



HM Revenue  
& Customs

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I&S

Indirect Tax  
DD: Eileen Patching  
Date: 26 August 2020

## **Submission: Eat Out to Help Out Extension**

**For decision**

### **Issue**

Advice on the question of whether to extend the Eat Out to Help Out Scheme (EOHO) in areas affected by local restrictions or nationally.

### **Timing**

Decision needed by 27 August if EOHO is to be extended for September.

### **Recommendation**

You received advice on an extension of the EOHO scheme for Aberdeen on 21 August. This advice considers extension of the scheme to other local lockdown scenarios or on a national basis in September.

1. We do not recommend any local extension in areas where restaurants, cafes and pubs have been able to remain open. **Do you agree?**
2. On balance, we do not recommend a national extension in September. If you are minded to extend the scheme, we recommend you consider this when the full impact of the scheme can be assessed. **Do you agree?**
3. If you chose to extend the scheme for a new period, we recommend that all other terms remain the same. **Do you agree?**
4. Do you think you might be interested in resurrecting the scheme in the future? We recommend HMRC close the scheme in a way that allows it to be resurrected at a future date. **Do you agree?**

### **Background**

#### **Aberdeen:**

1. There have been a number of regional lockdowns but only one (Aberdeen City local authority area) has required businesses to close. You received separate advice concerning Aberdeen last week.

#### **Local Restrictions Elsewhere:**

2. Elsewhere in the UK, restaurants, cafes and pubs have been open for the duration of the EOHO scheme.
  - In the North of England restaurants, cafes and similar establishments have remained open but people are limited to visiting hospitality establishments with members of their own household, unless they are outside where 2 households can meet, up to a maximum of 6 people.
  - From 26 August parts of Blackburn and Darwen will have local restrictions lifted.
  - In Leicester restaurants, cafes and similar establishments were permitted to open from 3 August. People have been restricted to visiting establishments in their household groups or support bubbles, or with up to 5 other people outdoors. Venues have not been permitted to allow standing drinking and eating.
3. In those areas under enhanced social restrictions (primarily Greater Manchester, East Lancashire and West Yorkshire) there have been some anecdotal comments that the ban on household mixing has led to decreased custom, but given no hospitality sector closures have been mandated businesses have continued to use the scheme.
4. There have already been calls for a national extension of the scheme. It is too early to analyse the data to understand the impact of EOHO across the UK but extensions for local lock down areas will increase the pressure for a general extension or other localised ones.
5. There have been some concerns that opening up the hospitality sector has contributed to the rising rates of infection that have led to local lockdowns. Although EOHO has remained a 'good news story', an extension may be criticised for encouraging people to go out in higher risk areas, in contrast to its origins of supporting consumer confidence as COVID transmissions slowed.
6. We do not have the data to determine how many and to what extent businesses may have been adversely affected by the local restrictions, which fall short of closure. Some will have been more affected than others. Some will not have been materially affected at all.
7. **We do not recommend any local extension in areas where restaurants, cafes and pubs have been able to remain open.**

#### **EOHO Impact to Date:**

8. There is considerable reporting that the scheme has been equally successful at restoring consumer confidence and providing support to the hospitality sector, on which you have already received some information:

- Insight received on Friday 14 August from CGA, a data analytics firm indicates that: *‘the scheme appears to have achieved the sector’s hope of bringing back people who were previously hesitant about eating out’.*
- EOHO has also incentivised some operators to reopen more sites, with four in five (79%) venues in the Tracker cohort trading last week.
- Footfall rose 18.9% after 6pm across the UK’s high streets, shopping centres and retail parks between Monday and Wednesday, during the first days of the half-price meal offer (research by retail analysts Springboard). The scheme also boosted visitor numbers between 12pm and 2pm, when they rose 9.6%. Smaller market towns benefited the most, with footfall up 25% over the first three days of last week, while regional cities recorded a 19.2% gain.
- Open table data showed that in the first two weeks of August, restaurant bookings were between 10 per cent and 48 per cent higher than on the equivalent days in 2019.
- Our stakeholder panel (which includes some large chains and UK Hospitality) are also enthused about how confidence among consumers has increased. Their sales data echoed the reports from CGA and others.

#### **The Case for a National Extension:**

9. Businesses have been encouraged by the success of the scheme and are planning their own promotions for September, with announcements already from Brindisa Restaurants, the Gaucho Group, The Coconut Tree restaurant group and Benares Mayfair.
10. A national extension of EOHO may not just delay but dilute this innovation and turn the scheme into a subsidy for eating out, something the sector are sensitive to.
11. An extension will also increase the calls from other sectors for Government support.
12. Should the scheme be extended there will be businesses keen to join that did not do so originally because it did not fit with their plans (e.g. schools, universities and more work place canteens).
13. We could be accused of acting unfairly if we did not allow new businesses to register for a general extension.
14. It is too early to assess the full impact of the scheme on the sector. Despite calls for an extension, it is possible the scheme has already generated sufficient consumer confidence to support the sector going forward.

15. The sector continues to benefit from the temporary VAT Reduced Rate for the Hospitality and tourist sector, which runs till 12 January 2021.
16. HMT agree the scheme should not be extended, noting that EOHO is currently getting very good reviews and extending will mean an overall less distinctive brand; extending will prevent Government from demonstrating the success of the scheme and 'claiming victory' in September; and, there is a huge premium in doing what was originally announced and a sense of competence that comes from that.
17. However, there do remain concerns about the health of the sector and an extension would be welcome by many businesses. Hospitality sector continues to face challenges relating to commercial rents, on which you have received further advice; the next quarterly rent deadline falls in late September.
18. **On balance, we do not recommend a national extension in September. If you are minded to extend the scheme, we recommend you consider this when the full impact of the scheme can be assessed.**
19. **If you chose to extend the scheme for a new period, we recommend that all other terms remain the same**
20. **We propose to cease the scheme in a way that it can be resurrected in the future, should such economic intervention be attractive to you again.** HMRC would need no less than 4 weeks notice to stand the scheme up and for businesses to register to take part.
21. Any extension of the scheme has a small project lead in time. To avoid any temporal pause, **we would need a final decision on implementing any extension for September by 27 August** (a week before the first claims could be made for September).

## Risk and resource

22. The keys risks for the scheme are fraud, unmanageable contact and policy implications of local lockdowns. Contact has been low but levels of fraud and error are high – and HMRC is seeing a marked increase in risk in newer registrations – although they remain within original estimations and agreed risk tolerance. Any extension will increase these risks, particularly if new registrations are allowed. Now EOHO is understood there is a risk of increased attempts of fraud by organised crime, as well as a greater risk of abuse by existing businesses with a high appetite for risk.

## Legal

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**LPP Redactions**

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# LPP Redactions

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## LPP Redactions