



Report of UKH industry information-gathering meeting January 5th, 2022 (3pm)

Ben Newby *TEGMJR (Tramshed, Globe and other locations)*

Tramshed fixed costs £33,000 a month (£66,000 for period of financial support)
Financial support expected £15,000
Globe Fixed costs £22,000 a month (£44,000 for period)
Financial support expected £5,000

Five further events jeopardised from Jan 21st –Feb 14

Gary Lulham *MD Sin City, Swansea and Chair of Swansea Licensees Association*

“This is the most important meeting I’ve had in nearly two years. It is desperate. I’ve had 6 or 7 night events cancelled pre-Christmas.
Omicron onwards I’ve lost £65,000.
My fixed costs are £13,500 per month
My payroll is £22,500 a month
£7,000 of that is contracted staff. My estimated ERF is £15,000 for the two month period.
My debt position after previous restrictions etc £35,000.
“If I don’t have any further financial support I will close”.

Ian Edwards *Chief Executive Celtic Collection*

“It is incredibly serious. The meeting for 30 limit has very seriously impacted on our business.
Fixed costs £500,000 a month. Payroll £1.9m a month. Every business event over thirty people has been taken out.
It is a disproportionate action based on the mitigations that are now in place.”

Jon Dale *Strategic Corporate Affairs Lead Punch Taverns UK*

Some stats **(in confidence)** which you might find helpful.

- At Punch Pubs & Co, we have 1,300 pubs across the UK incl. almost 40 in Wales.
- 15% of our Welsh pubs are currently closed a minimum of one day a week due to restrictions, staff shortages etc.
- A number of our Publicans saw a 50% drop in sales (equivalent to approx. £10k) between Boxing Day (tighter restrictions) and NYD.
- Plenty of NYE cancellations, affecting sales by several thousand pounds
- Younger guests migrating over the border to England where restrictions are less severe – we have a few pubs around the Chester region or opting for house parties.
- ER & NDR grants pitiful

An outstanding question:

- How quickly will impacted businesses be allocated their grant monies?
- No representation/catch up calls to our pubs from local authorities since new restriction

Gary Roberts *Operations Director Amber Taverns UK*

Amber operate 9 wet-led pubs in Wales under an Operator Agreement.

Sales have been impacted on average 35-40% per venue which is £3k-£5k per week compared to 2019/20.

Staff costs have increased by 15%-18% to cover table service.

Fixed costs are still 100%, unlike the first lockdown when suppliers offered some support.

We have had sporadic closures due to covid and staff absences

Morale is at an all-time low and mental health of the team is being driven to the limit.

Compliance from customers is more difficult and causing more altercations and verbal abuse.

Financial support from Government negligible.

The pubs in Scotland are only down around 15% compared to 2019/20

Greg Sage *Corporate Affairs Director Greene King UK*

The relative performance between Greene King pubs in England and Wales is STARK.

Wales was slightly ahead for a couple of months in the run up to December.

December saw a significant fall. Welsh businesses are now 20 per cent down-plus on English businesses and below those in Scotland.

The atmosphere in our pubs is like that of the previous lockdown. It is having a serious impact on our team members. It's very, very disheartening. Running- and

working in- empty premises is demoralising and will bound to impact on our staff morale, retention and recruitment.”

Nick Newman Cardiff Licensing Forum

Creative HG (Peppermint, Bambu etc) – on WG restrictions and ‘support’ package

From the period that apparently the support package covers (9 weeks apparently) we had budgeted:

- £1.71m in turnover. this in VAT alone would generate £285k in tax
- Paid £675k in staff wages – this alone would generate >£110k in income tax + NI contributions

At best, we’ll be entitled to the token gesture of £90k worth of support for 9 weeks but:

- Weekly wage bill at £75k weekly average (9 weeks = circa £675k)
- Rents totalling a little over £11.5k a week (9 weeks = circa £105k)
- Service the loans we had to take to survive the first lot of restrictions (we were previously debt free as a Co before we we’re forced to close) £4.2k a week (9 weeks = circa £38k)
- On top of these 3 key costs, there’s everything else it takes to run a business, at a time where inflation for our sector is running at 14-18%

I don’t want any grants! I want the ability to earn a living and provide jobs and an income for our working family

It’s doing untold damage in so many ways

- We know we had a security team crisis. If we’re not able to offer work to our security teams, we’ll lose further good people because we’ll be seen as unstable source of income.
- Our teams have families and financial commitments
- We’ve had a staffing crisis, we’ve stopped the team development, lost a ton of talent and had to go back, train and develop from scratch. Productivity dropped significantly, great people left the sector, we’ll have to reform the teams yet again
- We’ve had supply disruption. This is likely to happen again in some format.
- We’re exhausted. We’re upset. We’re gobsmacked by how unloved we feel as a sector and in how much contempt we seem to be held by Welsh Govt who takes action that makes no sense, ignores a lot of our advice, then fails to give us the evidence to support the action then decides to support us with token gestures when we have huge financial commitments

- We lost half of Xmas trading dates + key dates like Black Friday week, Boxing Day and NYE. These are the days that enable us to survive an often unprofitable Q1

There are other businesses in a significantly worst position

- Started trading recently and now they don't qualify for any support
- Traded below 2019's numbers and have recently started to repay the debt accumulated in 2020

Jon Bassett – Wales Online

Saying January would be "even more concerning" for businesses, Mr Bassett said the industry was being hit with several issues at once.

"You have got people going off sick. Many of our staff are younger and even though they're not getting sick they're having to self-isolate.

"When we reopened wage costs increased too because it costs you more to operate with the Covid rules. Getting someone to check Track and Trace, all those things cost money.

"We have had some issues with the supply chains, like in every industry. We have had problems with delivery drivers."

He said all this had been made worse by the fact that businesses have to prove they are losing a certain amount of money before being eligible for the £120m financial support package

"You must have had a 60% drop in trade to qualify – it's baffling," he said. "The margins in this industry aren't big. If your takings are down just 20% you're probably losing money. If I was losing 60% I would be applying for bankruptcy, not a grant."

Croeso Pubs

Lost £400,000 in sales since the position on Omicron started at 72% GP = £288,000, our net profit AFTER paying staff, rent etc etc £95k. Grant available £30k and this is to cover the whole of January and 2 weeks of Feb

PRISM

Cardiff down £275,000; Swansea down £175,000 revenue in this period.

Berin Jones *Chair Llandudno Hospitality Association and Guest House owner*

As requested the figures for our area are as follows from talking to as many of our 134 members as I could in the time available:

The average loss of trade in each sector has been

Guesthouses- £5k

Pubs- £20-26000

Hotels - £ 12,500

Restaurants -£ 10-27,000

The possible funding support businesses can expect to get comes nowhere near this.

The December and January trade helps cover the costs for January and February. Last year businesses used up reserves so this year there is nothing left to draw on to cover these fallow months. We have only been operating at about 70% of capability because of lack of staff so have at best only got 70% of income yet still face 100% of fixed costs. That financial gap has been supported by drawing on reserves.

The situation in our industry is even more desperate now than it was last year.

Bounce back loans and CBIL's are now adding to the penalty we face, as they were there to cover us until we got back to 100% trade and were able to repay with 2% interest, but now we are having to make full repayments but are still nowhere near trading at 100%.

It's not just about keeping our vital team members healthy mentally and physically, it's also about the 1,00's of Hospitality business owners who are now facing losing their homes and livelihoods and closing businesses that have been there for generations.

The mental stress on Business owners seems to be completely ignored by WG.

Karen Matthews *Cardiff Hospitality Association (38 city based hotels with significant employee numbers)*

"From the middle of December onwards Cardiff hotels had an occupancy rate of between 5 and 15 per cent.

Hotel payrolls are equal to 75-80 per cent of revenue. We are begging staff to take holidays at the moment to try to square the accounts. Right across the city it is very clear that the ERF is nowhere near enough, it isn't touching the sides."

Mike Morgan *Marketing Director Welsh Rarebits Group*

80 per cent of 160 hotels across Wales were well short of being full in the traditionally very busy time. Cancellations are currently running way ahead into the next months. Businesses are looking at closures. The December buffer has been ripped away. There was no cashflow in December. It is heartbreaking to see such a lack of leadership for the industry. The support is embarrassing small. We are facing catastrophic job losses.

Andrew Evans *St Brides Spa Hotel Saundersfoot*

I'd echo all that has been said. This is destroying the village, something that we have worked very hard to create and to sustain until now. We had made it a year round resort. Now some businesses are closed and some open for very little time. It's breaking our hearts to see it. The ERF grants are hopelessly small and shouldn't be available to those like Air B and B, who pay nothing back into the economy and even pay cash in hand. Our payroll is £30,000 a week. The government grant doesn't touch the sides. I am facing choices about paying, retaining or letting go staff.

Anthony Rosser *Chair UKHospitality Cymru and General Manager Lake Vyrnwy Hotel and Spa*

I have participated as UKHC Chair in 42 Ministerial meetings before it was all change. The mood of those meetings was always constructive, even when the worst times were on us. This meeting is dramatically different. It is a seismic shift and one that is not good as it indicates a breakdown in relationships between the industry and government.

Regarding my own hotel, most Christmas parties were cancelled. Christmas package 24% down on normal rate with all non-residential guests banned from the building resulting in significant Food & Beverage losses

NYE package 45% down including 20% cancellations following announcement. This was my 42 working New Year and by far the weirdest!

January now running at 32% occupancy against normal run rate of 60%. from the coming weekend 26% occupancy.... The lowest I've known and uncharted waters!

Standing wage £28k per week and if we are unable to move more rooms over the next week or so we are considering moving to 4 day working weeks and mandatory use of accrued holidays to conserve cash. This should give us the best chance of maintaining the integrity of the business and hopefully avoid tactical redundancies if the market doesn't pick up later in the spring.

Overheads circa £23K per week.

Regulars at my local pub hired a bus to go over the border on new years eve to allow the business to run food and maximise what meagre revenue that could make under social distancing

Elyse Waddy MD Empire Hotel Llandudno

December 2021 to December 2019 down £327,000

January 2022 anticipated (to January 2020) covid effects already down £95,000

I will not bother with ERF as no point. It is a complete insult .

The NDR will only cover 2 weeks of my electricity bill at the Empire (£6k grant) .

How long will restrictions last? How come England can ride it out and we are shut down? We need to be able to promote the end and WG need to put out positive messages.

I think WG are over estimating how much business can endure and it will only take one tiny straw more

Justin Baird Murray Managing Director Metropole Hotel Llandrindod Wells

The Metropole was down 25% over the period from 17th December to 31st. New Years Eve package comparison from 2019 to 2021, £60,000 to £19,000

The loss of business in January and February is harder to quantify at this stage but the example I highlighted about the fitness weekend is a loss of revenue of £30,000 over the 4th/5th February. This is business lost to England as Bob, the organiser, has found an alternative venue. The next 3 months look really bleak. Consequently we will run on a limited workforce and take our chances that we can recruit for the summer.

I thought the issue of the mental health of owner operators raised by Berin is one that needs to be seriously marked up. Those whose livelihoods and pensions are not reliant on the success of their business, in other words everyone in WG, simply have no idea of the pressure owner operators are under to perform on a daily basis. Satisfying Customers, satisfying staff, satisfying the bank, satisfying ERF post completion monitoring, satisfying suppliers... the list is endless.

Glen Evans Royal Oak Hotel, Betws-Y-Coed

Fixed costs £40k/month

Employees 135

Possible £12k in support being £6k each hotel as RV + £51k each

Current wage bill £40k/WEEK

Lost revenue for NYE £20K

December Trade 30% down on 2019

£40k of stock on site

Recruitment = impossible

Retention = looking unlikely

David Chapman UKHC Director-Additional points

The industry has spoken directly above. I have around another 70 individual and group members who are in touch regularly and who are saying exactly the same thing about their financial position and the package of measures to support restricted businesses.

UKHC prides itself in trying to support and work in partnership with Government objectives. Anthony Rosser's point is very valid and is sad to see. I am sure it is backed up by Steffan and other's postbags.

A few additional points I raised in the meeting. William Griffiths of the Angel Hotel in Abergavenny couldn't attend today but reported to me that four coaches left Abergavenny for Hereford on New Year Eve. This, on health terms, has to be a crazy situation- one where local people are prevented from meeting in a small market town with an award winning premises that are carefully and expensively controlled locally to go far and wide to a bigger town with a very transmissible disease generally prevalent. I have many reports of members, especially north (Wrexham-Chester for instance) of the same happening.

Welsh Government's valuable assistance in helping us to recruit staff- and our continued and positive working together to keep this action going in 2022- is endangered by the imposition of restrictions that could see staff leaving for one reason or another (job security, better financial offers etc) in the next few weeks.

Finally, a quick overview. The industry in Wales is now on its knees. If businesses survive, they are likely to be curtailed or slimmed down unless we have further help. We will begin again at a considerably uncompetitive level with our near neighbour businesses in England because of this enforced financial position.

Welsh Government has consistency- and rightly- sought a year-on-year improvement of the offer across Wales to attract more visitors and more visitors of value. We are now at least 25 per cent behind in revenue terms our direct competitors in England and have nothing to put forward to rebuild and improve this industry. Where does this leave Let's Shape the Future and Welcome to Wales, plans with high aims for a sustainable and ambitious tourism and hospitality industry- something that we all worked so very hard to design and to look forward to delivering?