



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

The Rt Hon Tobias Ellwood MP
House of Commons
London
SW1A 0AA

01 October 2020
Your ref: TE16531

Dear Tobias,

Thank you for your letter of 24 June to the Chancellor of the Exchequer enclosing correspondence on behalf of a group of MPs representing coastal communities, about support for tourism during the COVID-19 outbreak. I am replying as the Minister responsible for this policy area and I apologise for the delay in response.

The Government recognises the extreme disruption the necessary actions to combat Covid-19 are having on businesses and sectors like tourism across the UK, including the very personal impact that results from the cancellation of events and travel.

That is why the Government has already announced unprecedented support for individuals and businesses, to protect against the current economic emergency. This includes:

- Recently the Chancellor announced an extension to the **reduced rate of VAT** for accommodation, eligible food and non-alcoholic beverages services and tourist attractions from 20% to 5% until the end of March 2021.
- **Grant schemes** such as the Retail, Hospitality and Leisure Grant Fund, the Discretionary Grant Fund, the Kick-starting Tourism Package and Reopening High Streets Safely Fund

- The government **deferred VAT payments** so that UK VAT registered businesses did not need to pay any VAT due alongside their normal VAT return from 20 March to the end of June, a deferral worth over £30bn.
 - A range of government-backed and guaranteed **loan schemes** including the Coronavirus Business Interruption Loan Scheme and the Bounce Back Loans Scheme
 - **Employment support** through the Coronavirus Job Retention Scheme which was extended to the end of October, the Job Retention Bonus announced on 8 July as part of the Government's Plan for Jobs. The Chancellor has further announced a new Job Support Scheme and an extension to the Self Employed Income Support Scheme, as part of the government's Winter Economy Plan
 - **Welfare support** through increased Universal Credit (UC) allowance, an increase in the Local Housing Allowance for UC and Housing Benefit claimants, and a relaxation of the UC minimum income floor for all self-employed claimants.
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- In certain cases, businesses in retail, hospitality and leisure sectors may further be eligible for a **business rates holiday** for the 2020–2021 tax year.

Furthermore, as part of the Prime Minister's roadmap to reopening the economy, the majority of sectors, including accommodation and hospitality were allowed to return from the 4th July, if not sooner, on condition that they could do so safely in accordance with public guidance.

We are pleased to see that August saw an overall improvement in the health of the tourism sector in coastal areas. Nonetheless, during this difficult time the Treasury is working intensively with employers, delivery partners, industry groups, other government departments and devolved administrations to understand the long-term effects of social distancing and specific challenges to the wider economy, such as cancelled bookings in light of the covid-19 outbreak. While we will not be able to protect every single job or save every single business, rest assured we will continue to monitor the impact of government support with regard to supporting UK public services, businesses, individuals, and sectors such as tourism as we respond to this pandemic.

Thank you for taking the time to make us aware of these concerns, and we welcome your continued engagement with the Department for Digital, Culture, Media & Sport on the recovery of the sector.

Yours sincerely,

A handwritten signature in black ink that reads "Kemi Badenoch". The signature is written in a cursive, flowing style.

KEMI BADENOCH MP