



# **Future Wellbeing and Work in Hospitality in Wales**

*Optimising the New Normal: a proposal for a holistic hospitality renewal programme.*

## **UKHC Call 1: Help Hospitality Help The Welsh Economy**

### **Tata Steel seeks £500m bailout to save over 12,000 jobs**

*Labour MP Stephen Kinnock said, Tata Steel which is Britain's largest manufacturer are seeking a £500m government bailout over the lockdown to save the industry. Mr. Kinnock said that Tata have approached the Welsh and UK governments. The Treasury and the Department for Business, Energy and Industrial Strategy are considering the request from Tata Steel. Currently the Coronavirus Large Business Interruption Loan Scheme only offers loans up to £50m if a business has a turnover of £45m. Mr. Kinnock said this government must lift the cap to save the future of Tata Steel and more than 12,000 jobs, 4,000 in Port Talbot and over 8,000 in the UK.*

*London Means Business April 26<sup>th</sup> 2020*

- **Hospitality in Wales accounts for 135,000 primary and secondary jobs, often in communities where there is very little alternative employment.**

### **Penygroes tissue factory closure plan puts 94 jobs at risk**

*BBC Wales 26 May 2020*

*A total of 94 factory jobs are at risk with the proposed closure of a tissue paper plant which has been blamed on the coronavirus pandemic.*

*Northwood Hygiene Products said it was holding talks with staff and unions on closing its site at Penygroes, Gwynedd.*

- **One in four jobs in Gwynedd are dependent on hospitality.**
- **UKHC has more than 200 large Welsh hotels in its membership; each one is a large factory equivalent, with between 50-960 employees. and**
- **Wales has many hundreds of restaurants, pubs, cafes and inns that together employ thousands of people.**
- **Hospitality contributes greatly via the circular economy; we source and promote Welsh food and drink products from local suppliers to the tune of hundreds of thousands of pounds each week.**

**UKHC Call 1: No Bailout necessary. Give us structured and temporary medium term support NOW- and we'll provide jobs, growth and millions in taxation and other social and community contributions in the future.**

## **UKHC Call 2: Help Us Achieve An Orderly, Effective and Sustainable Reopening.**

Reopening EFFECTIVELY will take time, careful planning and industry and government's very best efforts if it's to work. That's why we need notice to open.

UKHC has argued for at least a six-week lead-in- to allow our customers to book followed by three-week's formal notice to enable a full and orderly preparation to reopen. UKHC fully supports the strict processes agreed with Welsh Government (WG). Health considerations must come first. All of our businesses agree the safety of our staff- in many cases our friends and family members- must be secured first and then that all measures that can possibly be put in place for our customers to be safe, and feel safe, must be introduced.

However, to open we need guests and customers. We need them to know we are soon to be open. After months of distress, they are looking forward to having a safe and enjoyable break and *are already* searching our competitors for exciting and available locations and venues. We need to be in the mix or face a very slow commercial return.

### **Social Distancing (SD)**

This is entirely a matter for Welsh Government with the health of all to consider. However, different governments and bodies have different interpretations of SD and they make a huge difference in delivery for the economy.

The World Health Organisation says that a distance of 1m is safe. Some countries have adopted this guidance, while others, including the UK, have gone further, for instance:

- 1m - China, Denmark, France, Hong Kong, Lithuania, Singapore
- 1.4m - South Korea
- 1.5m - Australia, Belgium, Germany, Greece, Italy, Netherlands, Portugal
- 1.8m - US
- 2m – Wales and UK

It is a simple truth that Social Distancing hugely affects ambience, enjoyment, experience- and customer choice and sustainability.

UKHC estimates that at 2m, most hospitality businesses can only attract 30 per cent of custom and 30 per cent of revenue and therefore cannot survive or maintain any satisfactory level of employment for any reasonable time. *Any 2m SD business will need substantial government financial support to continue until the SD number drops.*

At 1m, the trading position is dramatically different. Around 65 per cent of the offer and custom returns and around 70 per cent of revenue. Government support would still be needed but nowhere near as much.

## **UKHC Call 3: Please Give Us Adequate Support Resources**

Hospitality has been forcibly closed and is seriously injured. Reopening must not be an “over to you” moment. During our “three winters”, it’s vital we are not left out in the cold. To protect jobs, the circular economy and all of our staff’s mental wellbeing, it has to be a “let’s do this together” rolling programme.

**We need a sound, consistent, long term, holistic programme for reopening- and the supportive resources to make it happen.**

### **Support Measures**

When closing our businesses, Welsh Government quickly and effectively intervened with a package of business rate relief, grants, loans and furloughed wage support. Without doubt, this saved the industry from an overnight cliff-edge commercial catastrophe.

To rebuild we will need in the short and medium term:

- Any future funding via the existing Covid-19 Economic Resilience Scheme to seek to assist and support our businesses;
- Consideration of a specific industry grants package, tuned to the gradual reappearance of trade;
- A second Business Rates holiday for an additional financial year, taking in 2021-22;
- Welsh Government to lead on an industry-specific “smart” extension of the Coronavirus Job Retention Scheme to provide tapered furloughs for staff as necessary to support the industry during the unfolding of opening;

And in the longer term:

- A complete review of the Business Rates system to remove the unfair, inequitable burden we have carried for years. It’s time for radical reform. We must have a new, better balanced system that adopts compensatory redressing for Hospitality, shifting the weight to online sales and internet and out of town businesses.

- Welsh Government support to persuade UK Government to review and recalibrate into single figures the current 20 per cent VAT levied on our products;
- Welsh Government support for owner and staff Wellbeing concerns emerging from our membership. We believe it is an integral part of our reopening programme that we are able to respond to fully any anxieties created by the crisis, the lockdown and the renewal for all our industry members.

## Outcomes

By backing our Calls for a constructive renewal of the industry, Welsh Government's support would:

- Help protect **tens of thousands of vital local jobs** across Wales- our members fear loss of the 2020 season would instigate a wave of redundancies that could reach a third of the industry and those businesses dependent on it- **possibly more than 40,000 jobs in Wales;**
- Help protect **key generational businesses** and their **fantastic, loyal staff;**
- Ensure that sound, leading businesses in key communities survive to continue to spend millions locally and prompt **growth back into those economies** after the crisis;
- Help our industry stay safe, well and meet its, and Government's, requirements on the **Wellbeing of Future Generations Act.**