

The Right Honourable Rishi Sunak MP
Chancellor of the Exchequer
H.M. Treasury
1 Horse Guards Rd,
London SW1A 2HQ

27 April 2020

Dear Chancellor

Business Rates Support for ALL Leisure Businesses

We are writing to you in order to correct a significant problem that has arisen in the interpretation and application of the Coronavirus Business Rates Relief Scheme, which you developed to support the UK's Hospitality and Leisure industries.

In its support of the UK economy through this crisis, the Government has recognised that, due to restrictions on movement, international travel and social distance requirements, hospitality and leisure will be two of the most affected industries.

As such, there was considerable enthusiasm within the Leisure industry when you announced at the 2020 Budget that Business Rates Relief would be extended to the hospitality and leisure industry and again when you subsequently announced on 17th March:

*"I am extending this business rates holiday to all businesses in those sectors, irrespective of their rateable value. **That means that every single shop, pub, theatre, music venue and restaurant, and any other business in the retail, hospitality or leisure sector, will pay no business rates whatsoever for 12 months, and if they have a rateable value of less than £51,000, they will now get a cash grant as well.**"*

However the guidance from MHCLG, confirmed by discussions with MHCLG officials, sets out that the following leisure businesses do not qualify for this relief on the grounds that they are not premises which are wholly or mainly used as shops, restaurants, cafes, drinking establishments, cinemas and live music venues, for assembly and leisure or as hotels, guest & boarding premises and self-catering accommodation.

- Tour Operators
- Coach Operators
- English Language Schools
- Destination Management Organisations
- Tourism and Hospitality Charities

This view is based on customers not entering the premises to make a purchase. This distinction is both arbitrary and counter to your repeated statements that ALL businesses in the leisure sector are eligible for support.

Local authorities have also raised the importance of supporting these businesses, and the wider tourism supply chain, with the Local Government Association. All local authorities benefit from a strong visitor economy and losing key organisations will significantly impact on their budgets, including their ability to raise income to reinvest in local public services.

Failing to support these businesses puts at risk many thousands of businesses that generate a large percentage of the £25bn per annum that the UK earns from inbound tourism. This arbitrary distinction also lacks any credible basis as it results in situations such as:

- i. A Travel Agent that sells a customer a ticket for a tour is eligible for support but the tour operator or coach operator that makes the booking and/or takes the customer on the tour is not eligible for support
- ii. Children's nurseries are eligible for support but Language schools that generate £1.2bn from hosting over half a million overseas students each year are not eligible for support
- iii. Car hire businesses are eligible for support but coach hire businesses are not

We are therefore asking you to advise MHCLG to amend the Guidance to Local Authorities on Business Rates Relief as quickly as possible so that it properly reflects your intention to provide support for ALL leisure businesses.

Yours sincerely



Cllr Gerald Vernon-Jackson
Chair
LGA Culture, Tourism and Sport Board



Joss Croft
CEO
UKinbound



Tom Jenkins
CEO
ETOA



Jodie Gray
Interim CEO
English UK



Graham Vidler
CEO
CPT



John Wales
Chairman
Coach Tourism Association



Kurt Janson
Director
Tourism Alliance



Emma English
Executive Director
British Educational Travel Association

Appendix Statements From the Chancellor Confirming that Business Rates Relief Would be Available for All Leisure Businesses

The following is a selection of the many statements confirming that all businesses in Leisure Sector are eligible for Business Rates Relief.

A. Chancellors Speech – 17th March 2020

"I announced last week that for businesses in the retail, hospitality and leisure sectors, with a rateable value of less than £51,000, they will pay no business rates this year.

*That means every single shop, pub, theatre, music venue, restaurant - **and any other business in the retail, hospitality or leisure sector – will pay no business rates whatsoever for 12 months**, and if they have a rateable value of less than £51,000, they can now get a cash grant as well.*

I repeat again: we will do whatever it takes."

B. HM Treasury Press Statement – 17th March 2020

The HM Treasury press statement accompanying the speech also stated that the Chancellor was:

Providing £20 billion of business rates support and grant funding to help the most-affected firms manage their cashflow through this period by:

- **giving all retail, hospitality and leisure businesses in England a 100% business rates holiday for the next 12 months**

C. Chancellors Economic Update to Parliament - 17th March 2020

Following the announcement, the Chancellor provided an Economic Update to Parliament, reiterating that the support was to apply to any businesses in the Leisure industry.

I announced last week that businesses in the retail, hospitality and leisure sectors with a rateable value of less than £51,000 will pay no business rates this year. Today, I can go further and provide those businesses with an additional cash grant of up to £25,000 per business to help bridge through this period.

*Additionally, I am extending this business rates holiday to all businesses in those sectors, irrespective of their rateable value. **That means that every single shop, pub, theatre, music venue and restaurant, and any other business in the retail, hospitality or leisure sector, will pay no business rates whatsoever for 12 months**, and if they have a rateable value of less than £51,000, they will now get a cash grant as well.*

D. Questions to the Chancellor on Business Rates Relief – 17th March 2020

Following the Update, MPs asked numerous questions regarding eligibility and were, again, told that the support was available for all businesses

Felicity Buchan (Kensington) (Con)

"This morning in the Treasury Committee, we asked the Chancellor to throw the kitchen sink at the economy and I thank him because he has certainly done that. However, small businesses in my constituency of Kensington have an issue, because most of the business rate relief is funnelled only if the rateable value is under £51,000. But they are suffering in the same way as other businesses. Will the Chancellor look into that?"

Rishi Sunak

*"I am pleased to tell my hon. Friend that, as a result of the measures I have taken today, **any business in the retail, hospitality and leisure sector, regardless of its rateable value, will now qualify for 100% business rates relief for these next 12 months.**"*

In answering questions as to whether businesses in the exhibition sector, including support businesses, were eligible under this scheme, the Chancellor stated that the only eligibility requirement on businesses is that they have physical properties and pay business rates. It is important to note that in stating that an Energy Generator Hire Company was eligible, the Chancellor is specifically indicating that businesses premises do not need to be retail in nature to qualify for support.

Andrew Griffith (Arundel and South Downs) (Con)

"Difficult times require bold measures, and I commend my right hon. Friend for twice in the space of a week coming to this House and demonstrating that he will do whatever it takes. I support the comments on employment support, but may I ask him also to extend hospitality and leisure benefits to the equally hard-pressed exhibition sector?"

Rishi Sunak

*"I thank my hon. Friend for his support. With regard to the exhibition sector, **those that have physical properties and business rates will be eligible for the scheme** that we announced today and the cash grant. I am happy to have further conversations with him as well."*

Greg Smith (Buckingham) (Con)

"I warmly welcome the enormous package of measures outlined by the Chancellor. This morning, I spoke to Energy Generator Hire in Kimble Wick in my constituency, which has lost most of its order book and is uncertain about the future. Can he confirm whether event hire companies are included in the envelope of leisure and hospitality?"

Rishi Sunak

*"**Those that have business properties will be eligible both for the relief and the grant, which will cover a significant number of events companies that have premises.** Obviously, if they do not have premises, they will not qualify for business rates relief, but should be eligible for some of the other measures that I have outlined today."*

A specific question was also asked about the English Language Schools

Stephen Hammond (Wimbledon) (Con)

*The support for the retail, hospitality and leisure sectors is welcome, but he could make it even more effective if he extended the same package to those who are in the supply chain of those industries and the businesses that disproportionately supply customers for those industries, such as **English language schools**.*

Rishi Sunak

My hon. Friend makes an interesting point, and that is why all Secretaries of State have been tasked by me to engage with their affected industries to see whether there are further specific measures of support that are worth our exploring.

E. Written Question on Charities – 21st April 2020

In answer to a specific written question regarding the eligibility of Charities in the Leisure sector, Treasury Secretary confirmed that these businesses were eligible for the Business rates Relief and the Grant Fund

Mary Kelly Foy (City of Durham)[N] (Asked on 25 March 2020)

To ask the Chancellor of the Exchequer, whether he plans to extend the small business grant funding of £10,000 for all business in receipt of small business rate relief or rural rate relief to charities in receipt of charity rate relief.

Jesse Norman replied on 21 April 2020

Charities operating in the retail, hospitality and leisure sectors will also benefit from the business rates holiday for these sectors, and grant funding for properties with a rateable value below £51,000.