

## Written evidence submitted by UK Hospitality (COV0004)

### 1. Closure of businesses: What impact could the closure of hospitality businesses have on the sector long-term? Are food suppliers and staff being redeployed from hospitality to retailers?

The decision to close hospitality venues from March 20<sup>th</sup> ended the sector's ability to trade on normal terms. While some venues are utilising the relaxed planning rules to operate as takeaways, or are offering their services up at greatly reduced rates to key and NHS workers, for the majority of hospitality businesses, the Government's announcement has led to their closure until further notice.

While we of course respect the necessity for having this guidance in place at this time, for businesses in our sector the impact has already been devastating. Footfall into hospitality businesses has now stopped almost completely, part of a growing trend that began in February. This is demonstrated in figure 1.1, which highlights the loss of business that occurred throughout March due to coronavirus. The figures are shown as a percentage decline from the footfall on the same day the previous year.

**Figure 1.1 Declining Footfall in Hospitality Businesses during March 2020**

	6 <sup>th</sup> March	7 <sup>th</sup> March	13 <sup>th</sup> March	14 <sup>th</sup> March	20 <sup>th</sup> March	21 <sup>st</sup> March
<b>Edinburgh</b>	<b>-32</b>	<b>-29</b>	<b>-24</b>	<b>-20</b>	<b>-77</b>	<b>-94</b>
<b>Newcastle</b>	<b>-27</b>	<b>-39</b>	<b>-26</b>	<b>-31</b>	<b>-72</b>	<b>-95</b>
<b>Liverpool</b>	<b>-10</b>	<b>-20</b>	<b>-8</b>	<b>-37</b>	<b>-80</b>	<b>-96</b>
<b>Birmingham</b>	<b>-27</b>	<b>-13</b>	<b>-28</b>	<b>-36</b>	<b>-80</b>	<b>-95</b>
<b>Cardiff</b>	<b>-22</b>	<b>-18</b>	<b>-15</b>	<b>-59</b>	<b>-83</b>	<b>-97</b>
<b>Bristol</b>	<b>-9</b>	<b>-24</b>	<b>-16</b>	<b>-26</b>	<b>-76</b>	<b>-93</b>
<b>London</b>	<b>-17</b>	<b>-16</b>	<b>-27</b>	<b>-39</b>	<b>-81</b>	<b>-94</b>

Figures from Wireless Social Available at: <https://www.wireless-social.com/>

This cumulative decline is important, particularly now that footfall has ceased. Hospitality businesses are largely cash based (meaning that they rely on trade and custom to pay their overhead costs). With restaurants for example, there is generally around 16 days of buffer cash, with consumer spending playing an essential role in covering business costs. While lockdown has only been enforced for 2 weeks, the reality is that for many businesses, COVID-19 was already impacting trade 6 weeks ago. With very little indication of how long the hospitality lockdown will last, there is understandably a great deal of anxiety from businesses within the sector about what the future will hold.

The key issue for the sector, as it waits for Government support on employment, is access finance – principally through the loan schemes that the Chancellor promised as part of the Government's business support measures. Unfortunately, many businesses will struggle to pay employees until mid-to late-April, when the Government grants for workers are expected to become available. Already we have seen significant furloughing and layoff of workers within the hospitality sector. From conversations that we have had with a number of our members, loans have not always been forthcoming, or have been offered on regular commercial terms as opposed to the low- or no-interest loans that the sector had been expecting. Without access to these loans in the short term, many more businesses will close. Many businesses are struggling to access the loans at all, for example where

there bank does not offer a Government scheme. Despite generous Government support, which has undoubtedly saved many thousands of jobs in the hospitality sector, the landscape of hospitality will change significantly in the aftermath coronavirus. While the hope of the sector is that this will be a short-term blip and that trade will return to normal (or potentially see a boost) at the end of the year, there is no way of knowing at this point. Consumer habits could be permanently altered by the coronavirus outbreak and this could put additional strains on out-of-home, socialising businesses, like hospitality. In reality, without more immediate support, a significant number of large and small hospitality businesses will not survive this crisis, changing the face of the high-street and communities for years to come.

### **Staff Redeployment**

As a result of the transferable skills between jobs in both the retail and hospitality sector, there is frequently movement of workers between the two. Coronavirus has resulted in a mass demand for retail jobs, with many furloughed or laid off hospitality workers likely to move to the retail sector.

UKHospitality has mobilised its membership to help hospitality workers find temporary roles in other sectors. UKH is also engaging with the care sector to make workers available there to support the country's response to the outbreak.

UKH is currently working with The Caterer, a job search platform, in order to help redeploy workers who have been furloughed from hospitality jobs to other areas of need. This involves the platform reaching out So far UKH has received over 2,000 offers of employees that we will be looking to place in retail and other businesses over the next few weeks.

### **2.Labour: How has the pandemic affected the workforce in your sectors, and could the Government do any more to provide support? How are you dealing with possible labour shortages in the supply chain, including from overseas?**

The shutting down of hospitality businesses has clearly impacted the sectors workforce, with significant numbers of people now furloughed or laid off as businesses temporarily close.

The Government has announced a wide range of support for employees within the hospitality sector. The decision to introduce a Coronavirus Job Retention Scheme will support many of those who were at risk from the outbreak. Grants will be provided to cover 80% of the wages of those who are on the payroll but who are temporarily out of work due to coronavirus. This applied to all businesses. The Governments proposal amounted to up to £2,500 per employee per month, which is the equivalent of 80% of a £37,500 salary. If a company is unable to survive and has to call in the administrator, the administrator will have access to the scheme. The vast majority of jobs within the hospitality sector were covered within this scheme, and it has been widely welcomed by businesses across the UK. UKHospitality has been working closely with members, helping them communicate with their staff the levels of support that are available.

There remain a number of uncertainties within the scheme that are hampering business decision - making. For our sector service charge and tip payments make up a significant portion of earnings. At present there is not clear guidance as to whether that should be paid. There are also thousands of staff in the sector who started work, or were due to start work, after the 28<sup>th</sup> February cut-off date. Business and employees are left in a position where these staff will receive no funds and we believe

there should be some flexibility here. One final key area is the ability of staff to do ancillary work for the business. Businesses expect to need a senior member of staff to visit site for 1-2 hours per week to carry out essential health and safety checks. We believe that there should be a de minimis number of hours that can be voluntarily donated while under furlough.

In addition it is critical that loans, that the Government promised, are made available prior to Government support coming in mid- to late-April. This is imperative in the short term, or we will see increasing insolvencies in the sector in the next few weeks, before employment grants become available

**3. Food for self-isolating people: The Government announced that “planning rules will be relaxed so pubs and restaurants can operate as hot food takeaways during the coronavirus outbreak”, for a period of up to 12 months to “support businesses and help people who need to self-isolate”. To what extent can pubs and restaurants play a role in supporting people to have access to healthy food if they are self-isolating?**

The Hospitality sector welcomed the relaxation on planning rules which has enabled many of our sector businesses to operate as a takeaway service. For many businesses, this is their only opportunity to operate until social distancing restrictions are lifted. By enabling the hospitality sector to carry out a takeaway function, businesses are able to play proactive role in ensuring that the population is supported, particularly in providing food to NHS and vital workers.

An example of a UKH member who has rolled out an extensive takeaway offer is Greene King, who have recently made 50 of their sites open for takeaway, with the potential of increasing this offer to over 500 sites. UKH and its members will continue to work with the relevant authorities on salt and sugar composition in food to ensure that menus are considered healthy.

UKH will continue to be proactive in looking to find ways to support local communities through our membership at this time. The extension of takeaway services is just one of many ways that the hospitality sector has stepped up its support. Another example is hotels and accommodation providers offering beds and food services to key and NHS workers.

**4. Food banks/low income households: What more can the food industry (including hospitality) and Government do to support low-income households and food banks through the current crisis?**

There are a number of initiatives that the hospitality sector is leading on in order to provide support for low-income households and food banks. Only a Pavement Away (OAPA), a charity that UKHospitality is a patron of, have confirmed that they will top up the missing 20% of pay for members of staff for the next 12 weeks. OAPA has also taken other positive steps to support those that need help, arranging for food to go to 3 charities.

Other Initiatives include the soon to be launched ‘Feeding the Nation’ project being led by John Vincent, founder of Leon, to help with divert food originally destined for the out-of-home market direct to the public, via a website which acts as an on-line market place where the public can buy from suppliers – with suppliers fulfilling the orders themselves, direct to consumers. Any commission will directly support the current work Leon is doing for NHS workers. In addition to helping keep the nation fed, such initiatives and partnerships are helping to reduce food waste. WRAP, who UKH partners with

on a number of projects, is utilising its network within hospitality businesses to identify where food surplus may be present. This food can then be redistributed.

The Cabinet Office is working with PWC and two large wholesalers to get a stock snapshot to understand the levels of stock in key chilled, fresh and ambient categories across 14 days, 30 days, 3 months and 6 months, and then make a recommendation to Government about how this food can be matched with potential demand. Following this initial assessment, there will be an opportunity for trade associations and businesses to feed into Government.

**5. Other issues: Is there anything else you would like to raise concerning the impact of the COVID-19 pandemic on the food supply chain?**

With the majority of hospitality businesses now closed (although some of course operating takeaway and delivery services for the public and key workers, hotel food for key workers), UKHospitality has been working with our producer and supplier partners via the Food & Drink Federation, with a specific group on this subject chaired by the Federation of Wholesale Distributors and a range of food and supply companies and trade bodies represented. This is to ensure that producers and suppliers who primarily serviced the hospitality trade have alternative outlets for their food and drink products during this period, including supplying facilities for key workers, local authorities, direct to the public, and vulnerable groups.

In the coming weeks there will hopefully be a need to be a change in focus to gearing up the sector for re-opening. It is important that Government support is not withdrawn too early and that business is given ample opportunity to respond to renewed demand.