

How could Corona Virus affect your Hospitality Business and what action can you take to reduce the potential impact.

With the outbreak of the Corona Virus pandemic across the globe, taking into account the potential impact on the hospitality industry and listening to your concerns, we have produced this business update to provide our thoughts on what practical actions can be taken to reduce the potential impact.

The outbreak has many potential impacts for the hospitality industry including; increase in price for goods, difficulty in sourcing food, drink and materials, team members requiring time off work to self-isolate or due to illness and customers not visiting their local pubs and restaurants due to fears around catching the virus.

In addition, there is likely to be a reduction in tourism as people stop travelling and decide to stay at home.

All these can lead to added pressure on your business and action should be taken now to ensure you are as prepared as you can be.

Insurance

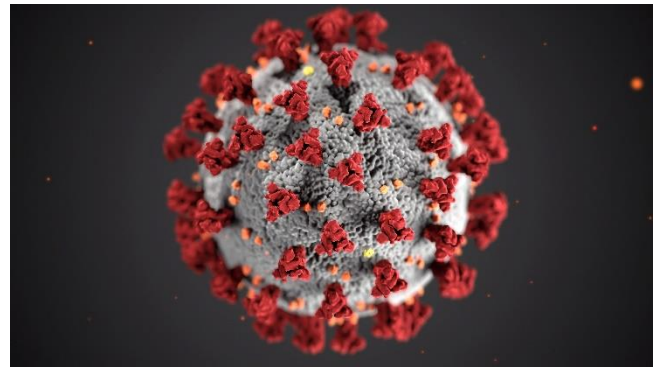
Insurance documents should be reviewed to determine if the business is covered for business interruption. Confirm what action should be taken so a potential claim would be valid.

Cash flow

Cash flow will be key during the period of uncertainty. Any action that can be taken to improve cash flow should be taken. It is recommended any discretionary expenditure be put on hold.

Payment holidays

You should consider requesting payment holidays from any bank lending and pension commitments.



Corporation Tax, VAT and PAYE

The Government has announced the "Time to pay service" will be scaled up with a dedicated helpline to assist businesses with the payment of any Corporation Tax, VAT or PAYE which becomes due providing flexibility to pay these amounts.

The number to contact if this 0800 0159 559.

Employee Sick Pay

Statutory Sick pay (SSP) will be payable from day 1 rather than day 4. This will also apply for those who self-isolate even if they do not show symptoms.

The cost of providing SSP for up to 2 weeks will be refunded by the Government in full for employers with less than 250 employees.

Bank of England

The Bank of England have reduced interest rates on 11 March 2020 from 0.75% to 0.25%. This will reduce the cost of borrowing with the aim of boosting the economy. This action should reduce the cost of lending for small businesses.

Stock levels

Consider if your stock levels are appropriate for your projected level of business. It will be a balancing act considering what items may become in short supply and ensuring you do not run out, against having too much cash tied up in stock.

Disclaimer: No responsibility can be accepted for the accuracy of the information in this newsletter and no action should be taken in reliance on it without specific advice given in writing regarding your business.

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Staffing

The government has suggested up to a fifth of the work force could be off work during the outbreak. Manging your rota's may become a challenge. Ensure you plan your rota efficiently considering the projected takings for the following week.

If you are not as busy as anticipated, send staff home early to ensure you save where you can.

As the pandemic worsens it is considered customers will understand your challenges regarding service if staff members are off work.

Budget 2020 Announcements to assist small business with the impact of Corona Virus

The UK Budget was presented by the Chancellor Rishi Sunak on 11 March 2020. The following announcements were made to support small businesses during the Corona Virus outbreak.

These are significant savings to the hospitality sector from April 2020.

Cash Grant

A £2.2 billion grant scheme for small businesses was announced. This money will be provided to local authorities in England. This will provide £3,000 to businesses currently eligible for Small Business Rates Relief to help meet their ongoing business costs.

Duties

All duties have been frozen on alcohol for 2020/2021.

Employment Allowance

The employment allowance will increase from £3,000 to £4,000 from April 2020. The employment allowance is a saving on Employer's National Insurance payable thus providing businesses with an additional £1,000 tax saving.



Banking

The Government announced a temporary business interruption Corona Virus loan scheme. This will assist small businesses with access to "business interruption" loans of up to £1.2m. The Government will provide lenders with a guarantee of 80% on each loan. The Government will not charge businesses or banks for this guarantee.

Business Rates

Hospitality businesses who trade from premises with a rateable value of less than £51k will pay no business rates over the next 12 months.

For pubs with a rateable value of below £100,000, there will also be a Business Rates discount of £5,000.

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