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Hospitality industry and Covid-19

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Contents:

1. Hospitality industry in the UK
2. Impact of Covid-19 on hospitality industry
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Summary

Hospitality industry in the UK

The hospitality industry primarily refers to food and accommodation services industries. This means restaurants, cafes, pubs, bars, catering, hotels, camp sites and other accommodation.

In 2019 the hospitality sector contributed £59.3 billion in Gross Value Added to the UK economy, around 3.0% of total UK economic output. In the three months to September 2020, there were 2.38 million jobs in the hospitality sector in the UK, representing 6.9% of total UK employment. There were 223,045 hospitality businesses in the UK as of 1 January 2020, 3.7% of all UK businesses. Of these, 137,225 were employers, 10% of the UK total. Hospitality businesses represent 3-5% of businesses in each country and region.

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

Impact of Covid-19

The food & accommodation sector has been one of the hardest hit sectors by the pandemic. Restrictions on trading have significantly impacted hospitality business turnover. Economic output in the hospitality sector was down 90% in April 2020 compared to February 2020. Output recovered over the summer of 2020, boosted by easing coronavirus restrictions and the [Eat Out to Help Out scheme](#) in August, but was still below pre-pandemic levels. Output declined again from September as Covid-19 cases rose and restrictions were imposed. Ongoing fixed costs and accumulating debt alongside persistent lower revenues and low cash reserves are a major concern for the sector.

As of early March (22 Feb–7 March 2021) the ONS reported that 43% hospitality businesses were trading, compared to 74% across all industries. 55% of hospitality businesses had temporarily paused trading, compared to 24% across all industries. Almost 1 in 5 hospitality businesses (19%) had “low confidence” that their business would survive the next 3 months.

From January-March 2020 to July-September 2020, the number of workers in the sector fell by 6% (147,000). However, the pandemic has not yet resulted in the expected increase in unemployment, partly due to the Coronavirus Job Retention Scheme (CJRS). The number of jobs on furlough under the CJRS in the food & accommodation sector peaked on 10 April 2020, at 1.6 million jobs. From April to October, the number of furloughed jobs fell significantly. However, there have been increases due to two separate national lockdowns since October. On 31 January, 56% of eligible jobs in food & accommodation were furloughed under the CJRS, compared to 16% across all industries.

Support for the hospitality industry

The hospitality industry has seen high take-up of UK Government [business support schemes](#) such as the CJRS and business loans. The Government has also provided support schemes targeted to the hospitality industry, such as the Eat Out to Help Out Scheme, [reduced VAT rate](#), a business rates holiday for 2020/21 (extended to 30 June 2021) and a series of small business grants. Separate grant schemes and business rates relief apply in the devolved Administrations.

1. Hospitality industry in the UK

1.1 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, in 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.

Box 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 in official figures to disaggregate the contribution of these services due to events.⁴ In 2019 Oxford Economics published a report (commissioned by events industry trade alliance) on the [economic impacts of exhibitions](#).

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.

¹ Standard Industrial Classification [Section I](#) (Food & Accommodation Services).

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

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.

1.2 Economic output of the hospitality sector

In 2019 the economic output of the hospitality sector (food & accommodation service) in the UK was £59.3 billion.⁵ This corresponds to around 3.0% of total UK economic output. Of this, £17.7 billion (30%) was from accommodation and £41.6 billion (70%) was from food and beverage service.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 region however is similar: food & accommodation makes 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	6.9%
Businesses	223,000	3.7%

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

Sources: ONS, [GDP output approach - low level aggregates](#), 12 September 2020; ONS, Workforce Jobs, via [NOMIS Workforce jobs by industry](#); BEIS, [Business Population Estimates: 2020](#), 8 October 2020.

1.3 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. There were 172,390 food and drink service businesses (77%); and 50,660 accommodation businesses (23%).⁹

18% of UK food and accommodation businesses are based in London (40,816 businesses). However, the proportion of food and accommodation businesses in each region and country is broadly similar (shown in the chart below). Wales has the highest proportion of hospitality businesses, representing 5.5% of all businesses in Wales. Northern Ireland has the lowest, representing 2.8% of businesses in Northern Ireland.¹⁰

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.

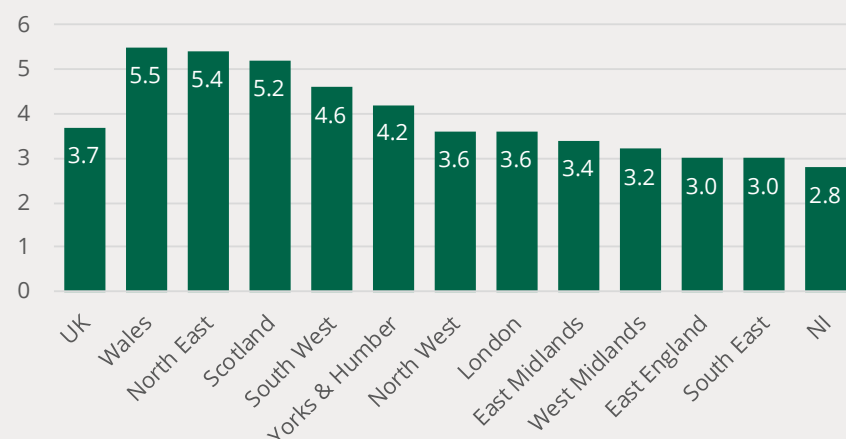
⁸ BEIS, [Business Population Estimates 2020](#), 1 October 2020, Table 5 and 6.

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

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.

Hospitality businesses represent 3–5% of the business population in UK countries and regions

% of business population in each country and region, 2020



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

Box 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 and local authority area. 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 paper.

The [Library briefing on Pub Statistics](#) provides statistics on pub numbers by Parliamentary constituency. The British Beer and Pub Association have published an [online dashboard](#) allowing users to view pub numbers and employment by constituency and local authority area.

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.

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](#).

1.4 Employment

In the three months to September 2020, there were 2.38 million jobs in the accommodation and food service sector in the UK, representing 6.9% of total UK employment.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 2011 to March 2020, the number of jobs in the sector has overall been rising. In the three months to March 2020, the number of jobs reached 2.53 million, a record high since 1978. From January–March 2020 to July–September 2020, there has been a fall of 147,000 jobs in the food and accommodation sector. More information on the impact of the coronavirus pandemic on jobs in the sector can be found in [section 2.5](#) of this paper.



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

The sector has the 7th highest proportion of jobs (6.9%) of the main 20 sectors¹⁵ from the ONS' [Standard Industrial Classification](#) (SIC) system. Taking a broader definition of the hospitality and leisure industry (see section 1.1), the hospitality trade body ([UK Hospitality](#)) says the sector is the "third largest employer in the UK".¹⁶

Region and country

The table below shows jobs in the accommodation and food service sector by region and country of the UK in March 2020 and September 2020. In September, London had the highest number of jobs in the sector. However, Wales had the highest proportion of total jobs in the sector (8.5%) relative to total employment in each area. Yorkshire and the Humber had the smallest proportion of jobs in the sector (5.7%).

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

¹⁵ Does not include **Section U**: Activities of Extraterritorial Organisations and Bodies

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

Employment in Accommodation and Food service sector

March 2020 and September 2020

	March 2020		September 2020	
	Jobs (thousands)	Industry percentage (%)	Jobs (thousands)	Industry percentage (%)
East	213.9	6.6%	189.0	6.0%
East Midlands	150.0	6.2%	152.8	6.4%
London	459.1	7.5%	415.5	7.1%
North East	95.0	7.9%	93.4	7.9%
North West	254.6	6.7%	252.0	6.8%
Northern Ireland	53.9	5.9%	53.5	6.0%
Scotland	218.9	7.8%	200.6	7.4%
South East	338.0	6.9%	320.4	6.7%
South West	261.1	8.7%	245.5	8.4%
Wales	123.2	8.4%	124.1	8.5%
West Midlands	195.0	6.6%	179.7	6.4%
Yorks & the Humber	168.7	6.1%	157.0	5.7%
United Kingdom	2,531.5	7.1%	2,383.6	6.9%

Data is seasonally adjusted

Notes: Industry percentage indicates percentage of total jobs in the area that are in accommodation and food service.

Source: ONS, Workforce Jobs, via [NOMIS Workforce jobs by industry](#) [downloaded: 18 December 2020]

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 a BAME (Black, Asian and Minority Ethnic) background, compared to 13% of all workers in the UK.

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

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	1,476.4	83%	28,446.7	88%
Other ethnic group	57.3	3%	510.6	2%
Any other Asian Background	46.3	3%	383.0	1%
Black/African/Caribbean/Black British	43.9	3%	998.7	3%
Indian	39.0	2%	936.4	3%
Bangladeshi	38.2	2%	203.2	1%
Mixed/multiple ethnic group	33.2	2%	406.3	1%
Pakistani	24.7	1%	486.2	2%
Chinese	19.0	1%	156.0	1%
<i>BAME</i>	<i>301.6</i>	<i>17%</i>	<i>4,080.4</i>	<i>13%</i>
All workers	1,778.0	100%	32,527.3	100%

Source: ONS, Annual Population Survey, via NOMIS [annual population survey - regional - ethnicity by industry](#) [downloaded: 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 **£8.72**, compared to **£13.65** for all workers in the UK.

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.¹⁷

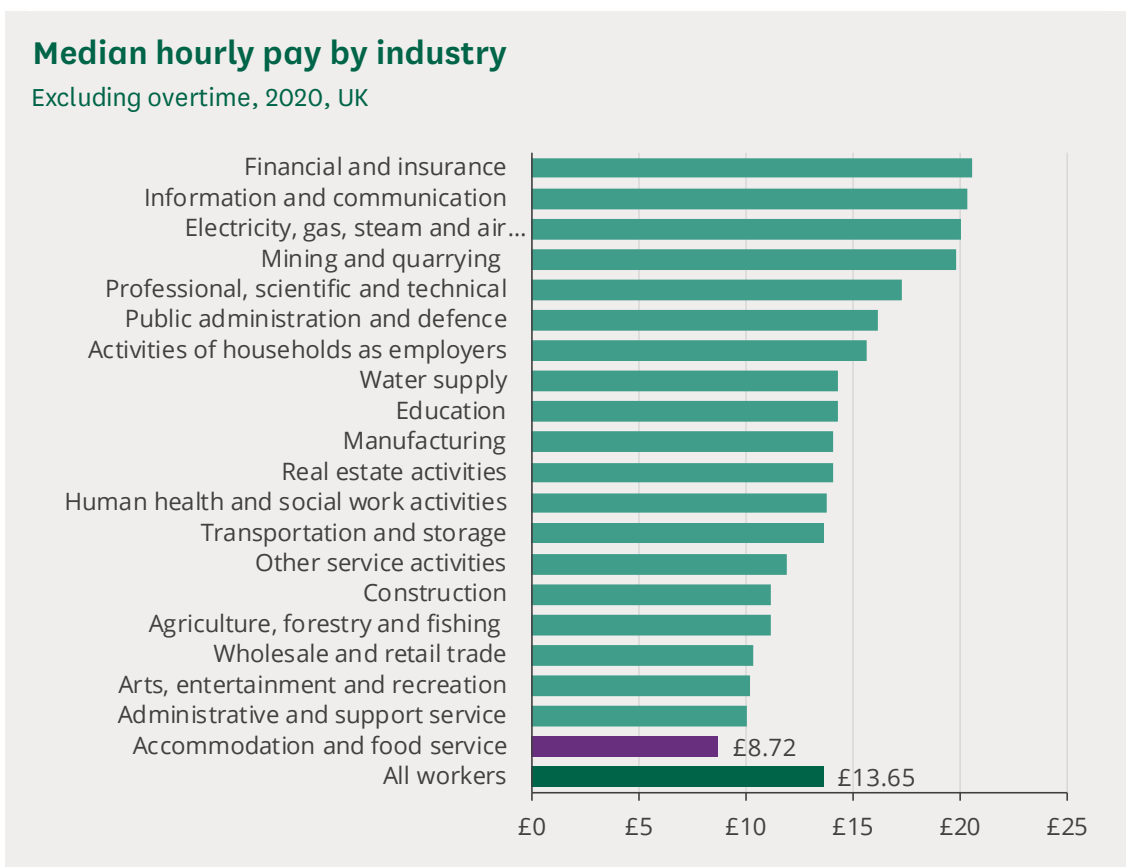
The hospitality sector also has a higher than average proportion of workers on 'non-standard' forms of employment. In 2019:

- 46% of workers in the sector were part-time¹⁸ compared to 26% of the whole economy.
- 3% were on zero-hour contracts compared to 2% of the whole economy.
- 9% of workers were on temporary contracts, compared to 5% of all workers in the UK.¹⁹

¹⁷ Resolution Foundation, [Low Pay Britain 2020](#), 23 September 2020, p17

¹⁸ Defined as working less than 35 hours per week

¹⁹ ONS, Labour Force Survey Q1 2019-Q1 2020, via Resolution Foundation, [Ethnic minorities in the hospitality sector](#), December 2020, p4-5



Source: ONS, ASHE, [Earnings and hours worked, industry by two-digit SIC: ASHE Table 4](#), 3 November 2020

2. Impact of Covid-19 on hospitality industry

2.1 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 have 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.

For information about Covid-19 restrictions, see the [Library briefing papers on the coronavirus restrictions](#); Box 3 below provides a brief timeline.

Box 3: Restrictions on hospitality businesses: a brief timeline

- **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 from early July 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.²⁰
- **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 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 (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.
- **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.

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](#).

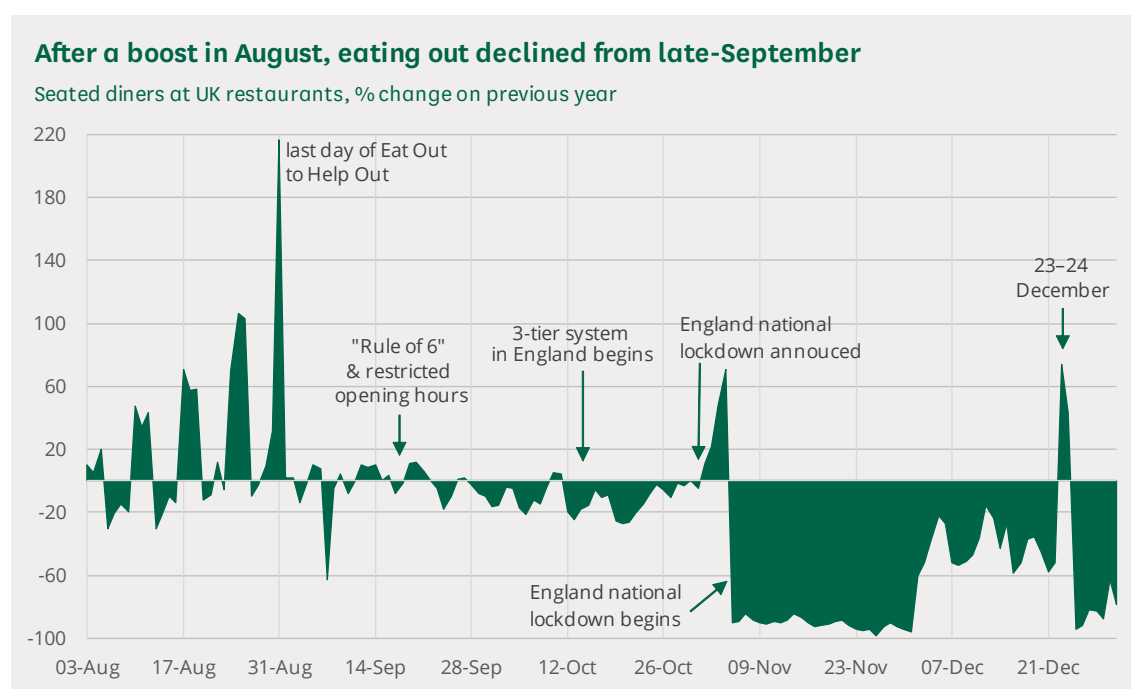
²⁰ Leicester was the first city to be placed into "local lockdown" on 29 June.

The following sections set out data sources showing the impact of the pandemic on the food & accommodation industry UK wide. There is limited data available broken down by region and sector. It is therefore difficult to compare the impact on the hospitality industry in different parts of the country at this stage. It is also difficult to assess the impact different individual restriction measures in isolation.

2.2 Consumer demand

Data from online [restaurant booking service Open Table](#) provides an indication of consumer demand for eating out at restaurants during 2020 (relative to 2019) and highlights the impact of changing restrictions on customer numbers.²¹ The chart below shows the number of seated diners in UK restaurants from August 2020 compared to 2019, based on a sample of restaurants on the Open Table network.

The number of people eating out at restaurants increased significantly relative to 2019 levels on Monday to Wednesdays in August due to the [Eat Out to Help Out Scheme](#). On the final day of the scheme (bank holiday Monday 31 August), there was a 216% increase in seated diners compared to the same Monday in 2019 (which was not a bank holiday). From early September, dining out rates dropped off to within about 10% of 2019 levels. Dining decreased below 2019 levels again from late-September as new restrictions on hospitality venues were imposed.



Source: Open Table, [State of the Industry](#), accessed 5 January 2021. Based on a sample of restaurants on the Open Table network.

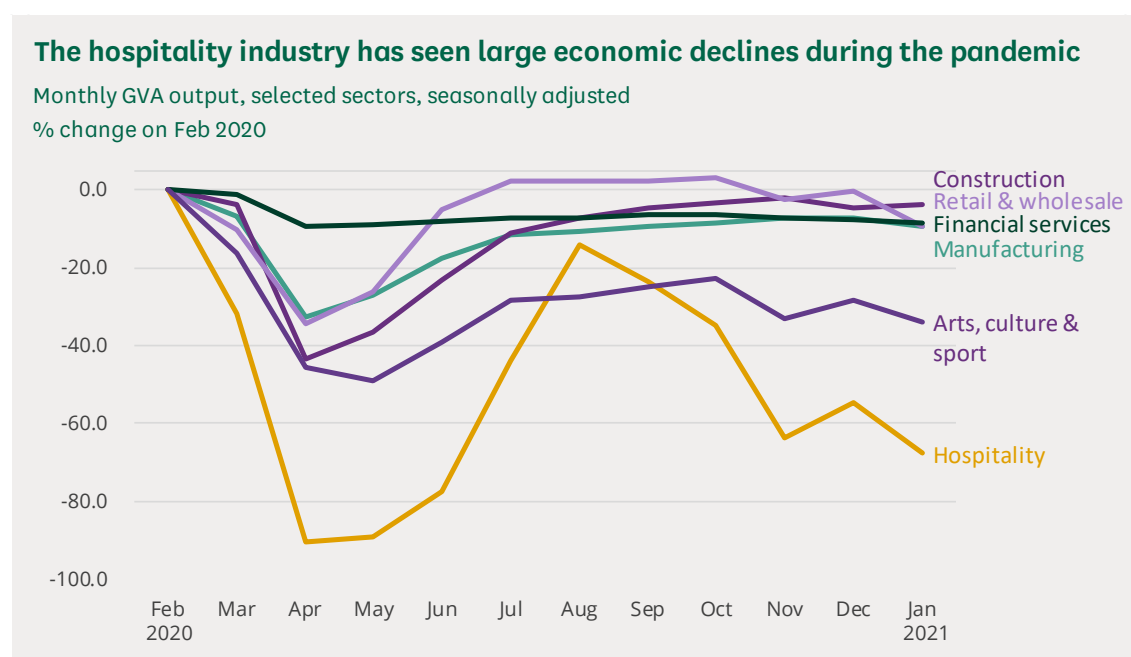
²¹ Open Table, [State of the Industry](#), accessed 18 August 2020. Based on a sample of restaurants that use the Open Table service.

2.3 Economic output

The hospitality sector has seen the biggest economic declines of all sectors of the economy since the outbreak of the pandemic. Monthly GDP estimates are shown in the chart below.²² The peak of the economic downturn was in April, where economic output in the food & accommodation sector was 90% below pre-pandemic levels (February 2020). In July, when dining was allowed to resume, output in the sector was still down 44% compared to February.

Economic activity in the sector recovered further in August, boosted by the Government's [Eat Out to Help Out Scheme](#), easing lockdown restrictions and the summer holiday period.²³ The industry saw 71% growth in August compared to July, driven by increased output in the food and beverage service sector.²⁴ However, output was still down 14% in August compared to February 2020.

Output subsequently declined from September as further restrictions were imposed. In January 2021, output in the sector was 67% below pre-pandemic levels (Feb 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 September 2020. Series: ECT, ECTJ, ECTH, ECTD, ECT9, ECT6

2.4 Business turnover and trading status

Both food & beverage and accommodation businesses have seen significant impacts on business turnover. The chart below shows the

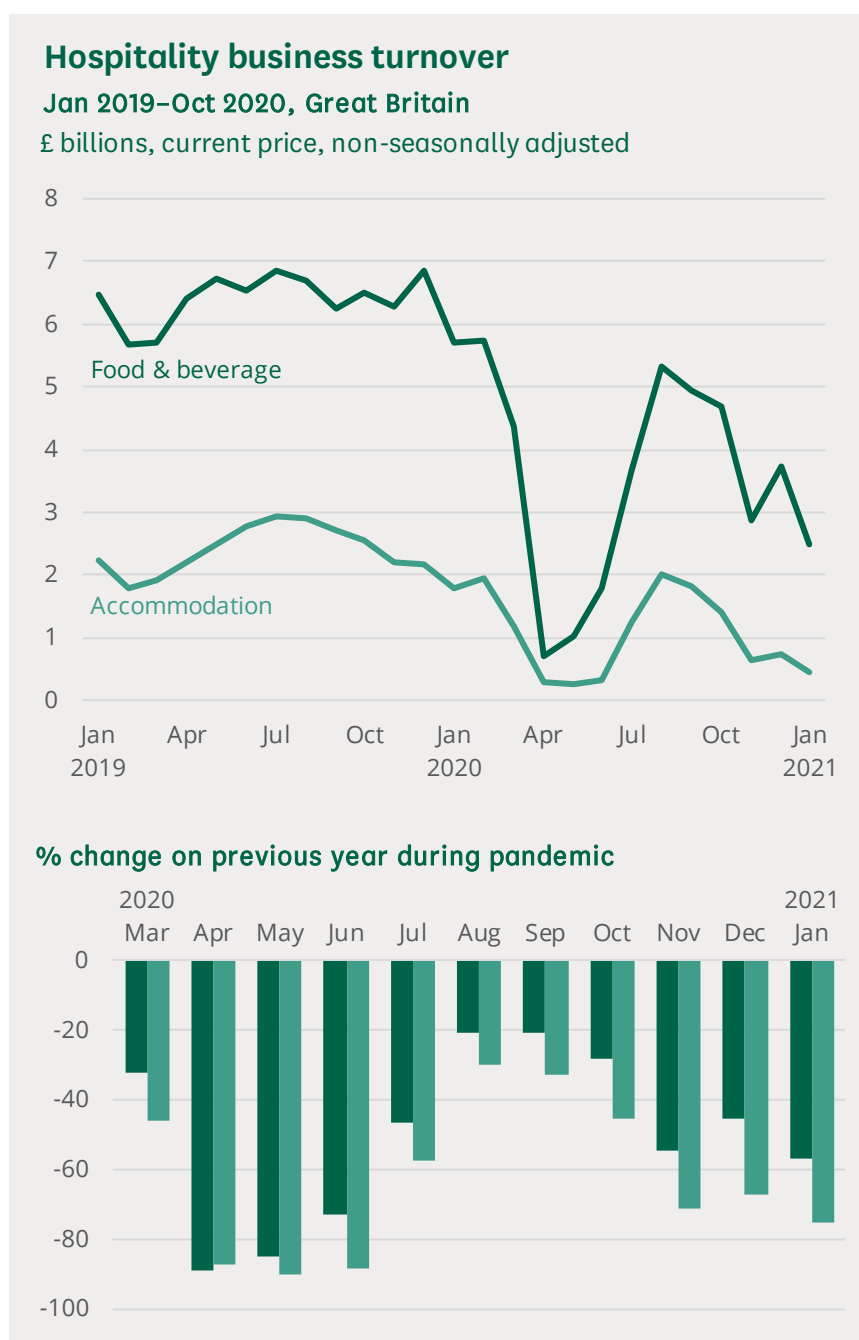
²² Gross Value Added (GVA). GVA is a measure of economic activity similar to GDP. In brief, GVA is the contribution of part of the economy, minus any costs incurred in production.

²³ ONS, [Monthly gross domestic product by gross value added](#), 11 September 2020.

²⁴ ONS, [Coronavirus and the impact on output in the UK economy: August 2020](#), 9 October 2020.

monthly turnover for hospitality businesses in Great Britain since January 2019 and the % change in turnover since the start of the pandemic (from March 2020 compared to the same month in 2019/2020).

Monthly business turnover is one of the main inputs into the monthly GDP estimate and therefore follows broadly same trends as GVA output shown above. The chart below however highlights the seasonal variation in turnover in the industry. Both food & accommodation sub-sectors see revenue increases in the summer, particularly accommodation. Food & beverage services see rise in turnover in December, a trend highlighted by the industry as increasing numbers of hospitality businesses were required to close over the 2020 festive period (see section 3.2 below).



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

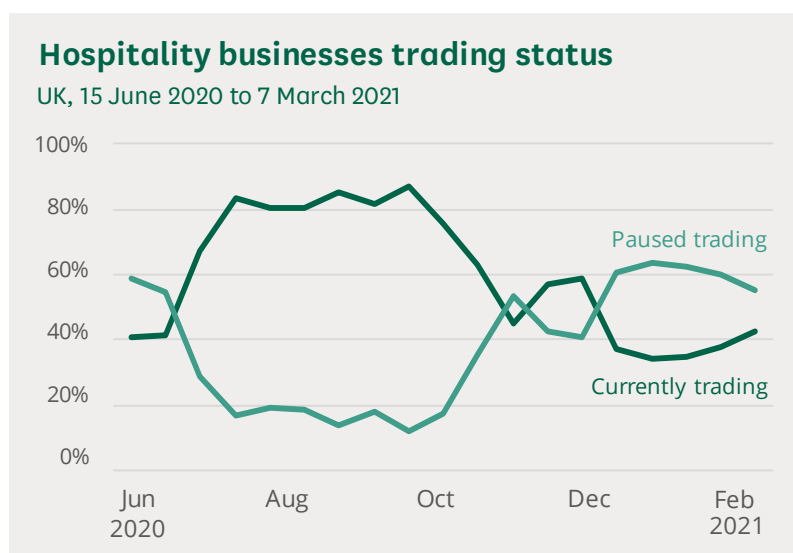
Source: ONS, [Monthly Business Survey of service industries](#), 10 December 2020.

Business trading status and resilience

The ONS [Business Impact of Coronavirus Survey \(BICS\)](#) provides faster, fortnightly indicators of the impact of the pandemic on businesses.

The following chart shows the trading status of hospitality businesses from late June 2020 to early March 2021, as reported to the ONS. The proportion of businesses trading gradually increased through July as businesses were able to reopen. Around 80% of hospitality business were trading over the summer of 2020 before declining in October and November as restrictions were reimposed. There was a small boost in trading over Christmas but since the new year, the proportion of businesses trading has been lower than those paused trading.

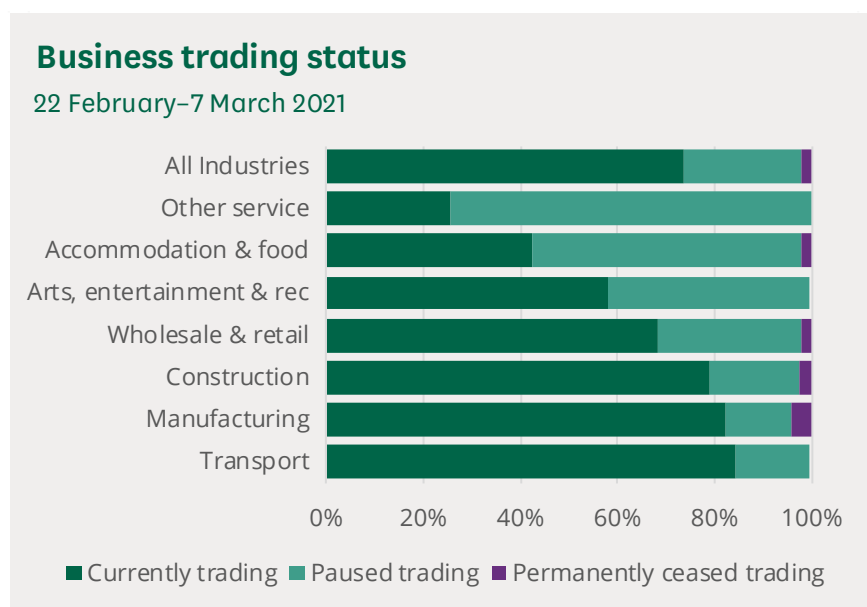
Between 22 February and 7 March 2021, 43% of UK hospitality businesses were trading; 55% had paused trading and 2% had permanently ceased trading.



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; trading status weighted by count.

The proportion of hospitality businesses paused trading during the pandemic has been larger than 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.



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

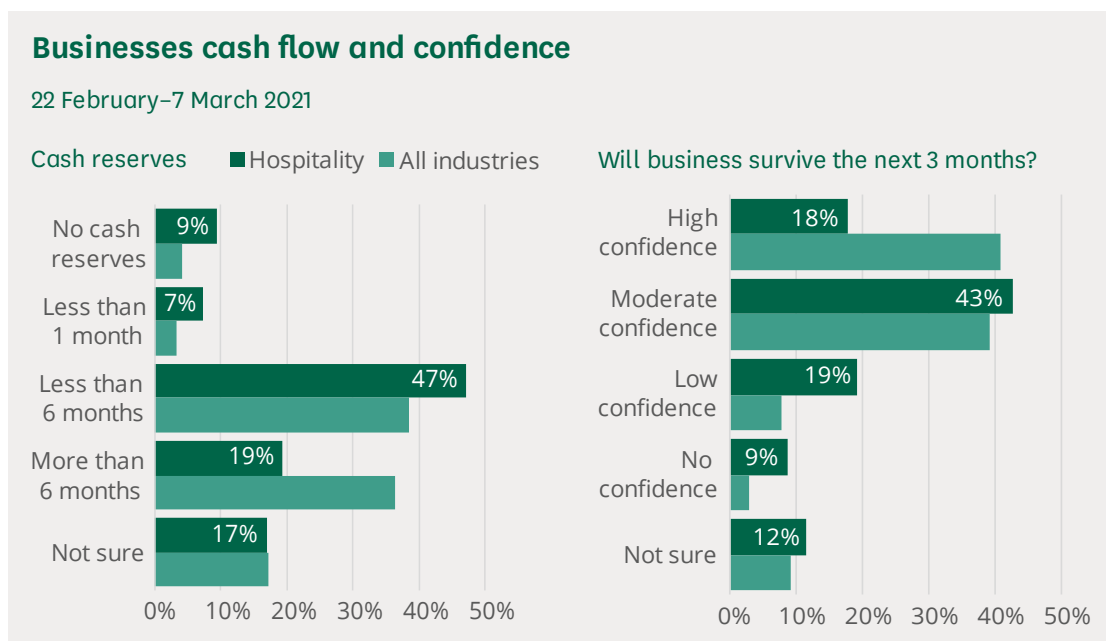
Source: ONS, [Business impact of coronavirus survey \(BICS\)](#) Wave 20; trading status weighted by count.

Hospitality businesses also reported higher than average proportions of businesses with **low profits, cash reserves and business confidence**. During mid-February (8-21 February), 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.²⁵

Between 22 February and 7 March 2021, 9% of hospitality businesses reported no cash reserves, compared to 4% across all industries. Almost 1 in 5 hospitality businesses (19%) had “low confidence” that their business would survive the next 3 months.²⁶

²⁵ Percentage of businesses currently trading. ONS, [Business impact of coronavirus survey \(BICS\)](#) Wave 20.

²⁶ Percentage of businesses that had not permanently stopped trading. ONS, [Business impact of coronavirus survey \(BICS\)](#) Wave 20.



Notes: Proportion of businesses that have not permanently ceased trading. Cash reserves weighted by turnover, business confidence weighted by count.

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

2.5 Labour market impact

Workers

Official Labour market data indicates that there has been some fall in the number of workers in the accommodation and food service sector. From January-March 2020 to July-September 2020, the number of workers in the sector fell by 6% (147,000).²⁷ It is important to note that the pandemic has not yet resulted in the expected increase in unemployment, although this will be partly due to the Coronavirus Job Retention scheme as furloughed workers are classed as employed (see section below).

The sectors most affected by the coronavirus pandemic (including accommodation and food service), or '[shut down sectors](#)' have a higher than average proportion of workers from a minority ethnic group. As noted in section 1.4, workers from a BAME ethnic background represent 17% of workers in the accommodation and food service sector, compared to 13% of the economy as a whole.

More information on how workers from minority ethnic groups have been impacted by the pandemic can be found in section 3 of the Library briefing, [Coronavirus: Impact on the labour market](#), as well as in the Resolution Foundation report, [Ethnic minorities in the hospitality sector](#) (December 2020).

For ongoing information on the companies announcing redundancies since March 2020, see *The Guardian* [Redundancy Tracker](#).

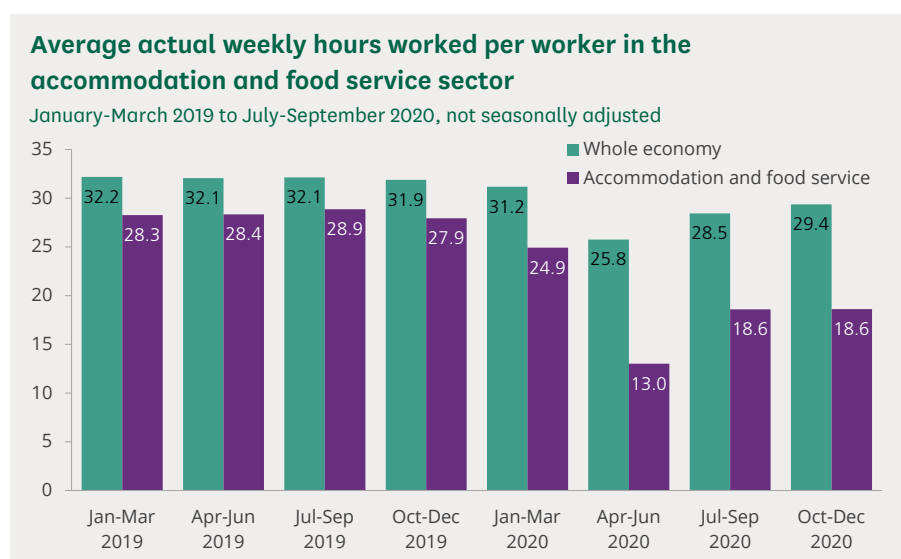
²⁷ ONS, [Labour Market overview December 2020](#), Dataset [A01](#) (table 6), 15 December 2020

Weekly hours

Of those still employed in the sector, the coronavirus pandemic had an impact on weekly hours worked. The chart below shows average actual weekly hours worked in each quarter from January-March 2019 to October-December 2020. Note data is not seasonally adjusted.

During the peak of the first lockdown in April-June 2020, average actual weekly hours worked in the accommodation and food service sector fell to 13.0 hours. This is a fall of 54% from the same quarter a year previous. The reason for the significant fall in hours is that during the majority of this quarter, the sector was fully shut down as part of the government's lockdown measures, and opportunities for working from home were limited. In comparison, average hours for all workers in the UK fell by 20% over the same period.

In the three months to December 2020, average weekly hours per worker in food service and accommodation was 18.6 hours, in comparison to 27.9 hours for the same period in 2019.²⁸ This drop in hours can be attributed to the England wide lockdown from 4 November to 2 December, when restaurants, cafes, pubs and bars were required to close other than for take-away. Restrictions and time period differed in devolved nations.



Source: ONS, [Labour Market overview December 2020](#). Dataset [HOUR03: Average hours worked by industry](#), 23 February 2021

Coronavirus Job Retention Scheme

On 20 March 2020, the Government announced the Coronavirus Job Retention Scheme (CJRS or 'furlough scheme'). The purpose of the Scheme is to provide grants to employers to ensure that they can retain and continue to pay staff, despite the effects of the Covid-19 pandemic. Note that these figures do not represent the number of individuals on furlough, as individuals may hold more than one job.

²⁸ ONS, [Labour Market overview December 2020](#). Dataset [HOUR03: Average hours worked by industry](#), 15 December 2020

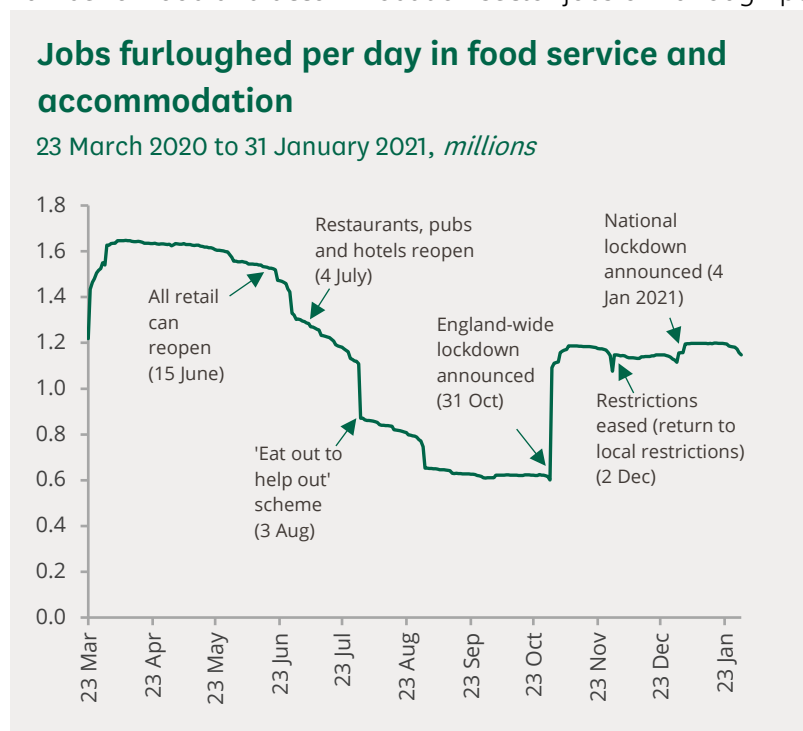
The number of jobs on furlough under the scheme in the food service and accommodation sector peaked on the 10 April 2020, with **1.6 million** jobs on furlough. From this point until the end of October, the number of furloughed jobs declined.

The fall in September across all sectors can be at least partly attributed to a reduction in the level of government contribution to employee wages at the end of August, while the slight fall in October can partly be attributed to the CJRS approaching its original end date in October. This will have meant, that some employees would either have returned to work or left their jobs.

On the 31 October, the government [announced](#) another England-wide lockdown, which would last for four weeks from the 5 November. It was also announced that the furlough scheme, which was due to end in October, would be extended. From the 31 October to the 1 November 2020, the number of jobs furloughed increased by 81% (490,100) to 1.09 million. There was a slight drop in number of furloughed jobs from November to December, alongside the slight easing of restrictions.

On the 4 January 2021, the government [announced](#) England would be entering into another national lockdown. All hospitality venues had to close, and the number of jobs furloughed in food service and accommodation increase by 7% (81,200) from the 31 December 2020 to the 5 January 2021. This trend is mirrored in most other sectors.

At the end of January, there were **1.15 million** jobs on furlough in the accommodation and food service sector. The following chart shows the number of food and accommodation sector jobs on furlough per day.



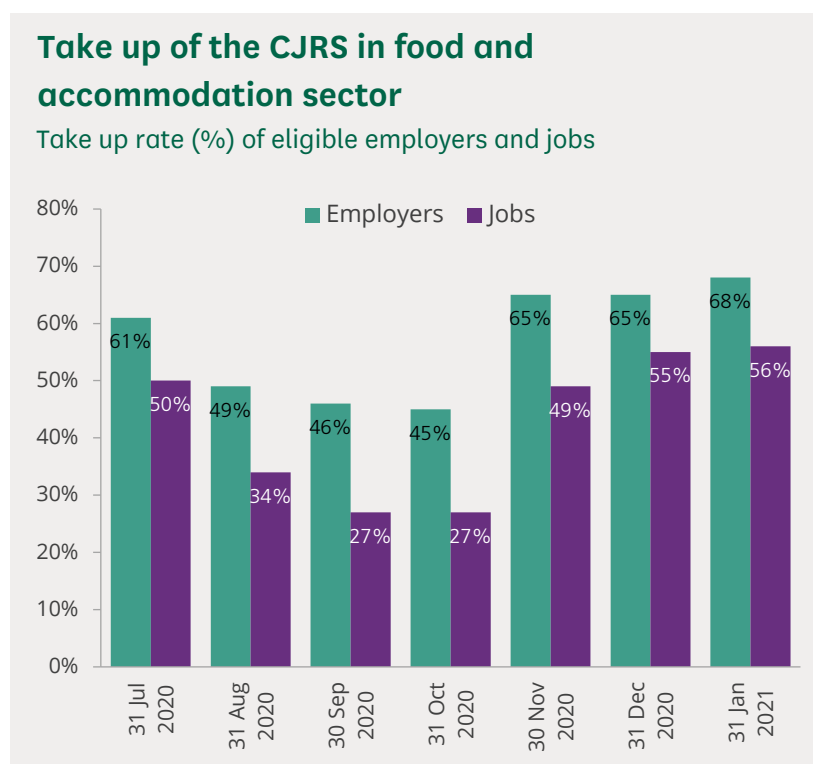
Source: HMRC, [HMRC Coronavirus \(Covid-19\) statistics](#), 25 February 2021

The accommodation and food service sector has had the largest number of jobs furloughed on the CJRS, other than in April and May, when there were more jobs furloughed in the wholesale and retail sector.

The chart below shows the take up rate of eligible employers and eligible jobs on the last day of each month from July 2020 to January 2021. On the 31 January 2021, 56% (601,400) of eligible **jobs** in the accommodation and food service sector were furloughed on the scheme. On the same date, 68% (58,700) of eligible **employers** in the sector were furloughing their staff. This has increased from the 31 October 2020, when 27% of eligible jobs in the sector were furloughed and 45% of eligible employers were furloughing on the scheme.

For all sectors in the UK on the 31 January 2021, 41% of employers and 16% of jobs made a claim on the scheme. This is up from 8% of employers and 18% of jobs on the 31 October 2020.²⁹

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



Source: HMRC, [HMRC Coronavirus \(Covid-19\) statistics](#), 25 February 2021

²⁹ HMRC, [HMRC Coronavirus \(Covid-19\) statistics](#), 25 February 2021

3. Support for the hospitality industry

3.1 Support for the hospitality sector

While forced closures and restrictions have limited customer demand and business revenues, hospitality businesses still face fixed costs such as certain property and staff costs.

The hospitality industry has benefited from business support schemes available to all industries, such as the Coronavirus Job Retention scheme, business loans and grants.³⁰ In addition, the UK Government has provided some support schemes specifically targeted to the hospitality industry, such as the Eat Out to Help Out scheme and a temporary cut to VAT (summarised below). There is no separate or tailored support for sectors such as the events or the wedding industry (see Box 1).³¹

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

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 31 October 2020, claims worth £6.89 billion had been made by businesses in the food service and accommodation sector under the CJRS, 16% of the total value of all claims. Only the wholesale and retail sector had a higher amount claimed (18% of the total value).

From 1 November 2020 to 31 January 2021, the total value of claims made in the food service and accommodation sector was £2.52 billion.³² This was the highest amount claimed by all sectors and was 25% of the value of all claims made. This brings the total claimed by the sector under the CJRS to £9.41 billion (provisional).

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

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).

³⁰ 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.

³¹ [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 ([PO 110294, 2 November 2020](#))

³² Figures for January 2021 are provisional.

As of 11 January 2021, 117,864 loans (CBILS and BBLS) worth £5.51 billion in total had been offered to hospitality businesses, representing 9% of the total loan value across all sectors.³³ This corresponds to 53% of hospitality businesses being offered a loan. In comparison, approximately 26% of UK businesses overall had been offered a loan.³⁴

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.

Overall, £849 million was claimed under the Scheme across 78,116 outlets. The [Library briefing paper on the Scheme](#) provides further information and statistics.

Temporary VAT cut

VAT for hospitality, accommodation and visitor attractions has been temporarily reduced to 5% (from 20%) from 15 July 2020 to 30 September 2021. A 12.5% rate will then apply for the six months until 31 March 2022, when it reverts back to 20%.³⁵ The reduced rate applies 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 are receiving a 100% business rates holiday in 2020/21. This was extended to 30 June 2021 in the March 2021 Budget. A 66% relief will follow from 1 July 2021 to 31 March 2022.³⁶ Each nation has set up their own coronavirus business rates relief schemes.³⁷

³³ 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.

³⁴ House of Commons Library calculations based on [British Business Bank data on loans](#) (15 October 2020) and the BEIS, [Business population estimates: 2020](#). Businesses are only able to take out one loan.

³⁵ HM Treasury, [Budget 2021](#), 3 March 2021.

³⁶ HM Treasury, [Budget 2021](#), 3 March 2021.

³⁷ 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.

English local authorities estimated that around 374,200 business premises were eligible for the expanded 2020/21 retail relief as at 5 July 2020.³⁸ These businesses will receive around £10.8 billion in relief.³⁹

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.⁴⁰

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](#) 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.⁴¹

Separate grants schemes apply in the devolved administrations.⁴²

Other support measures

The [Business and Planning Act 2020](#) made some **temporary changes to licensing and planning law** in to make it easier for restaurants and pubs in England and Wales to seat and serve customers outdoors and comply with social distancing requirements.⁴³ In March 2021 the Government confirmed it intended to extend the measures for a further 12 months.⁴⁴

The Government established a **Hospitality Futures Group** that provides a forum for discussion between Government and industry leaders on possible ways to support the recovery of the hospitality sector following the pandemic. The Government stated in November 2020 that the Group met weekly since June 2020 and engages with a

³⁸ 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.

³⁹ MHCLG, [Covid-19: business rates reliefs by parliamentary constituency](#), 7 August 2020

⁴⁰ [Coronavirus: New business grant schemes explained](#), 17 November 2020 provides further information.

⁴¹ HM Treasury, [Budget 2021](#), 3 March 2021.

⁴² 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](#);

⁴³ For further information, see the [Commons Library analysis of the Business and Planning Bill 2019-21](#), 26 June 2020.

⁴⁴ MHCLG, [Jenrick confirms extension of pavement licences to help high streets recover](#), 8 March 2021.

“small number of Government officials”.⁴⁵ The relevant Department is the Department for Business Energy and Industrial Strategy (BEIS).

In terms of support for **property costs**, the Government introduced a moratorium on forfeiture due to non-payment of commercial rent (extended to 31 May 2020), as well as changes to commercial rent arrears recovery, statutory demands and winding up petitions. The Government published a [voluntary Code of Practice](#) to support businesses and landlords negotiate affordable rental agreements.⁴⁶ In March 2021 the Government indicated that it would open a “a call for evidence on commercial rents to help monitor the overall progress of negotiations between tenants and landlords” and that may take further steps.⁴⁷ Section 11 of the Library briefing [Coronavirus: Support for businesses](#) provides further information.

3.2 Calls for further support

Ongoing fixed costs and accumulating debt alongside persistent lower revenues and low cash reserves are a major concern for the sector. Between 8 and 21 February, 22% of accommodation and food businesses reported to the ONS Business Impact of Coronavirus Survey that their debt repayments were more than 100% of their turnover, compared to 5% across all industries.⁴⁸

In December 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 2021.⁴⁹ 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 Tier 4 before Christmas.⁵⁰ The sector called for more grants and extensions to the CJRS, business rates and VAT relief.⁵¹

The industry welcomed the further measures announced in January and the Budget 2021, which included further grants and extensions to many of the existing support schemes that the industry had been calling for.

⁴⁵ [PO 91973, 18 November 2020](#) [Hospitality Industry and Retail Sector Council]

⁴⁶ MHCLG, [Code of Practice for commercial property relationships during the Covid-19 pandemic](#), 19 June 2020; MHCLG, [Further support for commercial and residential tenants](#), 10 March 2021.

⁴⁷ MHCLG, [Further support for commercial and residential tenants](#), 10 March 2021.

⁴⁸ ONS, [Business Impact of Coronavirus Survey](#), Wave 24, businesses not permanently stopped trading, accessed 22 March 2021.

⁴⁹ [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.

⁵⁰ 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.

⁵¹ UKHospitality, [UKHospitality comments on tiers announcement: “act now or face hospitality bloodbath”](#), 30 December 2020; Campaign for Pubs, [#SupportPubsNow campaign](#).

The industry called on the Government to stick to its earliest forecast reopening date of 21 June 2021.⁵²

The industry has also called for longer-term support through reform of business rates, VAT and beer duty to better support the sector. For example, UK Hospitality called for the interim 12% VAT rate to become permanent from September.⁵³ Pub trade associations have called for a reduced rate to apply to all drinks until the end of the year, arguing that “wet-led” pubs that make most of their revenue from alcohol sales, get little benefit from the existing measure.⁵⁴

The Society for Independent Brewers has called for further support for breweries, saying that brewers had not had access to the same relief as other hospitality businesses during the crisis yet lose much of their sales when pubs close.⁵⁵

The industry has highlighted that ongoing uncertainty about rent debt is now the biggest concern of the sector. UK Hospitality welcomed the Government’s intention to launch a call for evidence on commercial rent negotiations stating it hoped this would motivate landlords “to come to the table with meaningful concessions”.⁵⁶ The Campaign for Pubs have called for a statutory (as opposed to voluntary) rent code including a “right to a rent review, to stop unreasonable rents that don’t reflect trading conditions”.⁵⁷

⁵² UK Hospitality, [UKHospitality reaction the Chancellor’s Budget statement](#), 3 March 2021; British beer and pub association, [BBPA Budget response](#), 3 March 2021.

⁵³ UK Hospitality, [UKHospitality reaction the Chancellor’s Budget statement](#), 3 March 2021

⁵⁴ British beer and pub association, [BBPA Budget response](#), 3 March 2021

⁵⁵ SIBS, [SIBA’s response to the Chancellor’s financial support and lockdown 3](#), 5 January 2020.

⁵⁶ UK Hospitality, [Moratorium extension and resolution incentive to rent debt crisis integral to future of hospitality](#), 10 March 2021

⁵⁷ Campaign for Pubs, [#SupportPubsNow campaign](#).

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