



HM Revenue  
& Customs

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Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
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Dear Chancellor,

### **COVID-19 “EAT OUT TO HELP OUT” (EOHO) SCHEME**

This letter sets out my assessment of the “Eat Out to Help Out” Scheme as the responsible Accounting Officer.

You are set to announce the “Eat Out to Help Out” Scheme at the Summer Economic Update (SEU) on Wednesday 8 July 2020. The objective of the scheme is to protect jobs in hospitality by incentivising consumers to safely return to the eating sector. It is focused on businesses that sell food for immediate consumption on the premises, including restaurants, cafes, pubs and bars and consume sit-down meals, thereby supporting the economic recovery by stimulating consumption in the hospitality sector. It is also intended to reassure people that is once again safe to consume outside the home and to alter social behaviours that may have become entrenched during the pandemic.

This incentive is an integral part of the government’s overall “Plan for Jobs”, designed to mitigate the serious and unprecedented economic circumstances we face as a result of COVID-19 and the importance of private household consumption as a major driver of the UK economy. There is some evidence to show that, despite the mitigations and guidance put in place, the public are nervous about returning to restaurants generally due to the ongoing health implications. This scheme has been designed to drive confidence and incentivise people to return to hospitality industry, giving this sector a much-needed boost, building on and complementing the substantial package of support already announced by the government to support businesses during the pandemic.

There is a sound policy rationale for targeting intervention on this sector: private household consumption contributes around 60% of UK GDP and increasing consumer confidence and re-establishing consumer behaviour will be integral to economic recovery. This specific part of the economy is a major employer, supporting 2 million jobs (5.5% of UK). Spending on restaurants and fast food has significantly reduced during the pandemic (down c.65% in May

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2020 compared May 2019) with an expectation that demand will continue to be depressed by nervousness among consumers about eating out.

As you know, it is my personal responsibility as Principal Accounting Officer to ensure that the Department's use of its resources is appropriate and consistent with the requirements as set out in *Managing Public Money (MPM)*. The advice that we have both received highlights the uncertainty surrounding the value for money of this proposal. The scheme has been designed to minimise deadweight and ensure it is targeted in line with the policy objective through strict eligibility criteria and by focusing the scheme on Monday to Wednesday for a limited time period.

However, it has proved difficult to establish a counterfactual for this scheme, which depends on the future demand for eating out in the absence of this scheme, which is currently highly uncertain. That uncertainty also applies to the efficiency of the measure. Given the acute urgency of the situation, there is insufficient time to gather further evidence and wider external opinions that might enable me to reach a conclusion.

By nature, this is a novel scheme meaning there are also particular value for money risks surrounding the level of potential losses that could arise. Whilst not sufficient on their own they have contributed to my overall value for money assessment.

The power for HMRC to make payments of this nature will be provided through a legal direction under Section 76 of the Coronavirus Act 2020, which you will issue later this year, once the full details of the scheme have been established.

Therefore, because of the nature of these risks I will require your written instruction to proceed. I would like to emphasise, I consider it entirely appropriate for you to make a judgement to proceed in the light of the COVID-19 emergency. I will work closely with colleagues in HM Treasury to ensure the necessary steps are taken to make the legal direction under section 76 of the Coronavirus Act 2020 and to deliver the scheme.

In line with the usual process for ministerial directions, I am also copying this letter to the Comptroller and Auditor General (who will inform the Public Accounts Committee) and the Treasury Officer of Accounts. I anticipate publishing our exchange of direction letters as early as practicable.

Kind regards,



**Jim Harra**  
**CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY**