

Written evidence submitted by UKHospitality

Executive Summary:

UKHospitality welcomes the opportunity for continued engagement with the Treasury Committee on important issues surrounding the inequalities that have been exacerbated as a result of the pandemic. The hospitality sector in the UK has been significantly impacted by Covid-19 and the subsequent restrictions. The sector is still yet to fully reopen, and it will take a significant amount of time to re-establish when restrictions are lifted. The recent delay of exiting restrictions means the sector is likely to face further **losses of up to £3 billion, with 300,000 jobs at risk**. It is crucial that current issues facing the sector, such as **staff shortages, are prioritised to help an industry worth 10% of UK employment and 5% of GDP get back on its feet**. Our views, based on continuous feedback from member companies, are outlined below.

About UKHospitality:

- UKHospitality is the authoritative voice for over 730 companies operating around 85,000 venues in a sector that employed 3.2 million people prior to COVID.
- The body speaks on behalf of a wide range of leisure and 'out-of-home' businesses, from FTSE 100 enterprises to niche groups and independent single-site operators, as well as 6,000 affiliated operators.
- Engaging with government, the media and the public, UKHospitality works to develop a robust case on how to unlock the industry's full potential as the biggest engine for growth in the economy and ensure that the industry's needs are effectively represented.
- The sector creates £130bn in economic activity and generates £39bn of tax for the Exchequer, funding vital services.
- Hospitality represents 10% of UK employment, 6% of businesses and 5% of GDP.
- Hospitality is the 3rd largest private sector employer in the UK; double the size of financial services and bigger than automotive, pharmaceuticals and aerospace combined.

Overarching theme:

- **What are recent trends in income and wealth inequality in the face of the pandemic?**
- **As we recover, how do we combat the inequalities that have been exacerbated as a result of the pandemic?**

Many of the issues facing the hospitality sector have been exacerbated as a result of the pandemic. Prior to COVID, many hospitality businesses were experiencing significant staff shortages, with the pandemic resulting in a **vacancy rate of 9% across the sector, with a shortage of around 188,000 workers**. It is crucial that the Government highlights the looming deadline of Settled Status applications (30th June), with a reassurance given to overseas workers that they can return to the UK. The Treasury must immediately freeze the liquidation of employers' Apprenticeship Levy funding to help the industry tackle staff shortages and invest in high-quality training. The industry is committed to working with DWP and others to promote jobs and careers in the sector.

Disability, gender, and race:

- **How has the economic impact of the crisis affected disability, gender, and race inequality?**
- **Following the previous Treasury Committee's Report on [Women in Finance](#), what has been the impact of the crisis on women in financial services, and what progress needs to be made?**
- **How effectively is the Treasury taking disability, gender and race into account when formulating policies and making decisions on departmental spending allocations?**
- **How can the Treasury better reflect the impact of its policies by disability, gender, and race in its impact assessments?**
- **How does the distribution of income within households affect impact assessments, and how can impact assessments best reflect the distribution of income within households?**

The hospitality sector in the UK remains committed to the highest standards of diversity and inclusion. From 2019 compared to the previous year, the percentage of **women was up 5.3% on boards and 1.8% on executive committees**, whilst **BAME representation was up 4.6% on boards and 1.4% on executive committees**. The sector has continued this trajectory and will continue to build on this moving forward.

Regional imbalances:

- **How has the crisis impacted on regional inequality?**

The crisis has had some significant impacts on regional inequalities throughout the hospitality sector. In coastal towns which are acutely reliant on tourism, the pandemic has had some substantial consequences. In areas such as St Ives, Exmoor and Newquay, the tourism and hospitality industries have a **job share of around 50%, whilst the sector generates over £34 billion per annum in rural and seaside destinations**. To highlight the situation further, in North Devon, between March and June there was a **161% increase in job seekers claimants, compared to 107% nationally**. Rural and seaside towns which are heavily dependent on travel and tourism have been disproportionately hit by the effects of the pandemic. In addition, cities and towns have also faced significant declines, with spending by tourists in London **plummeting by nearly £11 billion last year**. Hospitality businesses in cities across the UK have been further impacted by this due to working from home and the **subsequent decline in consumers**. It is crucial that support is also given for travel in cities and towns, which have the capacity to deal with large volumes of demand, to help all regions of the UK recover.

- **Are certain regions or sectors likely to recover more slowly or have longer term economic damage and greater scarring?**

As well as coastal towns and the difficulties faced by the tourism sector, the night-time economy has been decimated by the pandemic. As the first to close and one of the last industries to reopen, the impacts of Covid-19 have been devastating. Ahead of the exiting of restrictions on 19th July, **over half of on the door positions have not been filled, meaning that many businesses will not be able to reopen, after 16 months of waiting.** It is imperative that the SIA licencing process is streamlined to allow businesses to receive the staff they desperately need to function.

- **How can the Government address regional imbalances and mitigate the impact of scarring in regions?**

There are many ways in which the Government can help those areas most affected. **A permanent VAT reduction** will support all businesses in the mentioned sectors including their supply chains and enable them to invest in their workforce and repay debt accrued over the last year. This will allow the UK to make use of the opportunities created by Brexit to create a more flexible tax regime to support industries such as tourism and travel. In addition to this, investment should target those coastal and suburban towns that have been impacted by a loss of tourism.

- **How do regional imbalances impact on the constituent nations of the UK?**
- **Is the UK Infrastructure Bank designed and purposed in a way which will enable it to play an effective role in reducing regional balances?**

Intergenerational inequality and housing

- **What are the trends in intergenerational inequality, and how has the crisis affected them?**
- **What are the root causes of intergenerational inequality?**
- **How does housing, and housing finance, impact on intergenerational inequality and regional imbalances?**
- **What have been the trends in, and drivers of, house prices, and to what extent can they be attributed to matters related to the Treasury's remit, in terms of the economy, taxes and housing finance?**
- **How has monetary policy impacted on housing, and should the Bank's remit be changed so that it actively considers the impact of its policies on housing?**
- **What problems does the UK housing market have, in particular in relation to housing finance, and how have the housing market been impacted by the coronavirus crisis?**
- **How successful have Treasury interventions in housing been? Have they led to any market distortions?**

It is crucial that housing takes into account the needs of the hospitality sector and continues to support business.