



Module 9 of the UK Covid-19 Public Inquiry (“the Inquiry”)

Request for initial information

Reference for Request - M9/IQ/BBPA/001

Submission from BBPA

Question 1

A brief description of the group(s) which your organisation supports or represents and the economic sectors in which they operate. Please explain whether the work of the organisation is UK wide, or is instead confined to one or more of England/Scotland/Wales/Northern Ireland.

The BBPA represents UK companies which between them own almost half of all pubs and brew over 90% of the beer sold in the UK. Our members include international companies, national and local brewers and pub businesses operating managed and tenanted pubs in cities, towns and villages across the country.

These businesses are at the heart of communities and local economies and include family businesses who have been brewing beer and running pubs for hundreds of years alongside emerging brewers and pub operators.

An up-to-date summary of our membership can be found [on our website](#).

Question 2

A brief overview of any particular financial or economic challenges arising from the pandemic that were particularly acute for your members and/or the sector you represent.

During the pandemic, pubs were varyingly either closed for long periods or had operating restrictions placed on them. This either prevented them trading entirely or their trading ability was limited. This significantly affected income, which in turn affected their ability to pay staff and remain viable.

With licensed venues closed or restricted, brewers had reduced access to sell their products, thereby significantly reducing their income. Similar to pubs, this had impacts on their ability to pay staff and remain viable. Brewers also had the issue of reclaiming duty on beer that could no longer be sold and had to be destroyed under an agreed process by HMRC.

Question 3

In terms of the economic support provided in response to the pandemic between March 2020 and 28 June 2022 by (i) the UK Government, (ii) the Scottish Government, (iii) the Welsh Government and/or (iv) the Northern Irish Executive, a summary of:

- a. *The key economic support or other interventions which the sector or the members you represent accessed in response to the economic effects of the pandemic;*
- b. *The view of your organisation as to any significant gaps in the support offered;*
- c. *The view of your organisation as to the variation of support offered across the United Kingdom;*
- d. *The view of your organisation as to (i) what worked well and (ii) what did not work well having regard to:*
 - i. *The amount of support offered;*
 - ii. *The eligibility criteria for the support offered;*
 - iii. *The communication of the support offered;*
 - iv. *The timing of the introduction and cessation of the relevant support or interventions and any adjustments to the schemes;*
 - v. *The mechanism for delivery of the relevant support including the ease of accessibility and the efficiency of its delivery;*
 - vi. *If within the knowledge or experience of your organisation, the steps taken to reduce the risk of fraudulent or erroneous claims.*

The key support measures from the Government that were utilised by our members were:

- Coronavirus Job Retention Scheme (Furlough) - allowed our members to retain and support their employees.
- Business Rates Relief - 100% business rates relief for hospitality businesses in England for the 2020-2021 tax year. This was later extended into 2021-2022 with a tapering system.
- Eat Out to Help Out Scheme - this was a significant boost to food-led pubs but offered little benefit to wet-led pubs.
- VAT reduction - temporary cut in VAT from 20% to 5% for hospitality businesses selling food and non-alcoholic drinks, later increased to 12.5% before returning to 20%.
- Grants - various grant schemes including the Small Business Grant Fund, Retail, Hospitality and Leisure Grant Fund, Christmas Support Payment grants for wet-led pubs and Local Restrictions Support Grants.
- Bounce Back Loan Scheme and Coronavirus Business Interruption Loan Scheme.
- Statutory Sick Pay Rebate - allowed small and medium-sized businesses to reclaim Statutory Sick Pay paid for COVID-related absences.
- Time to Pay arrangements - allowed extension on payment periods and flexibility on tax payments with HMRC.
- Moratorium on commercial evictions.

- Specific support for breweries:
 - Furlough scheme, Time to Pay and loans outlined above.
 - New verifiable process for destroying unsalable beer and reclaiming duty.
- Restart grants - Offered in early 2021 to help businesses reopen as restrictions eased.
- Recovery Loan Scheme - replaced earlier loan schemes to provide continued support as the economy reopened.

A summary of the economic value of these measures is set out in the table below:

Government support measures	Value for brewers (£m)	Value for pubs (£m)
April 2020 - September 2021 - Total support £7.65bn		
Business Rates relief - April 2020 to March 2022		1,300
Covid Grants		1,380
Job Retention Scheme	255	3,710
VAT reductions on food and soft drinks, 15 July 2020 - March 2022		680
Eat Out to Help Out		120
Relaxation of beer destruction in cellars allowed and water company fees waived		25
October 2021 - September 2022 - Total support £529m		
Omicron Hospitality and Leisure Grants (plus a percentage of the discretionary funding pot and SSP for staff having to self-isolate)		150
50% rates discount for pubs in England, April 2022 - March 2023, up to £110k benefit per business		169
Freeze in the Business Rates multiplier in England for 2022/2023 vs an increase in line with the forecast CPI rate of 4.4%	1	32
	£256m	£7.6bn

The Government support measures outlined above amounted to approximately £260m for brewers and £7.6bn for pubs. For brewers this was almost exclusively through the Job Retention Scheme. For pubs, the JRS accounted for half of the support, with the rest being made up of Business Rates relief, grants, VAT reduction on food and soft drinks and some other smaller measures

However, the level of economic support needs to be viewed against the loss of income for the sector during the same period. The table below illustrates the impact on turnover for the pub sector of the pandemic.

Year	No. of pubs	Total turnover (£m)		
2008	56,900	20,150		
2009	55,900	19,491		
2010	55,400	19,709		
2011	54,700	19,513		
2012	53,800	19,675		
2013	52,500	19,802		
2014	51,900	20,599		
2015	50,800	20,630		
2016	50,300	21,954		
2017	48,350	22,593		
2018	47,600	23,324		
2019	47,200	23,420		
2020	46,800	13,531	-42%	£9,889m
2021	46,350	15,536	-34%	£7,884m
2022	45,850	24,096		

During the two years of the pandemic, turnover in pubs was severely impacted due to the enforced closures and restrictions, falling by 42% in 2020 and 34% in 2021 (vs 2019). This equates to a staggering £18bn in lost turnover when compared to 2019.

In addition to these direct economic measures, there were a number of other non-economic easements that were granted by the Government in order to enable licensed premises to maximise their trade whilst still observing the various public health restrictions. Whilst these are not direct financial support, they still helped to create conditions that mitigated the restrictions and permitted a degree of trading, thereby having an economic impact. These included:

- Easements that increased ability to make off-sales/takeaways – not all pubs are permitted under the terms of their licence to make off-sales, e.g. sales of alcohol to be consumed off the premises. A general easement that granted this facility to all licensed venues meant that instead of being unable to make any sales whilst pubs were closed, pubs could still achieve some level of income through off-sales.
- Easement to allow pavement licences – not all pubs have outside space such as a beer garden, so this easement streamlined the process for licensed premises and reduced the costs, thereby allowing pubs to utilise pavement areas for their

customers. This was helpful when indoor areas were either closed or heavily restricted.

- Easement to allow outdoor structures - to further enhanced the use of outside spaces, e.g. in beer gardens, this easement made the requirements for erecting outside structures for sheltering customers much simpler. Again, this help to increase the use of outside areas when indoor areas were either closed or restricted.
- Engagement and assistance from the DBT Hospitality Team - the creation of a dedicated team with the Department for Business & Trade to engage and support the hospitality sector was very welcome and generally worked very well as a two-way channel for issues, data and feedback.

Issues

Despite the varied forms of economic support that the Government provided, there were a number of issues that we encountered (directly or via feedback from our members) that had a negative impact on that support being applied quickly and consistently.

- Grant applicability restricted by EU funding limits - due to EU limits on "state funding" for businesses, there were a number of instances where larger pub estates were not entitled to the grants due to the number of pubs they owned. The threshold for total funds received was quickly reached meaning that companies operating larger estates did not benefit from the full potential of the grants.
- Inconsistency and regional variations - across both the support offered by governments and the restrictions being put in place, the variations between the Home Nations and sometimes across regions meant that it was a constant effort to fully understand the differences, and then convey these accurately to our members. For larger businesses that operated pubs across the UK, these differences made it difficult to have certainty about what support was available and what restrictions were in place.
- Differing interpretations and enforcement actions by Local Authorities - applying the various pandemic restrictions often required a degree of interpretation by Local Authorities. Equally there were also differing attitudes to enforcement, such that some Local Authorities took a more pragmatic approach and preferred to educate and advise businesses of how to implement the restrictions, whilst other Authorities were more zealous and quick to adopt enforcement measures. This inconsistency (and sometimes misinterpretation of the restrictions) often created unnecessary conflict and distress for publicans.
- Speed of delivery of grants - whilst some Local Authorities were very efficient in determining eligibility and distributing the grants from central government, others took too long. This was sometimes due to an overly protracted application process and sometimes due to a misinterpretation of the eligibility criteria. With pubs struggling on daily basis and cash flow a critical issue, the quick distribution of available grant funds was essential.

Question 4

Whether your organisation raised any concerns about economic support or interventions with government(s). If so, please provide a summary of the concerns that were raised and

whether they were addressed. Please also provide a list of any correspondence or meetings at which such concerns were raised, including the dates upon which you wrote or such meetings were held, to whom the correspondence was addressed or with whom the meetings were held, and any response received from the relevant government addressing such concerns.

The issues set out in our answer to Question 3 were shared with Government departments at the time, but the distinction between central and local Government felt at times to be a hinderance to prompt action and consistency of approach.

Frameworks and pre-emptive agreements for improving this co-ordination if a similar event occurred would seem to be a sensible step to take to avoid the same issues occurring again.

Question 5

A list of any key articles or reports your organisation has published or contributed to, and/or evidence it has given in public regarding the matters set out in the provisional outline of scope for Module 9.

No items to list.

Question 6

Any other points that you wish to raise in relation to the issues identified in the provisional outline of scope for Module 9 that your organisation considers would assist the Inquiry to understand those issues more effectively, including lessons learned and potential recommendations.

As already noted, the ability to have direct engagement with a dedicated Hospitality Team within DBT proved extremely helpful, most of the time. Having a focal point for questions and concerns that could then be raised by the DBT team with colleagues in other departments undoubtedly saved time and ensure consistency of approach for our sector.

However, there were instances of unfounded restrictions being placed on the pub sector that did not appear to be based on sound evidence. Two examples were the curfews on licensing hours and the requirements to only serve alcohol if accompanied by a meal. This was against a backdrop of evidence that indicated that there were a very low proportion of COVID cases that were attributable to hospitality venues.

British Beer & Pub Association

30th September 2024