



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

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REOPENING CLOSED SECTORS

On Sunday 10 May we set out that remaining closed sectors, including hospitality, leisure and tourism, would reopen from 4 July. We now need to announce a final decision of when businesses in these sectors should open.

I recommend that we announce on 5 June that outdoor bars, restaurants and pubs can open on 22 June. We should then announce on 13 June that all remaining sectors will open on 4 July, with the exception of a few specific high-risk businesses where there is a clear health reason why they cannot yet open e.g. nightclubs. For these businesses, we should indicate that we will seek to re-open them, when they can open safely, subject to health conditions later in the year.

We need to instil confidence to get the economy going again. These announcements will be the start of a series of announcements, followed by your speech and my summer update, to build that message as we move towards recovery. Delivering on our commitment to reopen non-essential retail on the 15 June and maintaining momentum on reopening closed sectors both this month and in July is integral to instilling confidence.

We can be confident that we will be ready to support businesses to open in a COVID-secure way – BEIS, DCMS and MHCLG have done significant preparation with these sectors, meeting with hundreds of stakeholders, supported by regular official and Ministerial meetings. Guidance for outdoor hospitality can be ready to support an announcement on 5 June: the science is clear that outdoors is safer, and this safe and controlled phasing will support public confidence to return while benefiting tens of thousands of hospitality businesses, including half of all pubs. All remaining guidance will be ready to be published by 13 June to align with the announcement and to give businesses three weeks to prepare before we allow them to reopen.

Reopening these sectors is a crucial step for economic recovery. 3.1 million workers in jobs across hospitality, arts, entertainment, creation and personal service activities are not working (per data from early May). The Bank of England expects cash-flow issues to be particularly high within these sectors, and they score relatively poorly on financial resilience. These businesses are highly seasonal: every additional week of closure over summer will have a disproportionate impact on their survival. This makes them particularly vulnerable: ONS data shows 43% of responding businesses are laying off staff in the short term in these sectors. This is a real problem for the South West and parts of

the North of England where employment is concentrated. They also tend to employ more lower income workers as well as those who are BAME, young, female and educated to a non-degree level. Opening these sectors, particularly pubs and restaurants, will also ease pressure in the food supply chain, helping badly hit British farmers and fishermen.

We should not fall behind other countries who are all opening up already. Greece reopened cafes, bars and restaurants on 25 May, one week earlier than planned. In France, pubs and restaurants reopened from 2 June (yesterday), in Italy these establishments reopened from 1 June and in Switzerland, the Czech Republic and Denmark these establishments have been able to reopen since mid-May. Denmark has also brought forward elements of Phase 2 of its de-escalation plan, two weeks earlier than originally announced, which will see museums, libraries and zoos opening. Italy, Germany and Portugal have allowed sites like galleries to open since mid-May. Furthermore, the Netherlands have brought forward the reopening of gyms, saunas, casinos and club canteens to 1 July. Moving more slowly while other countries reopen risks undermining confidence in our response to the crisis. In some cases, related to tourist demand, we would be putting UK businesses at a competitive disadvantage.

As with non-essential retail, in practice this approach will lead to an incremental reopening. Workforce and customer safety remains a precondition for any business reopening and the guidance will naturally constrain capacity, which will mean that some businesses choose to remain shut. Businesses which need high occupancy rates are unlikely to be able to cover the costs of reopening, including theatres, music venues and small restaurants and bars. Suppressed demand will also constrain activity: evidence from polling shows that more than 50% of customers do not yet feel comfortable returning to bars/restaurants and sports or music events. But my proposed approach allows businesses to make the choice of when to open, so those that can operate safely do so to make the most of summer demand. As you know, the extension and changes I announced to the Coronavirus Jobs Retention Scheme will support businesses to take a health-first approach and flexibly respond to a slower opening.

We do need to keep some businesses shut for longer where they cannot operate safely within guidelines, for example where close contact is unavoidable and where people's movements are hard for the venue to control, and therefore present a particularly high risk. Examples of types of businesses that we would need to remain closed include: indoor non-seated performance venues, such as those hosting music or comedy events and nightclubs, and large outdoor performance venues (where we may need to set a threshold to catch genuinely high-risk events without catching smaller ones). It is likely these businesses will have to remain closed for some time so we should consider when we will review the decision to keep them closed, and how we communicate this with affected sectors.

We considered a phased approach but it is not practical to implement. These sectors encompass an expansive variety of different types of business, with complex interactions with each other. Phasing by size, subsector or region would inevitably lead to lower economic benefit, and keeping some businesses shut which could open safely.



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We need flexibility around the 2m rule to ensure the businesses we want to reopen are viable. The 2m rule has a significant impact on the viability of many of the businesses we are aiming to reopen. The British Beer and Pub Association estimate that around only 33% of pub premises are likely to open under the current 2m rule due to capacity limits making businesses uneconomical – but this rises to 75% if we moved to 1m. UK Hospitality have expressed similar concerns for restaurant operators and claim that this equates to a difference of 1 million jobs across the hospitality sector. UK Hospitality also report that to date there have been no reported cases of coronavirus among any of their members, including the 30% of hotels and 10% of restaurants which have remained open throughout this crisis. While academic research on guidelines is still in the early stages, we are aware of at least 24 countries which already have flexibility to go below 2m including: Italy, France, Norway, Singapore, New Zealand, Austria, Denmark, Taiwan, Hong Kong, Germany, Netherlands, Australia, Belgium, Spain, China, Sweden, Finland, Czech Republic, Lithuania, South Korea, Greece, Portugal, Bulgaria, Iceland. This approach is in line with guidance published by the World Health Organisation and the European Centre for Disease Prevention and Control. Reducing social distancing to 1m would increase public transport capacity, a key enabler for our economy, to a third of the original capacity pre-Covid. For context, shifting from 1m to 2m would increase capacity from 20 per cent on to 35 per cent on buses (excluding London buses) and from 17 per cent to 24 per cent on rail. We need to consider what will allow businesses to open faster and importantly profitably, especially if our counterparts such as Denmark and Norway have also shifted their guidelines from 2m to 1m for most circumstances.

The reopening of sectors should be accompanied re-opening by ambitious regulatory easements to support businesses. My officials are working with other government departments on detailed proposals, such as ensuring hospitality businesses can make better use of outdoor space. Certain of these require rapid collective agreement, to ensure businesses can viably open to the timetable that I have set out. There is also an opportunity to build the case to make permanent changes, such as on Sunday Trading, to achieve our long-term goal of cutting red tape.

For all these reasons, my strong view is that we should reopen all remaining closed sectors, with the exceptions above, on 4 July. This approach is supported by members of a Small Ministerial Group who have been meeting to drive forward the process of safely reopening closed sectors, including the Chancellor of the Duchy of Lancaster, the Secretary of State for Business, Energy and Industrial Strategy, the Secretary of State for Digital, Culture, Media and Sport, the Secretary of State for Transport and the Secretary of State for Housing, Communities and Local Government.

Personal Data

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