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Weekly Monitoring

Friday 13th

February



EIA Update

This week the EIA has focused on preparing our responses and position on the visitor levy and business rates consultations following their announcements in the Autumn Budget.

We are also looking forward to our upcoming meetings with members of the Shadow Cabinet including Dame Harriett Baldwin, Shadow Minister for Business and Trade and Nigel Huddleston Shadow Secretary for Culture, Media, and Sport.

Political Update

The pressure on Keir Starmer's leadership came to a head on Monday 9th February after Scottish Labour Leader Anas Sarwar held a press conference publicly urging the Prime Minister to resign. This latest development follows renewed scrutiny of former US Ambassador Peter Mandelson's relationship with Jeffrey Epstein, prompted by the release of the Epstein files. The disclosures have intensified questions over why Starmer appointed Mandelson to the post despite earlier warnings.

This culminated in the resignation of Morgan McSweeney, Starmer's Chief of Staff, over the weekend. He accepted full responsibility for advising Starmer to appoint Mandelson. Tim Allan, the Director of Communications, subsequently resigned as well. The moves were intended to ease pressure on Starmer as media calls for him to step aside grew.

Despite Sarwar's intervention, senior Labour figures across the Cabinet, as well as Angela Rayner (widely viewed as a potential leadership challenger), publicly backed Starmer saying the party did not need a change in leadership.

The day ended with Starmer reportedly delivering a rousing speech to Labour MPs and Ministers, in which he said: *"After having fought so hard for the chance to change our country, I'm not prepared to walk away from my mandate and my responsibility to my country, or to plunge us into chaos, as others have done."*

It remains a fast-moving situation, but for now the Prime Minister appears to be staying in place.

Parliament is now in recess and will return on 23rd February.

News

New Appointments to VisitEngland Advisory Board

The Government has appointed Richard Morsley and Rachel Walter to the VisitEngland Advisory Board for five-year terms starting in March 2026. Morsley, Chief Executive of the Chatham Historic Dockyard Trust, brings extensive heritage, regeneration and governance experience. Walter, a senior National Trust leader, oversees its Holidays business and has a strong background in tourism growth and destination development.

Southbank Chief Backs Visitor Levy for Cultural Investment

Southbank Centre chief executive Elaine Bedell has said it is “crucial” that at least half of England’s proposed visitor levy is ringfenced for cultural infrastructure, arguing the tax could be as transformative as National Lottery funding. She warned that although audiences have recovered post-Covid, finances have not. Bedell said cultural institutions drive the visitor economy and should benefit directly, stressing the need for sustained investment to prevent key arts venues becoming “white elephants”.

Reeves Calls Deeper EU Trade Ties ‘the Biggest Prize’

Chancellor Rachel Reeves has argued that deeper trade ties with the EU offer the UK its “biggest prize”, saying closer integration would boost growth and strengthen security. Speaking at the LSE, she noted that half of UK trade is with the EU and backed alignment with EU rules where in the national interest. Critics accused Labour of trying to unravel Brexit, while the Liberal Democrats urged a return to a customs union.

Regulators to Probe Daily Mail’s Telegraph Takeover

Competition regulators will scrutinise Daily Mails proposed £500 million takeover of the Telegraph titles after Culture Secretary Lisa Nandy issued a public interest intervention notice. Nandy said concerns over media plurality and competition justified the referral, sending the deal to Ofcom and the Competition and Markets Authority, which must report back by 10 June. The move adds uncertainty for the Telegraph, long in limbo after previous failed bids. If approved, Daily Mail’s share of the national newspaper market would rise from 50.6 per cent to 56.1 per cent.

UK Economy Grow by 1.3% in 2025

Chancellor Rachel Reeves said there is “more to do” after the UK recorded just 0.1 per cent growth in late 2025, reflecting subdued activity across services and a sharp construction downturn. Manufacturing provided the only lift, while GDP per head rose over the year. Reeves highlighted full-year growth of 1.3 per cent, but opposition parties criticised Labour’s economic record, arguing the figures show an economy lacking momentum.

Parliament

Written Question on Business Rates

David Simmonds, Conservative MP for Ruislip, Northwood, and Pinner, asked the Chancellor of the Exchequer:

"Further to the business rate information letter, 1/2026: Pubs and live music venues relief 2026 to 2027, whether the new relief is subject to a state aid cap for chain pubs; and whether it will apply to venues subject to the high value multiplier."

Dan Tomlinson, Exchequer Secretary responded:

"From April, every pub and live music venue will get 15% off its new business rates bill on top of the support announced at Budget and then bills will be frozen in real terms for a further two years."

"Final costings will be confirmed at a fiscal event in the usual way."

"The retail and hospitality sectors will continue to benefit from the £4.3 billion support package announced at Budget. This support package means most properties seeing increases will see them capped at 15% or less next year, or £800 for the smallest."

MPs Warn Small Firms Face 'Pandemic-Level' Pressures

Small businesses are experiencing pressures comparable to the pandemic, a new Business and Trade Committee report has found. MPs say SMEs, which make up 99.8% of UK firms, are struggling with late payments, soaring energy bills, rising crime, tax complexity and shrinking high streets. Evidence shows many have little financial resilience left. The Committee warns closures will accelerate without urgent reform, calling for action on late payments, business rates, VAT rules, skills, energy support and policing, alongside a coherent national SME strategy.

MPs Seek Clarity and Curb on 'Micromanagement' in Rail Reforms

MPs have urged the Government to provide greater certainty over its landmark rail reforms, warning that the Railways Bill offers only a partial picture of how Great British Railways will operate. The Transport Committee said key documents, decisions and the new GBR licence are still missing, and called for safeguards to prevent political interference. A companion report highlighted damaging "boom and bust" investment cycles and said GBR must be given clear autonomy to deliver a stable, long-term rail strategy.

Written Question on Hospitality VAT rates in UK vs Europe

Dr Roz Savage, Liberal Democrat MP for South Cotswolds, asked the Chancellor of the Exchequer:

"Whether she has conducted a comparative assessment of the potential impact of (a) VAT rates on food and drink served in pubs compared with (b) VAT rates applied in comparable European countries."

Dan Tomlinson, Exchequer Secretary responded:

"The Government recognises the significant contribution made by pubs to economic growth and social life in the UK.

"VAT is a broad-based tax on consumption, and the 20 per cent standard rate applies to most goods and services. Reduced rates of VAT come at a significant cost to the Exchequer, reduce the revenue available for vital public services, and must represent value for money for the taxpayer.

"HMRC estimates that the cost of reducing the 20 per cent standard rate of VAT on all accommodation and food and beverage services would be as follows in 2026-27: (a) to 15%: £5 billion, (b) to 12.5%: £8 billion (c) to 10%: £10.5 billion, (d) to 5%: £17 billion, (e) to 0%: £23.5 billion.

"The Government is aware that some European countries apply reduced VAT rates to hospitality, reflecting different tax systems and policy choices. The Government keeps all taxes under review, with decisions on VAT rates taken by the Chancellor at fiscal events."

**For any queries regarding this round-up
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