the economic packages, we cling to our screens as if it is "The X Factor" final in the old days. It is ridiculous. It was kind of acceptable during the first leg of Covid and when we were coming out of it. We ran on adrenalin. This is nobody's fault; the Government do not wish it upon us. We can be nimble and we can flex, but the first we hear of it is on television when somebody in a Santa Claus outfit, so to speak, comes to a podium.

What is rather wonderful from my finance director's point of view, however, is that we get the answers very quickly. If we have any questions about the funding from central government, we very quickly find the answers, as opposed perhaps to the rules about the actual Covid-secure elements, which are much harder to delve into. We have now written a thesis on them, but it took a lot of work. What is good about the economic packaging is that we know where it comes from; it comes from the television. As you can imagine, any advance notice would help us. We can get the answers when we need them, so there is encouragement.

In relation to coming out of Covid too quickly and Eat Out to Help Out, since August we have served 200,000 guests and have had to refer only two through test and trace. That is the level of transmission in hospitality. We must not be vilified. We are the safest, most regulated place where people can socialise, as opposed to student halls of residence. We find them sitting like good children in our restaurants, and at 9.45 pm they head off and start to flat-hop. There is your source of transmission, certainly not in hospitality. Hospitality is where people need to be encouraged to go to dine safely. We absolutely did not open those gates too early; in fact, they need to remain open.

Steven Hesketh: I can only follow exactly what Nisha has put so eloquently. There is nothing but sheer effort and determination from hospitality in the efforts they have made to protect their customers and staff. From the monetary point of view to the training point of view, in every avenue, hospitality has woken up and risen to the challenge of proving not only to themselves but to the wider public how serious we are in helping to combat transmission.

I cannot stress enough that real effort has gone into the industry to combat transmission. It always sickens me to hear that we are potentially blasted for being the cause of it. I have to agree with Nisha. I do not like to blame anyone, because it is no one's fault, but for students coming back there are definitely some key points where you could put some direction, if you had to. If I am being honest, I would not like to.

Anna Goodband: Although we are seen as hospitality, in a sense we are hospitality and tourism. We got no information about any economic support packages throughout the entire lockdown. It needs to be made clear that we, like everyone else, got the announcements when we

watched the news and saw people at the podium. To date, we have had some discretionary rates relief and that is all.

Mark Da Vanzo: Similarly, the theatre sector considers itself a low-risk environment. We are taking big steps to ensure that we are Covid safe. To answer Lord Burns's question about guidance and pick up Nisha's point, often the detailed guidance trails the announcements. It would be good always to have that coupled, because the minute the announcement is made we are often expected to front up to our stakeholders about what we are doing next, but we often wait days, if not weeks, for the detailed guidance.

The Chair: Anna, perhaps we could take the problem you had offline and pass it on to the relevant department.

Q125 **Baroness Bowles of Berkhamsted:** We have already talked about you having your eyes glued to the television to see what announcements there are. Last week, the Chancellor came out with his latest package of help. If you have had a chance to analyse it, how was it for you? Does it help? Is it likely to mean that you will have fewer redundancies? Do you think it shows that the Government have an understanding of the issues you are facing?

Nisha Katona: I speak for my business. It is a business born in Liverpool that spans the country, except that we are not in London, which is quite remarkable. Our personal view is that we feel that there is some sympathy on the part of the Treasury, but its pockets are only so deep. We are quite circumspect in that way, and quite head-bowed as a business. I am just telling you as a witness about the way our business runs and the way we approach it.

We were thrilled with the furlough at 80%. We did not expect it back then. There was a steep drop and we had to tighten our belts. Mowgli is not just a business with 500 employees, with whom up to this point we have not even had to speak about redundancy; we are also a growing business, so it is very important to me that I have a property pipeline. There are four sites where I am part-way through building this year, for example, Bristol and Brighton; and we are looking at Cambridge and Glasgow. As you can see, right across the nation I am in the process of land deals and builds.

Any financial assistance means not just that we can keep our workforce intact but that we can look to grow, and create with every restaurant another 80 jobs. It is not a small factor that each of our restaurants donates about £40,000 a year to local charities. That has been completely knocked on the head because of the reduction in income. For all those things we want to be helped to get back on our feet; we do not just want handouts.

We think that once London went into tier 2 there was suddenly a level of urgency. We are just grateful for whatever crumbs seem to come from the Government's table in terms of finance with a view to getting us back

on our feet. We want to run, we want to build, and we want to grow under our own steam. In this group of witnesses, we are all entrepreneurs and we are best doing it on our own. We were thrilled. Any money that is forthcoming is thrilling.

I think there is a question towards the end about what we really need from the Government. The message is that we are open for a reason; it is that we are safe and people need to go there. They need to continue to eat out to help out, and continue to go to the theatre in a safe way. We need a flow of revenue around the community and we need messaging. Money is one thing; messaging is a bigger thing.

Mark Da Vanzo: I echo what Nisha said. There are some limitations where businesses such as theatres and restaurants have not been forced to close but have to open in a certain way. For theatres, the reopening plan is quite prescriptive, which means that it is uneconomic. Where we can open, we have to do the best we can within the limitations presented by Covid.

I said before that the culture recovery fund was much appreciated. Many of the other support grants announced were for businesses that had been forced to close so some of the grants will not help us specifically. We are still looking at the detail of the job support scheme to see how that will help us. Christmas is our busiest time of the year with both theatres producing over Christmas and our staffing tends to increase at that time anyway, but it may help us in the new year as we work towards March and, hopefully, on an ongoing basis.

Anna Goodband: We welcomed the new new job scheme. We are still looking into it. We were part of furlough for some of our staff, so we are eligible for it. Unfortunately, we have lost over 60% of our staff. When we were planning and applying for a business interruption loan, because we were not eligible for grants, we had to put certain feasibility studies into place.

We are a long-established company and we have worked with thousands of people all over the world, but we work with students and there is a lot of negative press about students in general. We work with international students. One of the extra costs has arisen because we have put Perspex dividers in every classroom, and we halved the class average from 15 to seven or eight students, which incurs extra costs per head. We have increased cleaning by 200%. We have started to open at the weekends as an exam centre to diversify, and we moved online in June. We set that up ourselves.

We understand the economics of the situation and that we are in an unparalleled time. As a business, we rent premises from universities in the summer and work with host families locally. We contribute a lot to the economy. All over the country, English language schools have had their revenue of £510 million slashed. Some are in tier 1 and some are in tier 2 or tier 3.

We are working together to lobby the Government for information, support and advice. We contact them for extra advice about our Covid security and what we want in place, but we find that we are working with other members and English UK to do that safely, not with government bodies because we do not seem to fit in anywhere. That is a discussion for another time, but it has made it difficult for us during this time to be flexible while being safe.

Baroness Bowles of Berkhamsted: You said that when you had to do a feasibility study to get your loans, you linked that to the laying-off of staff. Did having to do that feasibility study accelerate your having to crystallise the lay-offs, because you had to do the business plan?

Anna Goodband: Yes. We looked at the loan at the end of March/beginning of April. We are a family-run business so we had reserves, which we used, but it took until September for the loan to come through. That was an enormous drain. We had to pay over £250,000 for unused accommodation across the city that was booked for our students during the summer. We had taken out business interruption insurance for SARS, but coronavirus was not mentioned on the policy because it was last November, when no one knew about Covid, so the insurance company will not pay out.

We feel that we have been a responsible business. Locally, we have done other activities. We work with RefuAid to deliver free lessons to students. We have had to curtail that because we have our own staff to support. We diversified by going online in June, we have been open at weekends as a different exam centre, and we have done other things.

It has been very difficult in the sense that in the business interruption loan the questions are, "What is your plan now? What do you think will happen with furlough?" We are planning and we are grateful for any help we can get, but apart from some furlough we have not had a massive amount of help.

Baroness Bowles of Berkhamsted: Steven, to go back to the original question, do you want to comment on the Chancellor's latest packages?

Steven Hesketh: The latest packages are welcome. For the hotel business, accommodation has all but dried up due to demand and the tiers. We do 30 or 40 weddings a year, which is the bulk of our food and beverage, on top of Christmas parties. All that disappeared by about May and everything moved to 2021.

To talk about employment numbers, focusing on Christmas last year, that was a time of Brexit, elections, et cetera. On the accommodation side of things, we did not finish 2019 in the best place, if you compare it with the last 10 to 15 years, certainly in Liverpool and Chester. We had quite a bit of a demise due to economics anyway coming into the new year. At Christmas, I had about 149 on the books, which is normal. We go up during that time purely because of the food and beverage element of servicing big events every Thursday, Friday and Saturday. In November

and February, we dropped to about 119 staff. I put 98 staff on furlough at the end of March while we operated one premises. Two premises were shut; one stayed open. They housed NHS people, as well as vulnerable people for the local council.

We came out of that in August. Because our funds as an independent private business were chewed up anyway, we dropped to 71, which is where we sit right now. Of those 71, 31 still sit in the bracket of zero hours; they get almost no hours. The new JR scheme cannot really help those people; I cannot make up hours to pay them, even just 10 hours' work, when I do not have the work because the demand is not there. Realistically, I sit here with 40 staff, across three properties, who have been reduced from 40 to about 30 hours. The JR scheme gives them a little something. It does not save me, because I am still paying 5% plus their NI and contributions in a very tight period when I almost cannot afford to waste a pound.

It definitely helps, and I cannot stress that enough, but in the very entrepreneurial and tough climate we are in, it is still costing me. We are looking at a grant of £2,000 to £3,000 per month, supposedly; I do not have the full detail of that. One of my hotels has 150 bedrooms, another one has 30, but with all the costs—electricity, rents, mortgages—sadly, £3,000 does not even touch the side for me. It really does not.

That knife edge, or cliff, of January is still something I cannot get out of my head. It keeps me awake at night. All I can think about are the other 60-plus staff I have already let off and who are at home. Some have been fortunate to find jobs in Tesco, retail and that type of stuff, but a large majority still ring me every week asking, "Anything changed, boss?" I communicate with my teams almost fortnightly, "Buckle up, guys. Unfortunately, look elsewhere. There is nothing in the pipeline".

Q126 Lord Tugendhat: In view of all the problems you have been through and that you still have to contend with, I congratulate you on the gutsy and realistic approach you are taking. I have been incredibly impressed by the way all four of our witnesses have explained the issues they are facing. I thank God I have not had to face problems like that during my career, so well done.

Could I ask you about the loan schemes? Have you taken advantage of the Covid-19 loan schemes that the Government have been offering to businesses? If so, how helpful did you find them? How helpful has other financial support been—for instance, the business rates relief and deferred VAT payments?

Nisha Katona: The economic relief heralded most eagerly by my FD was the VAT relief. That is a lifeline; it is oxygen. We took advantage of a CBILS loan. That has given us headroom, and in a huge way, and emotionally in the way we run the business, it has given real security. I spoke of our plans to build. We are partially through builds at the moment. It means that we can continue those. I do not intend to use the lump sum that we took, but it certainly gives us the reassurance,

confidence and headroom that is all-important at the moment. It means that we could keep our body of staff intact. I am grateful for that. Thank heavens we could do that.

I talk about the light at the end of the tunnel, because there is one. There will be a new dawn when we are building again and creating jobs. It means that we can keep those builds going so that in 2021, hopefully, we will create another 300 jobs. That is what the CBILS did for us, frankly. That lifeline for day-to-day finance and cash flow is enormously helpful and we appreciate it.

Mark Da Vanzo: We, too, appreciate the VAT relief for cash flow. We have not taken a loan. In the subsidised arts sector, given the uncertainty about what the future looks like and how long it will take to rebuild our audiences, we are quite nervous about having to service the sort of debt we would have to incur.

Anna Goodband: Unfortunately, we are VAT-exempt anyway, so the changes did not make any difference to us. We are education and training, so it has no real impact. We took out a CBILS loan—we have not touched it yet—primarily to protect the retained staff and look at deposits for the buildings and rentals that we use for a bigger part of our business in the summer, which we were not able to do this summer.

We eventually got business rates relief due to the discretion of our local council. A lot of my fellow members in other tier 3 areas and other parts of the UK do not have rates relief and are still paying rates. We have a national campaign to try to get rates relief for all English language schools.

The Chair: Could you explain why they are not entitled to rates relief according to their councils?

Anna Goodband: Some people identify us as schools, others identify us as hospitality, and it was discretionary. Central government instructed local government to apply it to English language schools, and some local councils said, "But you have not given us any extra money to do that", and appealed it. Then they said, "Okay, it's discretionary. If you don't believe an English language school should have rates relief, you can resend the bill". A couple of schools were told initially that they had rates relief and then they got their rates bill a month later.

That was in July, which was the most crippling time for our industry. About 40% of our business takes place in July and August, with short-term students, average age 14 to 18, coming from Europe and beyond. For some schools, it has been really difficult. Liverpool City Council was supportive. After a delayed start to rates relief, we got it and we worked together with the other schools in the city, but that is not the case across the board.

Lord Tugendhat: Does it apply to language schools all over England, or is it a UK problem?

Anna Goodband: It appears to be a UK problem.

Lord Tugendhat: It would apply in Scotland and Wales as well.

Anna Goodband: Yes. About 50 schools closed their doors during lockdown, and some of them have been going for 40 or 50 years. It has been a sad time for the industry. We have been lucky in that we have been flexible and have worked online and turned to other things, but there are probably another 25 schools that will close when furlough ends. That is really sad.

Lord Tugendhat: Are you mainly in university cities, by which I mean cities with large universities?

Anna Goodband: Some of the bigger ones are, but there are language schools in traditional seaside and coastal towns—for example, Scarborough. Bournemouth is a massive place for English language schools, especially in the summer, as well as the south-west. We are based in the knowledge quarter, and we have close partnerships and relationships with the universities around us, but that is not necessarily the case for all language schools. Some extremely large language schools, with more than one centre, have gone into administration during lockdown.

Steven Hesketh: For hotels that are big, high street-oriented buildings, the business rates relief was without the shadow of a doubt an absolute godsend, and I think the VAT deferral has to be commended. Sadly, as an independent and an entrepreneur I found the whole CBIL scheme absolutely dreadful; it was long, drawn-out and very painful. We were unable to achieve it in the end. Thankfully, the BB loans kicked in.

As an entrepreneur, you want to stand on your own two feet. I sympathise with the Government in the challenges they face going into the current climate, with the new wave and all the new issues, but I am a big believer that the bounce-back loans need to be looked at again and reintroduced for the coming six months. For my business, it has been a lifeline. The £50,000 we were able to get has been a godsend and has got us this far, and it will get us through to January time, as I keep saying. But with no prospect of international travel and events being back in play, I see our business being tight until July. I know that we are a fantastic business and that we can be open again and back to the 70% to 80% occupancy we have always had in the past, but without another BB loan, or something of that nature, I am stressed and worried that we will not get to the July-August period.

Q127 **Lord Stern of Brentford:** Can I associate myself with what Lord Tugendhat said about your robust and creative response to very tough circumstances? We are in admiration of what you have managed to do.

My question is about relationships with local government. Much of the discussion up to this stage has been about central government schemes. Could you tell us about what support and guidance you have had from

local government, and whether you think that would be a more flexible and helpful way for you to get support, as opposed to central government support?

Nisha Katona: We are not such a small business any more; we are national, so there is very little that we have been able to take by way of grants from local government. That is fine; it is just a statement of fact and there is no indictment.

As to where the messaging comes from, we feel that we need the “what” from central government. We need to know what is available to us and what we are eligible for from central government. The “how” is local government. I say that, because I work with 10 local authorities and they are all slightly different. There is no uniformity of accessibility, nor has there been uniformity of message up to this point, although that is beginning to change.

We appreciate central government giving us the overarching principles and then, if we need to work out locally exactly what we are eligible for or what the particular rules are, we seek out local government. It has been very much that way around. We very much have had to seek them out. It is not as though local government has necessarily come to our door to say, “This is how you keep your place Covid secure. This is what the local regulations mean”. They are all nuanced and very different. That is the only comment I have on it. The big principles that come out need to be central; local is there if we need it for the detail, and we like that way of doing things.

It is very interesting, and slightly to do with the north/south divide, which does exist, that the majority of my restaurant fraternity, or fellow CEOs of restaurant chains, are based in London with restaurants in London. Therefore, they have to deal with only two local authorities. There are two authorities that pretty much govern the whole of central London. It is useful that you hear from us what it is like out in the provinces, and that it is disparate and the messaging is slightly disparate. We can live with it, but the principles need to come from central government.

The Chair: These answers are really helpful, but if you could make them as short as you possibly can, it will help us to get to the end of the agenda.

Mark Da Vanzo: Both of our theatres are in Liverpool city centre. We are lucky that we are in a city that is full of hope and vision. We have had excellent support from both the city council and the combined authority.

As Nisha was saying, it is important that we know who is operating each measure of support. The important thing is that the measures are in place and the guidance is clear, and support is ultimately delivered. Ultimately, I think our local authorities have done a sterling job during the Covid pandemic.

Anna Goodband: The city council was really supportive and gave us discretionary rates relief when other councils did not. From my

experience, local government has worked well with us during this time. We have not had all the information, because a lot of people have been on furlough, but I find that with private companies as well when we try to sort things out. That has probably been everybody's experience when trying to get hold of the right people during this time.

Sometimes, central government is too far removed. I have lived in London, the provinces and abroad. We need to stop having that attitude to the north. We are a major city, and I think that as a combined authority we can work and look after our own city.

Steven Hesketh: Having one foot in Chester and one in Liverpool, Liverpool City Council and the wider region have been fantastic. They have made a real effort to pull together other funding. Steve Rotheram and Joe Anderson have done a fantastic job at building confidence. You feel as though they have your back to some degree. The whole mayoral thing has played a part in being very beneficial for Liverpool, in contrast to Cheshire West and Warrington. It is chalk and cheese.

As a business owner, I have found that not having that central mayoral infrastructure when working with Chester and Cheshire has been quite challenging and difficult. There is real merit in devolution going to mayors. Unfortunately, I am not political, so I do not understand the major differences, but I certainly give Liverpool City Region a massive thumbs up. The structure of Chester means that it cannot get at the funds, potentially, as positively as Liverpool has been able to, so from a business point of view that has made it quite challenging to work with Chester and Cheshire.

Q128 **Lord Skidelsky:** I have been very moved by the evidence we have heard. I know that the sectors you represent have been knocked sideways by Covid-19. Looking a little further ahead, if I could persuade you to, how important is the Government's long-term levelling-up agenda to your businesses and the region, particularly Liverpool? Do you feel that, once we get going again, their longer-term agenda will help your particular sector?

Nisha Katona: I was listening to some of the evidence given by the earlier panel, so I know that you have exhaustively spoken about those things. It was encouraging to listen to that. It is enormously important that it happens. It is strange, because we are in a state of chaos at the moment where agendas like that feel rather secondary.

The only thing that resonated was the change in the JSS. When London came into tier 2, suddenly there was more generosity in the JSS. That slightly smarted, because the north has been suffering. Manchester has never really come out of lockdown. We have been rather beleaguered there, because it has been single households from the beginning. We could have done with that help earlier. It is important, so let us see how it pans out. That is our point of view. It is fairly obvious.

Mark Da Vanzo: We all live in the same country, do we not? We all want parity, ultimately, whatever postcode we are born in. It is interesting that much of the Government's interventions to date, including in the arts sector through the Culture Recovery Fund, has been to preserve what is there. If there is an inherent imbalance between north and south, as undoubtedly there is, that imbalance will be preserved.

There needs to be a longer-term ambition to look at how to address the imbalance. If the Government is serious about levelling up, maybe there could be some form of northern weighting. We have had London weighting on salaries for years. Perhaps when it comes to investment in the north, we could see a northern weighting.

Anna Goodband: At the moment, with Covid, it is difficult, but the levelling-up agenda is vital to a whole range of businesses in the region. Internationally, Liverpool is seen as an amazing city. We always have positive feedback when we go to exhibitions and fairs abroad, but sometimes I am thwarted by my southern partners.

Having lived across the UK, I feel that there is still a north/south divide and there are preconceptions about what we do in Liverpool. We are a thriving and busy city; we have been voted the friendliest city three years in a row. We are one of the most visited. Liverpool was the best-visited youth destination two years in a row for the whole of Europe. Can we celebrate that? Can we look at giving targeted resources, devolving local government and empowering it to level up in a more flexible and innovative way to show the rest of the UK what we are capable of and what we can do?

Steven Hesketh: I have nothing to add to what my colleague has just said. Since George Osborne's day, when there was a real belief that levelling-up was going to happen, it has fizzled, sadly.

Q129 **Lord Monks:** Get your crystal balls out and answer this question. Could you pick one thing that would make an appreciable difference to your businesses? Obviously, an end to Covid would be a massive step. That apart, what could the Government do? What would be your priority recommendation to ease the very considerable pressures you are all under? I join with my colleagues in praising your resilience and guts in getting as far as you have, and wish you well for the future. Could I perhaps have one thing from each of you?

Nisha Katona: For me, it would be changing the curfew from 10 pm to 11 pm. With a 10 pm curfew you can do one sitting; with an 11 pm one you could do three. If you want economic viability, lift that curfew. That is predicated on the fact that we are the safest places to socialise in and have been left open for that reason. We are highly regulated. Alongside that is the message that hospitality is open because it is safe for people to be able to dine safely up to 11 pm, as opposed to leaving and then congregating in unregulated spaces. For the sake of the virus more than anything else, lift that curfew.

The Chair: Before others answer that question, why do you think that the Government's scientific advisers have been so strong in that view about the curfew, which seems to defy common sense?

Nisha Katona: It really does. If you look at the evidence, I think the statistic of 20% of transmission arising through hospitality has predicated what they are saying, but that really is not the case. I think research now shows that it is about the 5% mark. The statistic I gave you, which is that of 200,000 diners we have had to refer only two to test and trace, is the truth of the matter.

In my view, it is based on the flawed view that transmission, not just proximity, is particularly high in hospitality, but that is not the case. If it were the case, hospitality should shut. It was left open until 10 pm for a reason—because it is safe—so that messaging needs to come through. At 10 pm, everyone floods into the streets at the same time. That would not happen if the time was staggered.

I have two children who have just gone to university. From the point of view of transmission, hospitality is the safest place. If you leave it open for longer, people are safer there than flooding out all together at 10 pm and congregating. Trying to get a taxi at that time is impossible, so there are hordes in the streets. The Government took that point of view based on that 20% figure. It is flawed and the evidence is now beginning to show that it is flawed.

Mark Da Vanzo: In our case, it is about moving as swiftly as possible to stage 5 of the theatre reopening plan, which would allow us to perform to fuller audiences. At stage 5 we can begin to support ourselves as a sector, whereas at stage 4 we really cannot. That is the one thing that would help us the most.

Anna Goodband: For me, it would be to make the position clearer with updated guidance on travel corridors for our international students wishing to return; and to look at the quarantine rules, whether it is 14 days or seven days, and be clear in the guidance about that. That would be really important. We have over 250 students waiting to come back. They contact us regularly; they want to come back to learn, but they are not sure what will happen next week. That for us would make a real difference.

Steven Hesketh: Economically, all I can stress is international travel. We have to reopen the country. That is the key for us to bounce back and begin to get back to some normality for the sake of people's mental health and all that. The need for people to be able to travel out of this country and, hopefully, for people to travel into it is huge.

The Chair: On that note, we conclude the session. I thank our witnesses for what has been a very moving, and at times depressing but also uplifting, set of sessions. If the Government are listening, we are certainly going to produce a report with recommendations.

There is optimism and a way ahead. The last two sessions have been some of the most helpful we have had, and we are very grateful to all of you for taking the time. We wish you well in the very substantial challenges that you face. If we can help in some way, I am sure all of us want to do so. Thank you very much.