

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

According to the Association of British Insurers, whether the Government orders closure of businesses or not, this will be irrelevant to operators' insurance cover. Most insurance policies do not cover specifically for pandemic outbreaks and Business Interruptions covers for building related interruptions only. It is increasingly likely that limited, if any, claims via insurance will go through (unless things change as they are doing regularly) so businesses will need to look towards grants and loan schemes.

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. We would recommend thinking about other small businesses such as yourselves (and ourselves) and trying to ensure any payments to these are honoured in order to assist other small businesses in the same

position. We would however recommend cancelling other direct debits including HMRC and the payment of Business Rates and dealing with bills as they arrive in order to manage cashflow.

Payment holidays

You should consider requesting payment holidays from any bank lending and pension commitments. These have been publicised and are readily accepted including 3 months mortgage holidays and some loan companies also stating permitted payment holidays are being introduced.

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.

For our clients we recommend not paying any current VAT, MGD or PAYE payments now falling due and we will try to liaise with HMRC on our client's behalf. We do not know how long things are going to be affected so will be trying to negotiate extended payment holidays in all cases. You must remember, however, that this will eventually need paying back so will need to be a cashflow consideration once back up and running.

Employee Sick Pay

Statutory Sick pay (SSP) will be paid 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.

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Business Interruption Loans

You will be able to get a 'Coronavirus Business Interruption' loan from the bank, backed by the Government. You won't pay interest on that loan for the first 6 months. (Loans of up to £5 million in value).

The scheme is being set up now and will be available next week. More information on how to access the loans will be provided via the government [website](#).

The Government will provide lenders with a guarantee of 80% on each loan. The Government will not charge businesses or banks for this guarantee.

You could potentially receive up to £25,000 if your business currently pays business rates and has as a Rateable Value of between £15,000 and £51,000.

You could potentially receive a grant up to £10,000 if you currently don't pay any business rates or you get small business rates relief.

Local authorities will be given guidance on 20 March 2020 on how to help businesses with this measure. Get in touch with your local authority once this is done. The guidance will also become available via the government [website](#).

When does it come into force? The guidance to local authorities will become available on 20 March 2020.

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. Advice now would be to run stock down to minimal level as closure looks more inevitable. Check with third party suppliers about sale or return options. Consider a range of bottled products to sell over the bar but also for takeaway purposes.

Staffing

The government has suggested up to a fifth of the work force could be off work during the outbreak. Managing 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 earlier to ensure you save where you can.

As the pandemic worsens managing staff will be increasingly more difficult and should the government impose a statutory closure then there are lots of other employment issues and questions still to be answered. Employment Law is an extremely complex area so we recommend you review staff contracts before taking any action however we also recommend speaking to staff as they are fully aware of the situation and, most, will want to support you and the business. We have produced a more detailed guide at the end of this newsletter.

Business Rates

You won't have to pay any business rates bill for the coming tax year 2020/2021 throughout the whole of the UK.

Employment Allowance

The employment allowance will increase from £3,000 to £4,000 from April 2020.

Pub Companies

Most pub companies are dealing with the issue on a daily changing basis too. Currently most pub companies have announced freezing of collection of rent and ancillary payment collections for varying periods from Punch 2 weeks to Star until at least the end of April. Any further support will be considered on a case by case basis. It must be remembered that this is a payment collection freeze, not a reduction or cancellation of billing so will need to be managed with cashflow in the future.

Check with your pub company what their stance is on stock in your cellar – some have announced they will take back unopened kegs should the government introduce a forced closure.

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Be aware of ways to reduce costs

If you are reducing hours or closing, then be aware of ways to reduce your costs.

Contact refuse companies to reduce collections or frequency.

Turn off cellar cooling equipment.

Turn off any under bar remote coolers.

Turn off back bar fridges (not just the lights).

SKY and BT Sport already confirmed they will not charge through the period.

Adjust heating and hot water settings and timers.

Diversify whilst you are still open

Reduce trading hours to fit with a new operational offer.

Reduce staff hours accordingly.

Offer Take Away and Delivery Service to keep your kitchen in use.

Open up as a community hub – stock the essentials for community shop – takeaway meals, fruit and veg, toiletries and essentials – you could be a key service to the community.

Meal Packages – pre-made daily meal packages to be reheated by the customer. Individual portion meals or family bakes – collection of delivery – could be a key service to those unable to get out to shop or elderly with reduce support network.

Home delivery Beer Runs.

Help the Aged – become the social hub for sharing advice and a drop off point for local donations to be shared in the community.

Have you got outside space? Can you still trade in your beer garden – reduced menu offer, waitress service only?

Pay It On schemes – invite customers to buy vouchers or meals deals and promotions now for redemption once re-opened to help your current cashflow.

Become the local social centre – work with community groups to arrange and host group

chats via social media to keep the community talking

Don't stop events! Keep entertaining the community – online quiz nights or virtual sing-along events can be organised.

Use the Closure Time Wisely

We are well aware that cashflow will be king throughout any closure period, but we would encourage you to think about using any closure time to your full advantage.

Get all your paperwork in order (especially our clients) – get everything to us and we can still work on accounts and management reports and will conduct review meetings via telephone, Skype, Facetime or similar.

Any decoration or cosmetic freshen up that can be done.

A good strip out and deep clean of all areas.

Revisiting menus and coming up with new food ideas

Revising food and drink offers and promotions.

Reviewing and upgrading promotional activity, social media content and marketing ideas.

Refresh the outside of your premises – car parks, beer gardens and planters to be ready for welcoming customers back.

Review your offer and spend time contacting local clubs, groups, societies to ensure them your venue will be there for them after this is all over.

Online staff training.

Subject to government advise – staff training sessions, staff meetings, staff business ideas brainstorming sessions.

Review all your suppliers – contracts and current rates – any that you could renegotiate or change?

Rewrite your business plan – have you ever done one? What is the plan for the next 12 month or the next 3 years? Ideas and activities but also financial planning and forecasting.

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COVID-19 – AN EMPLOYERS GUIDE

Employers have a statutory duty to ensure the health and safety of employees whilst at work. Employers will not wish to put any employee at risk of contracting the Corona Virus while at work. But what do employers have to do in relation to paying their employees or providing them with time off?

This is a practical guide to employers on the issue on how to deal with employees who are affected by coronavirus and whether they have to be paid.

Employee who has Corona Virus

An employer's usual sick leave and pay entitlement policy will apply. An employer does not need to deviate from its normal position when someone is sick, but an employer should be flexible with regards to receiving a doctor's fit note as the employee will not be in a position to get this if they have been told to self-isolate. The Prime Minister announced that Statutory Sick Pay (SSP) will be paid from the first day off sick, not the usual fourth day. A sick note will be required after the fourteen-day isolation period if the employee remains off sick.

Employee who has been told to self-isolate by a doctor

In this case the employee is entitled to SSP from day 1. The government will reimburse the first 14 days of SSP.

Employer tells the employee not to come to work

In this case the employee is entitled to be paid as if they were in work.

Employee requiring time off to look after someone

If an employee's child is sick or their school closes employers should consider what the employee's contract says about time off for dependants. Employees are entitled to time off for this but there is no legal requirement to pay them for this time. Employers should take a flexible approach to this to see if any practical measures e.g. home working, could be put in place. Employers should

bear in mind that all employees should be treated equally.

A worried employee who does not want to come to work

Refusing to attend work can result in disciplinary action. However, in this highly unusual situation employers should listen to the employees concerns and see if an agreed approach can be taken, e.g. time off as holiday, flexible working such as working from home or unpaid leave.

Summary

Employers need to keep up to date with official advice from the Public Health Agencies to ensure they are keeping their staff as safe as possible. They should follow their own policies in relation to sick pay (taking account of the PM's announcements regarding SSP), sick leave and time off for dependants where possible and consider alternative arrangements for working if appropriate, e.g. home working or taking time off as holiday. A degree of flexibility by an employer, e.g. by paying sick pay when an employee is self-isolating even though not sick, may be better than an employee who is potentially infected coming to work anyway and spreading the virus.

REDUNDANCY

Redundancy should always be the last resort for any business. If there is no alternative to redundancy, employers must follow a fair procedure to avoid claims being brought against them for unfair dismissal. If you have a redundancy procedure this should be followed. If you do not have a redundancy procedure it is advisable to address this omission.

Voluntary Redundancy

Prior to compulsory redundancy employers could ask employees if they would like to volunteer for redundancy. Employers do not have to agree to their request, but it may assist the employer in avoiding compulsory redundancies depending on the circumstances. This voluntary redundancy can be in accordance with the statutory redundancy entitlement or an

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enhanced proposal. If voluntary redundancies are being accepted by employees, it is also advisable to do this via a Compromise Agreement to ensure there is a legally binding agreement.

Compulsory Redundancy

Notice to employees

Employers must provide written notice to employees or employee representatives of the proposed redundancies setting out the reasons why, who is affected, details of selection criteria to be used and the procedure to be followed together with details of redundancy payments.

Selection Criteria

Employers must ensure they choose a fair selection criteria for the at-risk employees to avoid any discrimination. e.g. part time workers are usually women so using that as a criteria may be indirectly discriminatory towards women. It should be fair, objective and consistent. Examples of fair criteria are:

- Attendance record
- Disciplinary record
- Skills & Experience
- Consultation

If you are making 20 or more employees redundant within a 90-day period, an employer has a statutory obligation to consult with either the employees' trade union representative or an elected representative of the affected employees. You must consult at least 30 days before the first dismissal if you have between 20-99 employees or 90 days if over 100 employees.

If you are making less than 20 employees redundant there is no fixed period of consultation required. It needs to be enough to be meaningful, so more than one meeting would be required. Employers should fully inform their employees why redundancies are proposed and listen to their employees' views and ideas before making a final decision.

Redundancy payments - statutory redundancy pay entitlement if employee has been working for the current employer for 2 years or more:

- half a week's pay for each full year aged under 22
- one week's pay for each full year aged 22 or older, but under 41
- one and half week's pay for each full year aged 41 or older

Length of service is capped at 20 years.

The weekly pay is capped at £525 and the maximum statutory redundancy is £15,750.

We are yet to hear if any of the above is going to be relaxed in the current rapidly changing situation.

Alternatives to redundancy

Negotiate – Speak to your staff and ask if they will agree to changes in their terms and conditions. An employer cannot vary an employee's terms and conditions without the agreement of the employee. If they did, the employee can resign and claim constructive dismissal.

Utilising Paid Leave / Holiday Leave to cover some closure period.

Agreed Unpaid leave

Lay-offs – A lay-off is a temporary suspension of employment for a short period of no more than 4 weeks. There must be an express term in the employees' contract of employment to enable them to be laid off and the employee may have a right to be paid depending on what it states in the contract. Employees are entitled to guaranteed pay during lay off or short time working. The maximum payment is £29 a day for 5 days in any 3-month period - so a maximum of £145. If income is usually less than £29 a day the employee's get their normal daily rate.

Reduced working hours – If the employment contract allows for this, employers can reduce the employee's hours but again the employee may be entitled to be paid.

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