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**The Rt. Hon. Boris Johnson MP**

Prime Minister  
Office of the Prime Minister  
10 Downing Street  
London  
SW1A 2AA

24<sup>th</sup> April 2020

Dear Prime Minister, Boris Johnson,

We wish you well for a speedy and full recovery. We very much support the leadership and direction that you, your ministers, and the civil service are providing.

We are calling on Government to provide the foodservice equipment industry with immediate support until there is a recovery to the out-of-home eating and drinking market. Our industry has faced a catastrophic decline in sales of between 90% and 100% which is directly affecting its 10,000+ employees.

As already stated by Government, and unlike previous financial recessions, the foodservice operator sector was first to close and will be the last to re-open for business as a result of the social distancing requirements. A further likely outcome will be that foodservice operators will not be able to accommodate the volume of customers required and will need to increase their costs to customers in order to achieve financial viability resulting in a further depression to footfall. This depressed state of the operator market will severely and adversely affect the foodservice equipment value chain. As a direct result fewer companies will be available to support the current key worker sectors and key operations such as healthcare and public services.

We support the HMRC developments to provide time to pay arrangements for corporation tax and PAYE but this will not be sufficient to sustain our members' businesses.

We seek an immediate extension to the **furlough scheme** for the foodservice equipment supply chain in line with any parallel development for hospitality industry operators and immediate alignment with **business rate** support as an eligible group. It is critical that there is total alignment between our sector and the hospitality operator sector. This should specifically include equipment manufacturers, distributors and importers, designers, dealers, service and spare parts companies. Only by doing this will there be the infrastructure, skills, and services to support current needs and support the regeneration of the industry when that time comes.

We request that there should be a business rate reduction relief scheme for the food service equipment value chain where there is not substantive business activity or output. We welcome engagement to define the parameters for this.

As a separate point, some companies are still paying the apprentice levy whilst at the same time there is no access to practical training from education establishments. This should be addressed without delay as it is an unfair burden. As industry associations we support and have in place, specific apprentice programmes to support skills development.

Our members are experiencing severe financial difficulty as their operator debtors are withholding payment outside of trading terms. It is unreasonable for the operator sector to be able to call on support for business rates and employment costs whilst withholding payments to suppliers. There have been examples of operator businesses proposing non-

payment of bills until they are open for business again, and then seeking extensions to 120-day or even 9-month credit terms – businesses cannot withstand having such terms imposed upon them. This situation is totally unacceptable to us when Government support is being made available via the current schemes. We call for immediate action to be taken to prevent this situation and for it to be conditional for foodservice operators receiving furlough or business rate support to pay their suppliers to terms.

As good working practice, we propose that any business without the cash to pay trade creditors as a result of Covid 19 should apply for a Business Interruption Loan and settle their obligations. If a business is ineligible for the loan they should provide a certificate from their bank & accountant confirming this to all creditors who can use this to claim interest on overdue monies which the government can in turn claim back from the debtor via the VAT or Corporation Tax system.

To speed up access to the CBIL's, they should be 100% government backed but only made available to businesses who can demonstrate they were viable had Covid 19 not occurred and show capability to make repayments. Practically and to prevent companies borrowing more cheap money than they should via the BIL, scheme applications could be supported by certification from the auditor agreeing that the amount requested is resulting from the impact of the epidemic. Our members' experience is that banks are not releasing money quickly enough or they are taking the view that the risk is unacceptable due to the current trading conditions.

Time is of the essence in addressing these issues in order to support the immediate and foreseeable needs of the foodservice equipment sector in providing the essential support needed for the sustained delivery of out-of-home food and drink services. Only by doing this can our sector assist with the delivery of the equipment and services required to support the country through this crisis. It will also ensure that there will be viable companies with the vital skills and services that are essential to support recovery as quickly as possible; with the resultant tax and income benefits that will accrue.

If these measures do not take place there will be business failures, resulting in significant market disruption and skills and service gaps. These gaps cannot be filled in the short to medium term by other players because of investment inertia. It will be better to effectively support and sustain what we already have in the equipment value chain, rather than hope for market forces to do so at some point in the future.

Yours sincerely,

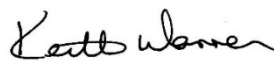


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## **Background to the Foodservice Equipment Value Chain and Operator Customers.**

### The Market

The UK foodservice and catering equipment industry served **8bn meals** with customer sales worth **£52.7bn** (£70.7bn when including drink only sales via pubs/bars etc) in the last full year of trading prior to coronavirus. The inevitable reduction in outlets as a result of the pandemic will be catastrophic for the equipment sector as it is wholly dedicated to supporting the foodservice operator sector in both its primary and secondary sectors.

The UK has an established record of kitchen equipment manufacture, design and innovation which are exported around the world. It is the case that the UK has been and still is at the forefront of foodservice development and innovation over recent decades. (The FEA is a DIT Trade Challenge Partner and we support the sector at leading global exhibitions and events).

The market value of the foodservice equipment industry value chain is **£1.3bn** and it employs over 10,000 **people** in the UK. Our respective organisations represent the breadth of the sector which includes:-

**equipment manufacturers, importers, distributors, designers and installer consultants, service and spare parts** companies. 10% of business is export related.

### The Equipment

Typically, the equipment sector's equipment comprises; **cooking and warming, refrigeration, warewashing, beverage, light equipment and tableware, ventilation, spare parts and servicing.**

### The Customer Base

The sector's operator market comprises 427,627 outlets of which 267,485 (62%) are independent operators.

Foodservice equipment is extensively used for out of home eating and drinking across the following key operator sectors:

#### **Primary sector operators – where foodservice is the primary function:-**

- Hotels, Quick Service Restaurants, Restaurants, Pubs and Bars.

#### **Secondary sector operators– where foodservice is a secondary function:-**

- Healthcare, Education, Public and Community Services, Armed Forces, Leisure and Recreation, Workplace, Visitor attractions, Venues, Travel, Stadia and Event Catering, Food Retail Sector

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