THE OVERVIEW

ISSN 2048-4844 **JULY ISSUE 2018**

Taxing your break: time for a bed levy?

Should you rebrand?

Tips and troncs, a HOSPA guide

Welcome to THE OVERVIEW

The second Grimsey Review, released as this issue was being put together, painted a picture of the high street which was heavy on the tumbleweeds and low on hope.

Bill Grimsey, the former Wickes and Iceland Chief Executive, who first looked at the high street in 2013, said: “There is no point clinging to a sentimental vision of the past. We have to accept that there is already too much retail space in the UK and that bricks and mortar retailing can no longer be the anchor for thriving high streets and town centres.

“Towns must stop trying to compete with out-of-town shopping parks that are convenient and with free parking. They must create their own unique reason for communities to gather there - being interesting and engaging and altogether a compelling and great experience.”

Interesting and compelling community spaces you say? The rise of Starbucks pushed a whole new section of the community out of the home, who might not have favoured the pub, into the so-called Third Place. And to do the pub its credit, the likes of All Bar One had made pubs female-friendly, which irritated the Daily Mail, but all meant that the high street was thriving after the fruit and veg shops had closed for the night.

And then along came the downturn and Brexit. And the changes to business rates. To make town centres multi-use, the review suggests liberalising the planning system and empowering local government to make decisions.

Responding to the review, the British Retail Consortium said: “The current business rates system is unsustainable, has not kept pace with the 21st century economy and is preventing the transformation of the high street at a time when it is under considerable pressure. We need a wholesale modernisation of the business taxation system to relieve the burden of this disproportionate tax on retail businesses.”

The chances of a government, tied up on other matters and facing a falling tax take heeding these calls are not great. But the spectre of a deserted high street in this nation of shopkeepers is worthy of action.

Katherine Doggrell

Editor | katherine.doggrell@hospa.org

In July's issue...

HOSPA
Hospitality Finance, Revenue and IT Professionals

CEO

Jane Pendlebury
jane.pendlebury@hospa.org

Editor

Katherine Doggrell
+44 (0) 7985 401 831
katherine.doggrell@hospa.org

Editorial Board

David Nicolson
Chairman - Finance & Accounting Committee

David Pryde
Chairman - Information Technology Committee

Ally Northfield
Chairman - Revenue Management Committee

Alec Jones
Taxation Committee

Membership & Events

Robert Maloney
Membership Officer
rob.maloney@hospa.org

Tel: 0203 418 8196

Professional Development

Debra Adams
Head of Professional Development
debra.adams@hospa.org

Jane Scott
Programmes Coordinator
jane.scott@hospa.org

Tel: 01202 889 430

Publisher

Hospitality Professionals Association

The Overview online

You can login to the membership area on the HOSPA website and read this journal online plus archived copies in the members’ area are available at: **www.hospa.org**

HOSPA, Longdene House, Haslemere, Surrey, GU27 2PH

Going pro

HOSPA CEO Jane Pendlebury comments on the importance of education throughout your career

As I hope you all know, one of the most important things that we do at HOSPA is professional development. We have two main certifications, the first being Finance and the second Revenue Management. Both are popular courses with great feedback from the people who take the course or sponsor one or more of their team to complete the learning. Both courses come with three levels - Introductory, Operational and finally Strategic - and take six months each to complete.

Those who already have a lot of experience can join at a level to suit their already existing knowledge and skills, which means that - thanks to this tiered system - we have people from all levels of hospitality enrolling. In fact one of last years' highest scoring candidates was a General Manager who had wanted to truly understand revenue management.

The General Manager in question, David Clancy, is GM of the Leonardo Edinburgh Capital Hotel, and he had this to say about his experience: *"The course is designed to offer best practice and the work-based assessments definitely allow me to enhance my own revenue management decision-making across all the revenue generating outlets in my hotel. The knowledge and skills I have and am developing from participating in this course will assist in my day-to-day performance along with my career opportunities, and I am very grateful to the teaching and guidance offered by the team at HOSPA."*

It is fantastic that David has recognised the benefits a HOSPA course can bring. An experienced GM gaining so much from them, just serves to underline how worthwhile the courses are. It's a wonderful endorsement and our courses are something we encourage other GMs to look into. For further feedback on them, please see www.hospa.org/en/education/what-our-employers-say/

I recently read the article behind this link. www.hotelfinancialcoach.com/hospitality-financial-leadership-why-teaching-accounting-in-hotel-school-is-waste-of-time/ It's an interesting read, but in short David Lund's article suggests that teaching accounting in hotel schools is a waste of time. Given its seemingly negative spin, it might seem a strange choice for its inclusion in The Overview! However, on further reading, you will see how he makes a strong case for distinguishing between what should be being taught to future hotel operational managers as against what is appropriate for future financial managers.

It made me cast my mind back to my own university experience. The accounting element of my BSc in Catering was an area of deep concern for many of my contemporaries. We learned how to prepare a Balance Sheet and a P&L amongst other technical and mathematical tasks. I suspect the majority of those who are not directly involved in finance never have to do this. However, understanding how to read and comprehend the figures becomes crucially important as junior staff get promoted up through the organisation. The fundamentals of preparing a budget preparation and understanding cash flow are also key to future success.

There is no doubt that it's challenging for all colleges and universities to provide lecturers with the relevant knowledge and experience, as well as delivering courses that focus on the specialist aspects of operational and management accounting in the hospitality industry. The tools and textbooks that address these subjects adequately for non-financial managers are few and far between.

Where HOSPA can help is with its members' meetings and events programme. These highlight operational issues relevant to the sector, while our courses are geared to explaining and providing examples of standards applied within the industry such as the Uniform System of Accounts.

David Lund himself is a great example of a finance professional who is dedicated to supporting operational managers with the tools and information necessary for them to understand, interpret and act on financial data and to help them to be more effective without having to become accountants.

I would be really interested to hear your thoughts on this, Jane.Pendlebury@hospa.org

For more information on the HOSPA courses, please contact the Professional Development Team on 01202 889430 or education@hospa.org

Ketan Bhakta,
Cluster Accounts Manager at Jurys Inns

**Winner: Financial Management,
Stage 3, completed September 2017**

Ketan commenced the Financial Management programme in March 2016 and was the prize winner for Stage One back then and Stage Three in September 2017 for achieving the highest combined course work and examination grades. He is currently putting the finishing touches to his Learning Plan - a reflective journal of his learning experience with HOSPA.

Ketan is currently working in the position of Cluster Accounts Manager after graduating on the Jurys Inn two-year Finance Graduate Scheme. Through the programme he is gaining experience with both the operations and head office finance functions of Jurys Inn.

Prior to starting the programme, Ketan gained a 1st Class BA Hons in Accounting and Business Management. After completing the scheme, he hopes to gain a managerial position "with the view of becoming a Cluster Financial Controller in five years' time".

He tells us how he believes the Financial Management course is benefitting him now and how he thinks it will help him in the future:

"The current HOSPA programme provides a good theoretical resource which compliments my current role. HOSPA provides the opportunity to see the theory behind the daily tasks conducted and the exposure to more high level tasks such as creating Income Statements, Statement of Financial Position, etc. This provides greater understanding to the industry and provides greater value on the daily tasks conducted as it is beneficial to the company.
In addition, attaining a recognised qualification within the hospitality industry is favourable, as when progressing in the industry you can be recognised by experience and academically."

Ketan receiving his award from HOSPA Chairman, Harry Murray

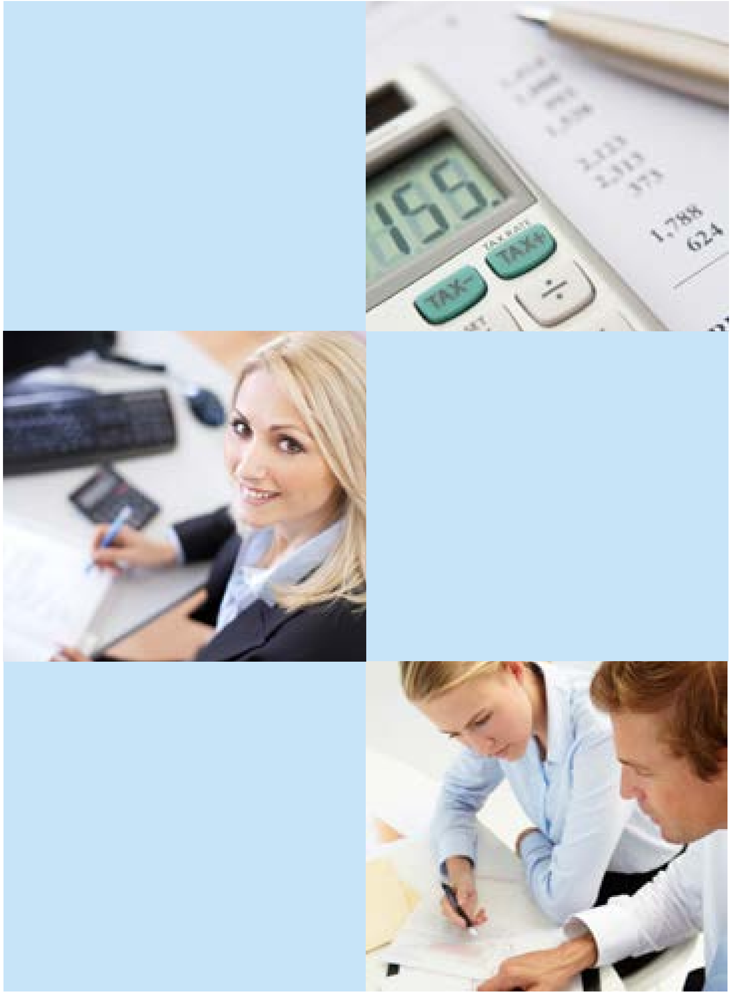
Studied in three Stages, the HOSPA programmes in Financial Management or Revenue Management cost £820 + VAT per Stage and enrolments are being accepted now for the September 2018 programmes. Contact education@hospa.org or visit the website at www.hospa.org/education

Meet the Professional Development Team

Calling all heads of Financial and Revenue Management divisions - the Professional Development Team are available to meet with you and your team members, cluster controllers and revenue executives to provide information about the HOSPA professional development programmes.

Enrolment for September start date begins now! We can visit you and present at your next team meeting.

Please email education@hospa.org



HOSPA

Hospitality Finance, Revenue and IT Professionals

Professional Development

Study with us on our flexible online programmes in Hospitality Finance

The HOSPA Financial Management and Accounting programme is the only course of its kind providing future finance managers in hotels, restaurants and leisure with an industry specific in-depth programme of study.

The course is focused on the requirements of the sector combining best practice from the Uniform System of Accounts for the Lodging Industry with statutory accounting. Studying with us:

- Provides the first step towards a professional accounting qualification
- Develops the skills and knowledge to manage a hospitality finance department
- Graduates receive exemption from two components of the CIMA Certificate in Business Accounting (2017 syllabus)
- Leads to HOSPA Associate (Cert Finance) membership of HOSPA on completion
- Is convenient and relevant to your career in hospitality finance

Enrolling now for September 2018, to learn more contact us:

education@hospa.org / +44 (0)1202 889430

www.hospa.org

HOSPA

Hospitality Finance, Revenue and IT Professionals

Professional Development

Learn about Revenue Management with HOSPA

This modular programme is delivered online and provides an opportunity to study in-depth the revenue management strategies and techniques applicable to the hospitality sector. You will benefit from:

- Expert tuition and guidance from leading practitioners
- Up-to-date course materials and access to industry journals
- A convenient modular approach
- Relevant and practical learning
- HOSPA Associate (Cert Revenue Management) membership of HOSPA on completion of the full programme

Introductory modules are available for those new to Revenue Management leading to modules designed specifically to enable learners to apply the techniques to every day practice.

Enrolling now for September 2018, to learn more contact us:

education@hospa.org / +44 (0)1202 889430

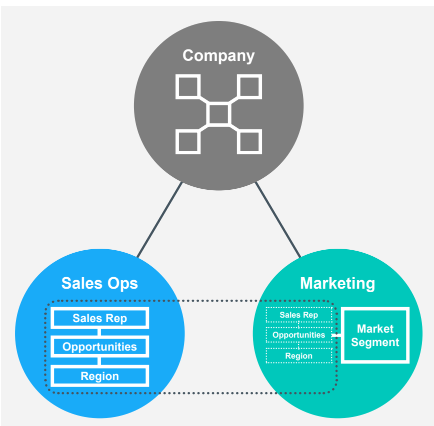
www.hospa.org

Introducing networked Business Intelligence

Moving beyond centralised and decentralised analytics

Networked BI is a new approach to analytics based on the idea that trusted and well-governed data is not at odds with speed and ease of use. It leverages new capabilities made available by modern technologies like loud computing - multi-tenancy, virtualisation, and web-scale architectures - to truly combine the centralised and decentralised models of BI, delivering the best aspects of both: end-user self-service without analytical silos. In a networked BI model, analytics are delivered and consumed in a way that mirrors how companies operate in the real world: by empowering business units and individuals to act independently, establishing mechanisms by which they can leverage and extend the work produced by other teams, and defining a common set of business rules that govern how everyone interacts. At the core of Networked BI is the concept of a "shared analytical fabric". The analytical fabric is a living network of data and insights that connects every part of an organisation. Every person plugged into the network can benefit from data produced by other people, as well as extend it with their own data. And because all data added to the fabric is governed under the same business logic, analytical silos are never created so there is no ambiguity around what a particular dimension or KPI means.

In a networked BI model for instance, a sales operations manager can analyse opportunities by salesperson across different regions. This analysis becomes part of the analytical fabric and can be shared with the marketing team. A campaign manager may then augment this analysis with her own data and expand it to include market segments, without impacting the work of the sales ops manager. The new insights extend the analytical fabric which, if appropriate, the entire company can share further for trusted collaboration. End users have autonomy to work with data on their own, while governance is maintained transparently.



This model creates fascinating possibilities. If one thinks of the analytical fabric as an organically grown - "crowdsourced," if you will - network of insights, it becomes a powerful method for harnessing the collective intelligence of an organisation, turning the idea of "enterprise business intelligence" into a reality. Another fundamental capability of Networked BI is multitenancy, which enables the creation of virtual - not physical - BI tenants that are connected with each other. The use of virtual instances is important because, traditionally, delivering trusted and reliable data across the enterprise (i.e., many individual users from multiple business units or multiple territories) largely depends on physical replication of BI infrastructure - not just hardware but also data, metadata, user profiles, system configurations, etc. - making it a time-consuming and expensive effort. Locally dedicated environments are required for development, testing and production, often with backup instances for mission critical applications. Administrators are tasked with managing constant data loads and metadata updates to maintain synchronisation across different environments. The result is restricted access to data, long wait times for the business and, ultimately, a barrier to end user self-service.

Thanks to multi-tenancy, a networked BI model enables IT organisations to deploy virtual copies of their production environments for testing and development at a dramatically faster rate than using a traditional approach. All configurations, data flows, analytic models, reports and dashboards are copied in one step. Once tests are complete, development, test, and production instances can be swapped instantaneously and without any interruptions to users.

To read more from this whitepaper visit https://bit.ly/2Lsl52I

Birst is an advanced networked business analytics platform. Organisations can achieve a new level of trusted insight and decision making by connecting their data and people via a network of analytics services. Birst scales from individuals to the enterprise in a manner that is smart, connected, and scalable. Learn more at www.Infor.com/birst

Costly questions

HOSPA's new finance chair, David Nicolson, addresses the current issues facing finance

What is the fastest-rising cost?

Energy

And what is the largest?

Wages

What can be done to control wage costs?

To have centralised shared services if you are part of a group of hotels. Our three (soon to be four) Jumeirah hotels in London have centralized shared services for IT, Payroll, Purchasing, Reservations, etc., and we certainly make a lot of savings by having these.

Labour cost needs to be planned better where there is flexible labour, i.e. if you know certain meal periods will be quiet, this needs to be reflected in the manning by taking on less agency workers, or by having permanent employees assist in other departments.

What is the most innovative way you have tried to cut energy costs?

We have installed LED lighting in all guest rooms and corridors.

We have introduced Powerstar Voltage Optimizers to regulate, clean and condition the incoming power supply in order to reduce the voltage supplied to the optimum level for the on-site electrical equipment and appliances.

We also have Frequency Inverters which is a power conversion device where it converts a basic fixed-frequency to a variable-frequency to control speed of induction motors. By controlling speed of a pump, energy savings can be substantial. By way of example, a speed reduction of 20% can yield energy savings of 50%.

How much of an impact do the OTAs have on costs? What's the best way to limit that?

OTA has a huge impact on the costs especially in the months when we are struggling for base business and have to really rely on OTAs and at times have to work with additional override commissions in order to have more presence on their platform. In order to limit the impact we are trying to build a strong and stable corporate business and then making sure we have more market presence of our own online platform.

Are the operators' direct booking programmes helping to cut costs? Or are they just a new cost?

Yes, they do help, but not as much to our company due to our limited presence in Europe.

How many costs can be passed along to the consumer?

The market is very competitive and everyone in the industry try to compete with other hotels and brands specifically on the rates and most of the times the strategy followed by us is to bring our rates in line with our competitors to get bigger share of the business and that makes it very difficult for us to pass the cost to the consumer.

David is not only HOSPA's finance chair, but also Vice President Finance - Europe, Jumeirah Group.

David Bridge named chair of new asset management community

With its expansion to include an asset management community, HOSPA has broadened the scope of its services to support an ever-growing cross-section of hospitality professionals.

With HOSPA's existing communities technical in nature, the incorporation of an asset management arm adds a strategic element to the association. Asset managers are regarded as the owners' representative, tasked with interpreting the wishes of a hotel's ownership to the operators conducting the day-to-day running, ensuring that both owner and operator share a common vision.

Through the appointment of David Bridge, an asset manager with more than 20 years' experience, the association is looking to utilise his expertise to ensure the community is fully focused on the needs of those working in asset management within the hospitality industry.

Jane Pendlebury, Chief Executive of HOSPA, said: *"We're delighted to expand HOSPA's remit to incorporate asset management, and David's appointment as chair is an important step as his lengthy experience will prove invaluable in ensuring we provide the right support for asset managers, while also helping us keep well abreast of developments specific to the role."*

As part of its new offering, the community will undertake regular meetings throughout the year, sharing industry knowledge and best practice, acting as a body to help bring together an often fragmented industry caused by the diverse interests and objectives of the various stakeholders.

David Bridge formed his own asset management consultancy in 2004. His career has focused predominantly on full service hotels throughout Europe, including such prestigious establishments as the Hilton Prague, Hotel Arts Barcelona, the Radisson Biarritz, the Strand Palace in London, Berns in Stockholm, the Fairmont Monte Carlo, as well as Chewton Glen and more.

David said of his appointment: *"I'm delighted to be appointed chair of HOSPA's asset management community. Asset management is often regarded as something of a mystery within the hospitality industry. We're looking to demystify the role, fostering greater understanding and encouraging talented individuals to consider careers as asset managers. I am particularly pleased by the breadth of experience and qualities of the committee and their desire to share that knowledge and experience."*

David was elected to his position of chair by key members of the HOSPA Board, having been heavily involved with the establishment of the asset management community.

With the community's structure now in place, HOSPA is looking to establish an asset management training/education programme. David Bridge commented: *"A HOSPA education course is a great opportunity for people to gain an understanding of asset management and the skills required. A lot of people have gained experience in other operational areas and then are unsure of where to go next. We want people to consider asset management as an option and see it as a good opportunity. Currently, a lot of asset management training is on the job, taking people from varying backgrounds and it would be good to create a new route into asset management supported by a professional education programme."*

David concluded: *"It's a privilege to be chosen as chair and I'm looking forward to getting involved in improving the working practices and guidance of the asset management community within the wider hospitality industry."*

For more information on HOSPA, please visit www.hospa.org/

How much should you spend on your brand and when should you spend it?

It is true that some businesses spend only a few thousand dollars on branding, while others spend tens of thousands or even hundreds of thousands of dollars. With such a large range, how do you know how much you should be spending?

Before we address how much, let's start with what might be even more important: when should you invest in your branding? The answer is the earlier the better, for two reasons. Firstly, if you leave your branding to the very last minute, there is often no time and very little money (if any) to create a brand that will communicate why you started up your business, its values and personality. Conveying these three basics of your business through effective branding is extremely important because it builds up the foundation for awareness and recognition around your brand, which is expensive and difficult to change later down the track.

Secondly, if you are a business that needs a fit out such as restaurant or shop, it's critical that a branding specialist is brought it at the design phase to give them the perfect opportunity to find spaces within your environment to place branding and find unique and potentially cost-effective ways to amplify your voice such as a mural, a bespoke sample station or even unique waiting area. Remember, branding includes paint colours, menus, lighting and even bathroom signage and implementing these at the time of the fit-out will save you thousands than if you had waited until after the fit out was complete.

How much should I spend?

As a rule of thumb, branding sits under marketing budget and it's recommended that your marketing budget should be 5-10% of your total yearly turnover. If you're in startup phase, estimate what your first year turnover is and work back from there.

As a rough guide, expect your branding to cost around £7,500 at a minimum, and the higher the budget means the more choice you have in terms of scope and scale of your rollout.

A word of warning about your logo: it's tempting to go to a site like 99Designs or Fiverr for cheap logo design. This is a great option IF you do your homework first and know your brand inside out so that you can write a very detailed and strong brief for the designer. This will ensure you wind up with something great, not something that will cost you in the long run.

How should I spend my budget?

The budget for your brand should be broken down into the initial cost of developing the brand (this is conceptualising the brand and creating the imagery) and then the cost of the rollout of the brand (which can be expensive if your business requires an extensive roll out such as stickers for cars, large or intricate signage or packaging and point of sale per retail outlet.)

Creating a list of priorities for your rollout will help you determine how much you can invest and can be broken into three categories: branded items that are business critical, branded items that give the maximum exposure for minimum dollar value and, finally, the 'nice to have' things.

For example, a restaurant's branded marketing material that is considered business critical would be a logo, website, signage, business or leave behind cards, menus, uniforms and an on-site branding consultation.

While a 'business critical' list is likely to have used up the majority of a £7,500 budget, determining extra branded items for maximum but cost-effective impact is still possible and as simple as looking at what will enhance your customer's experience with your business.

Depending on what your business is, this might be a pre-printed note, signed by the owner thanking the customer and offering them a discount for next time, which can easily be printed together with your business cards, saving time and money. Another example might be creating two or three branded coasters that you can rotate and which promote other products within your business. This will give you two to three months of marketing material for a relatively low cost.

There is value in creating a well-thought-out brand early on for your business and spending an affordable amount you're comfortable with in rolling it out. Changing branding a few years into trading is a nightmare and having to re-establish and shift customer awareness can cost you enormously.

About the author

Stella Gianotto is a branding guru who is passionate about making branding accessible and understandable for her clients. Stella teaches her clients how to navigate the muddy waters of branding through real world examples of branding in our everyday lives, and sharing her roads to success and the lessons she learned. Stella's presence in the industry has led to her contribution to several books, Marketing Brands Made Easy, Social Media Marketing: Write Up Your Tweet, Book of Amazing People, Well Spun: Big PR and Social Media Ideas for Small Business. As a business owner herself, Stella understands the juggle that every business owner has with time and finances and that has led her to help businesses understand how, and why, they should be branding their business.

New resources for HOSPA members…

Business Source® CORPORATE+PLUS™

This month we have up scaled the online resources available for HOSPA members by upgrading our EBSCO package to Business Source Corporate Plus.

Whether you are looking for the most recent articles from renowned trade publications, monitoring competitors and market trends or supporting business research, this invaluable resource serves cross-departmental business information needs for companies in any industry.

Users can find premium content from the world's top publishers including Harvard Business Press, Taylor & Francis, SAGE, Wiley and Routledge to name a few.

The Business Source® Corporate Plus database contains:

- ✓ Full text articles from over 5,000 high quality magazines and journals, ranging from general business periodicals (eg Forbes) and top management journals (eg Harvard Business Review), to industry specific publications (eg Leisure & Hospitality Business, International Journal of Contemporary Hospitality Management, Hotel Management)
- ✓ More than 500 full-text books
- ✓ More than 1,400 country economic reports from EIU, Global Insight, ICON Group International, CountryWatch, etc
- ✓ 10,150 extensive company profiles
- ✓ More than 5,200 industry reports
- ✓ More than 3,000 SWOT analyses
- ✓ Access to Regional Business News which is updated daily provides full text for more than 80 regional US and Canadian business publications
- ✓ Access to the daily updated McClatchy-Tribune Collection that includes a 90-day archive of more than 290 newspapers from the McClatchy-Tribune wire service

The EBSCO link is located in the member's area on the HOSPA website - you will need your username and password to login which can be retrieved from the HOSPA membership office by emailing suzie@hospa.org

Happy learning!

Useful links…

www.hospa.org/en/resources/ebsco/

Get yourself tipped off

HOSPA has produced a guide to support the UK hospitality industry in its efforts to make long-established practices around tips, gratuities, service charges and troncs more transparent and fair. In doing so, we have also highlighted practices which are no longer 'fit for purpose'.

UK hospitality businesses are in a unique situation among service businesses. A thriving, innovative and high profile sector, it is constantly challenged to meet the expectations and perceptions of the public, employees, investors and authorities.

In trying to meet this challenge, practices around the distribution of tips, gratuities and service charges are regularly called into the spotlight. This new guide seeks to explain your options for distributing this money in a way that complies with the law. It also outlines the tax implications of each option.

Tips, gratuities and service charges in the UK hospitality industry

Service staff in restaurants, bars, hotels and event locations work as a team to provide different elements of the total experience to the customer. However, the relationship is sometimes perceived as a personal one with individual customer-facing staff members. As a result, the customer often sees tips (or gratuities) as an additional reward for the staff member they deal with most directly.

Service charges are often applied in restaurants, bars and hotels - usually as a percentage ranging from 10 to 15 percent of the menu or tariff price, or 5 percent of the accommodation price. In practice, similar percentages are sometimes added voluntarily by customers as tips or gratuities, where no service charge applies.

Service charge revenue and tips paid with a credit or debit card can lawfully be retained by the business. The same legal status does not apply to tips paid by cash and this needs to be treated differently.

Most businesses distribute some or all of the discretionary revenues they receive from customers to their employees or use them as part of their pay structures. These are just a few of the factors that contribute to the complexity of the subject.

Using a tronc

Many hospitality businesses operate a 'tronc' for the collection and distribution of non-cash tips and discretionary service charges. Distributing these funds through a tronc provides financial and operational benefits for all parties - business owner, employee and customer.

Troncs have grown in popularity as more and more customers choose to use payment cards over cash for their transactions. This means tips and gratuities increasingly fall under the legal ownership of the business, and it is down to the business to decide how to distribute it and who receives a share. Most employers favor using a tronc to do this as the tax liability on the distribution is the same as it would be for a cash tip.

In this guide we explain the rules of operation for a tronc as well as what is required for it to be recognised for tax purposes.

What makes this subject so special to the UK hospitality industry?

For many employees in the hospitality industry, part of their earnings are considered to be separate from their remuneration from their employer. This is the part that comes from discretionary payments made by customers for the service they receive.

Employers recognise that every staff member plays a part in delivering the service to the customer, and look to include a wider pool of team members in the distribution of the tips and gratuities under their control. Naturally this leads to a range of different approaches and policies across the industry. Such variations can result in frustrations and misunderstandings. As a consequence, the government, unions, employers, consumer bodies and the industry are keen to develop standards that address the key issues and that are relevant to today's business environment.

This guide is designed to inform and assist in those deliberations. Transparency is an important principle on which to base the growing body of best practice standards. The aim should be for hospitality businesses to remain free to set policies that work for them and that they communicate their practices clearly and openly to employees and customers.

For more information on the guide, please contact jane.pendlebury@hospa.org

Hull's new kitchen

HOSPA Fellow Jim Doyle continues his series looking at the evolution of hospitality in Hull

Last year I wrote an article updating HOSPA about the impact that being 2017 City of Culture was having on the hospitality sector in Hull.

The new £25million Doubletree by Hilton, just five minutes' walk from Hull's Ferensway mainline railway station, opened its doors in December 2017 and has made an immediate impact across East Yorkshire.

Apart from the 165 brand new bedrooms, the enormous conference facility can host gatherings requiring 1,000 attendees. This is a 'first' for Hull and East Yorkshire, and major events that have already been held during its first year of operation include REYTA [Remarkable East Yorkshire Tourism Awards], Golden Hearts Award, the hotel's own Grand Opening and the Disability Sports Awards.

To emphasise the wider impact the new 'modular construction' building has had, the hotel won the Conference Hospitality Show's 'Best Large Conference and Exhibition Space Award' at the first time of asking in Manchester earlier this year.

Operationally, Ekaterina Vasilyeva, Sales Manager, is delighted with the customer response since opening. Occupancy percentages are approaching industry standard levels, staff retention is excellent, the Rooftop bar and Terrace 'Lexington' outside terrace is proving popular with its panoramic skyline views of the city and of course the iconic Humber Bridge, as is the new to Hull 'Marco Pierre White Steakhouse Bar and Grill' that caters for all occasions.

Ekaterina is planning to increase utilisation of new and existing meeting rooms both for specific bookings and to enhance conference 'breakout' sessions.

As HOSPA membership numbers from Northern England and Scotland grows, our own requirements for event space could be easily met in Hull. The huge Ballroom has been constructed to allow simultaneous events if required as the space can be divided into a number of combinations - for example a buffet for 300 in Room One, a dinner for 250 in Room Two, leaving two smaller sub-divisions for gatherings of up to 80 attendees.

To reiterate what I reported last year, visits to Hull that include transportation from London by Hull Trains, UK's Rail Operator of the Year, seats at Hull Truck, the internationally renowned theatre, and the comfort, hospitality and service of East Yorkshire's newest and plushest Four Star hotel, will provide ample proof that the positive legacy of City of Culture status is very tangible.

Together with its easy access to golden beach resorts such as Filey and Scarborough, the rolling Yorkshire Wolds and the ruggedly beautiful North Yorkshire Moors, Hull continues to consolidate its position as a destination of choice.

Jim Doyle is a Fellow of HOSPA and provides non-executive solutions, constructive challenge and strategic perspective for a portfolio of clients across the Humber Region and North East.

Tax break

Edinburgh has become the latest city to consider a tourism tax, to help fund local businesses put under pressure by rising visitor numbers. The plans have been roundly attacked, Katherine Doggrell reports.

Last month City of Edinburgh Council leader Adam McVey commented on Twitter that a tax would be introduced in the city "in the next 12 months". The tweet followed almost six months of debate in the Scottish capital over a "transient visitor levy" or bed tax, which would see one pound added to bills per bed per night.

In a debate on the issue, McVey said: "It would be an underestimate to say this has been a long time coming. I absolutely defend not only the festivals and their fantastic contribution to our city's culture and our city's fabric. It has probably the most vibrant hospitality sector in the entire world, supporting tens of thousands of jobs right here in Edinburgh and raising millions of pounds not only in wages and in taxes but in other contributions and benefits for a whole host of other things including some of our services like some of our museums.

"That said, with such a level of vibrancy come consequences that we need to manage and mitigate. The transient visitor levy is all about trying to raise additional money, a small levy placed on particularly the hotels in [a city with] one of the most regularly highest occupancy rates anywhere outside London.

"It is a very, very strong hotel market in this city and to ask them to add a small levy to those stays in helping us fund the things that we pay for to create that vibrancy."

Enacting the tax would require the Scottish government to grant the council the power, by no means a certainty.

UKHospitality Chief Executive Kate Nicholls said: "The introduction of another tax aimed at hardworking, innovative and economically and socially important hotels in Edinburgh could be potentially disastrous knock-on impact on businesses.

"Adam McVey has rather blithely announced on social media that a tourist tax would be introduced in the city within 12 months; yet there has been no meaningful consultation with the businesses at risk and no wider discussion with the national organisations representing the hospitality and tourism sector.

"Hotels and hospitality businesses are already facing a mountain of costs and any additional tax, no matter the cost, would present vital employers with a significant barrier to growth an investment. The UK is one of only three EU countries which does not have a reduced rate of VAT on hotel and tourism services - by comparison, the rate of VAT on hotel rooms in EU countries is about half of the 20% rate applied in the UK. In the majority of EU countries which have some form of tourist tax, there is a reduced rate of tourism VAT.

"The Scottish Government is rightly of the opinion that any such tax would be harmful to businesses in the country and we welcome Tourism Minister Fiona Hyslop's assertion that no measure should or could be introduced without agreement from the Government and discussions with the hotel sector.

"UKHospitality and its predecessors the ALMR and BHA have consistently opposed the introduction of any tourist taxes in the UK and today the UKHospitality Board met in London to confirm its ongoing opposition to such a costly and potentially destructive measure.

"No tourist tax, in any part of Scotland or the rest of the UK, should even be considered without the full involvement of the hospitality sector. A full and wide-ranging consultation must first be carried out, in order to gauge the appetite of the sector and for policy-makers to identify the pros and cons of such a measure."

Nonetheless, tourism taxes are a growing trend. At the end of last year Malaysia and the Balearic Islands both focused attention on tourism taxes, as they sought to control visitor numbers.

The efforts came as the UNWTO reported that destinations worldwide welcomed 598 million international tourists in the first six months of 2017, some 36 million more than in the same period of 2016.

At 6%, growth in overnight stays was well above the trend of recent years, making the current January-June period the strongest half-year since 2010.

"The first half of 2017 shows healthy growth in an increasingly dynamic and resilient tourism market, including a strong recovery in some of the destinations impacted by security challenges last year", said UNWTO secretary-general Taleb Rifai.

"It's how we manage it that counts', international travel creates jobs, economic growth and development opportunities for many communities around the world. But this source of prosperity needs to be managed efficiently, for the good of visitors and host communities alike. This year we celebrate the International Year of Sustainable Tourism for Development, to remind destinations and travellers that we must work for a sustainable tourism sector that protects the environment, preserves the cultural heritage of destinations, and fosters respect for local communities everywhere."

Mediterranean destinations reported particularly strong growth in the first half of 2017, as reflected in the results for Southern and Mediterranean Europe (+12%), North Africa (+16%) and the Middle East (+9%). This trend is driven by the continued strength of many destinations in the area, combined with a significant rebound in destinations that suffered decreases in previous years, such as Turkey, Egypt and Tunisia.

In the Balearic Islands, Biel Barceló, tourism minister, announced that the rate of tourist tax introduced last year would double in 2018, ranging from EUR1 per day for hostels to EUR4 at the top end of the market.

Barceló said: "It will help us to enhance the balance between the impact of tourism on locals and the contribution made by the people who visit us. It will be a tool to help us build solidarity between visitors and residents."

Barceló also announced a cap on the number of tourism beds in the islands, to 623,624, with plans to cut that by 120,000 over the next few years.

In Malaysia, a nightly occupation tax has been introduced at a flat rate of MR10 (USD2), with only foreign tourists being charged. According to the Royal Malaysian Customs Department: "The returns will be used to develop the tourism industry, namely the enhancement of tourism infrastructure and facilities, as well as tourism promotional activities and campaigns for the country."

It will also be used to "protect, preserve and conserve" Malaysia's environment, culture and heritage. Unlike the Balearic Islands, the tax will not apply to homestays.

Closer to home, London mayor Sadiq Khan joined Edinburgh in mooting a bed tax, as occupancy across the country remains buoyant.

News of a potential tax was attacked by the industry as "a retrograde step for UK tourism".

Khan made the proposal as part of wider plans to devolve more powers to London, an act he said would help to "protect jobs, growth and prosperity". Khan was commenting on a report by the London Finance Commission, which said that a tax of 5% of the nightly room rate would raise GBP240m.

This is not the first time Khan has pushed for a bed tax. When he was shadow minister for London in 2013, he wrote a column for the London Evening Standard in which he called for the capital to have "greater control over its finances" and drew attention to the "tourism contribution" which city's such as Venice, Barcelona, Hamburg and Amsterdam were able to levy, which "works for the tourism industry, doesn't penalise local people and has the sole purpose of improving and promoting the city".

As we have written before in these pages, tourist numbers are only going to rise and the pressure placed on cities such as London and Edinburgh must be balanced with the income and goodwill they generate. For cities wanting to limit numbers, the only effective deterrent is price or licences, seen in their extreme on the Galapagos Islands, where visitors must pay an entrance fee. Venice is considering similar. Be careful what you wish for.

Final straw for hospitality

This year has seen single-use plastics targeted by environmental campaigners, with the sector responding to calls to act more responsibly, reports Katherine Doggrell

In May the European Commission proposed new EU-wide rules to target the 10 single-use plastic products most often found on Europe's beaches and seas, as well as lost and abandoned fishing gear.

Where alternatives are readily available and affordable, single-use plastic products will be banned from the market. For products without straight-forward alternatives, the focus was on limiting their use through a national reduction in consumption; design and labelling requirements and waste management/clean-up obligations for producers. Together, the new rules will put Europe ahead of the curve on an issue with global implications.

First Vice-President Frans Timmermans, responsible for sustainable development said: "This Commission promised to be big on the big issues and leave the rest to Member States. Plastic waste is undeniably a big issue and Europeans need to act together to tackle this problem, because plastic waste ends up in our air, our soil, our oceans, and in our food. Today's proposals will reduce single use plastics on our supermarket shelves through a range of measures. We will ban some of these items, and substitute them with cleaner alternatives so people can still use their favourite products."

Vice-President Jyrki Katainen, responsible for jobs, growth, investment and competitiveness, added: "Plastic can be fantastic, but we need to use it more responsibly. Single use plastics are not a smart economic or environmental choice, and today's proposals will help business and consumers to move towards sustainable alternatives. This is an opportunity for Europe to lead the way, creating products that the world will demand for decades to come, and extracting more economic value from our precious and limited resources. Our collection target for plastic bottles will also help to generate the necessary volumes for a thriving plastic recycling industry."

After addressing plastic bags in 2015, 72% of Europeans said they have cut down on their use of plastic bags (Eurobarometer). The EU is now turning its attention to the 10 single-use plastic products and fishing gear that together account for 70% of the marine litter in Europe. The new rules will introduce:

- Plastic ban in certain products: Where alternatives are readily available and affordable, single-use plastic products will be banned from the market. The ban will apply to plastic cotton buds, cutlery, plates, straws, drink stirrers and sticks for balloons which will all have to be made exclusively from more sustainable materials instead. Single-use drinks containers made with plastic will only be allowed on the market if their caps and lids remain attached;
- Consumption reduction targets: Member States will have to reduce the use of plastic food containers and drinks cups. They can do so by setting national reduction targets, making alternative products available at the point of sale, or ensuring that single-use plastic products cannot be provided free of charge;
- Obligations for producers: Producers will help cover the costs of waste management and clean-up, as well as awareness raising measures for food containers, packets and wrappers (such as for crisps and sweets), drinks containers and cups, tobacco products with filters (such as cigarette butts), wet wipes, balloons, and lightweight plastic bags. The industry will also be given incentives to develop less polluting alternatives for these products;
- Collection targets: Member States will be obliged to collect 90% of single-use plastic drinks bottles by 2025, for example through deposit refund schemes;

- Labelling Requirements: Certain products will require a clear and standardised labelling which indicates how waste should be disposed, the negative environmental impact of the product, and the presence of plastics in the products. This will apply to sanitary towels, wet wipes and balloons;
- Awareness-raising measures: Member States will be obliged to raise consumers' awareness about the negative impact of littering of single-use plastics and fishing gear as well as about the available re-use systems and waste management options for all these products.

The increase profile of the issue has been met with action by several groups in the hospitality sector. Iberostar Group was ahead of the game, announcing last year that it planned to eliminate all single-use plastics from its rooms by summer 2018 in its 36 hotels in Spain and by 2019 in the more than 110 Iberostar hotels around the world.

Iberostar will be eliminating two and a half million single use plastics from its hotel rooms.

The measure will enable the company to reduce the production and use of 175,000 kg of plastics, the equivalent of just under 90,000 tons of oil or the weight of 100 compact vehicles.

Thanks to this initiative, regular products including bathroom amenities, bags for slippers or clothing and minibar items will be replaced by others made of alternative materials such as glass, compostable cardboard or renewable plant-based items. Eliminating the 1.5 million plastic bottles that will no longer be used in Iberostar hotel rooms each year will prevent the generation of 43 tons of plastic waste in Spain alone, the company estimated.

Last month Marriott International announced that it had adopted a plan to remove disposable plastic straws and plastic stirrers from its more than 6,500 properties across 30 brands around the world. Once fully implemented in one year, the company could eliminate the use of more than 1 billion plastic straws per year and about a quarter billion stirrers. A single plastic straw - which might be used for about 15 minutes - will never fully decompose.

"We are proud to be among the first large US companies to announce that we're eliminating plastic straws in our properties worldwide," said Arne Sorenson, President and Chief Executive Officer of Marriott International. "Removing plastic straws is one of the simplest ways our guests can contribute to plastic reduction when staying with us - something they are increasingly concerned about and are already doing in their own homes. We are committed to operating responsibly and - with over one million guests staying with us every night - we think this is a powerful step forward to reducing our reliance on plastics."

Marriott's plastic straw initiative was the latest change the hospitality company is making to enhance the sustainability of its operations and reduce plastic consumption. Earlier this year, Marriott began replacing small toiletry bottles in the guest bathrooms of about 450 select-service hotels with larger, in-shower dispensers that distribute more product for guests to use, reducing waste. The new toiletry dispensers are expected to be in place at more than 1,500 hotels in North America by the end of this year, which would enable Marriott to eliminate more than 35 million small plastic toiletry bottles annually that typically go to landfills.

Last year, the company set a target to reduce landfill waste by 45% and responsibly sourcing its top 10 product purchase categories by 2025.

"Our guests come to stay with us to enjoy Maui's beautiful environment and incredible marine life, so they're as eager as we are to reduce harmful pollution," said Sheraton Maui Resort & Spa General Manager Tetsuji Yamazaki. "By eliminating plastic straws, we have been able to create a substantive dialogue with our guests about the importance of protecting the ocean and endangered animals like the honu (green sea turtle)."

In conjunction with its plastic straw initiative announcement, the company is also eliminating plastic straws from its corporate headquarters.

Marriott International's plastic straw initiative will take full effect at both managed and franchised properties by July 2019, giving hotel owners and franchisees time to deplete their existing supply of plastic straws, identify sources of alternate straws and educate staff to modify customer service. As part of the initiative, hotels will offer alternative straws upon request.

The wider hospitality sector has seen chains including Costa Coffee, Wetherspoons and Pizza Express announce plans to phase out plastic straws in favour of biodegradable paper.

Next on the list for the sector, with coffee houses in particular being targeted, are single-use cups. Costa Coffee has committed to recycling the same volume of cups it puts onto the market in a bid to tackle the challenge of coffee cup recycling and to stop them ending up in landfill.

The coffee shop will recycle up to 500 million coffee cups a year by 2020, the equivalent of its entire yearly sales of takeaway cups and a fifth of the 2.5 billion takeaway coffee cups consumed as a nation each year.

Takeaway coffee cups can be recycled but they must be collected correctly and sent to the right recycling plants. Costa will pay to make sure takeaway coffee cups are collected and sent to those paper mills which can recycle them.

Costa will pay a supplement of £70 to the waste collectors for every tonne of cups collected. This takes the value of one tonne of cups from being worth on average £50 to £120, a 140% increase, making it commercially and financially attractive for waste collectors to put in place the infrastructure and processes to collect, sort and transport coffee cups to recycling plants, meaning fewer cups will end up in landfill.

Dominic Paul, Managing Director for Costa, said: "Costa is putting its money where its mouth is to find an immediate solution to increasing the volume of takeaway coffee cups being recycled in the UK. It also dispels the myth that coffee cups can't be recycled!

"Following today's announcement up to 100 million cups will be recycled this year alone and if the nation's other coffee chains sign up, there is no reason why all takeaway cups could not be recycled by as early as 2020."

Environment Minister Thérèse Coffey, said: "Congratulations Costa on taking this significant step to help coffee lovers do the right thing and increase recycling. We all have a responsibility to our environment and this is a significant step by a British business which should dramatically increase the number of disposable coffee cups we recycle in this country.

"We want to help companies become plastic free and through our 25 Year Environment Plan we are putting in place the ambitions to encourage all of us to play our part in ending the scourge of plastic waste in our natural environment."

While there has been some high profile uptake in the effort to cut plastic waste, many in hospitality could find the decision taken from them. Seattle has become the first major city in the US to implement a ban on single-use plastic straws and utensils, with New York also considering the move. The city's politicians adopted the ban in 2008, but gave restaurant owners years to find alternatives to plastic straws and cutlery, including compostable items. As of 1 July, every infraction of the new ban cost restaurants owners $250.

The tide is turning.

Investors drop into pubs

After years of playing second fiddle to casual dining brands, pubs are whetting the appetite of investors.

The 'return of the pub' is set to play a dominant role in the M&A market over the next few years, according to the Restaurants and Bars Report published by accountancy and business advisory firm BDO.

High quality pub businesses are in high demand as craft beers, spirits and experiential propositions continue to pull in the punters and create strong returns for investors.

In addition, with consumers revelling in the prolonged hot weather and England continuing its World Cup run, the sector is set for a bumper summer which will further pique the interest of those looking for attractive returns.

Unlike the casual dining sector - which has seen a number of high profile businesses struggle including Jamie's Italian, Prezzo and Strada - pubs are enjoying the attention from a broad and varied trade buyer pool, with large and regional brewers said to be looking to boost their distribution capability through acquisition.

Private equity interest remains strong for operators with differentiated propositions. Pub groups such as ETM, New World Trading Company and Brewhouse & Kitchen are all rumoured to be in PE conversations.

Mark Edwards, head of the restaurant and bars sector at BDO, said:

"Pub numbers have gradually fallen over the last few decades. The trade has been dealt blow after blow with legislative changes, falling discretionary spending, sky high rents and cheap supermarket alternatives.

"But things are definitely looking up. Demand has now met supply and that has presented an opportunity for differentiated operators to deliver strong like-for-like growth. The casual dining market on the other hand remains challenging; competition is high, margins are being squeezed and the future looks tough for those that aren't best in class for concept (to entice consumers) and operational performance (to protect margins)."

BDO says conversations with investors are centred on experiential, localised and tailored pub experiences that are driving up margins.

Edwards adds:

"Quality pubs have proved to be resilient assets. They have played an important part in our high streets, cities and local communities for hundreds of years and have successfully adapted to ever-changing consumer demands.

"There are a number of exciting, fast-growing managed pub and bar groups that are likely to be on the radar of investors. We can expect a wave of consolidation in the next 12-18 months."

The return of the pub: five themes shaping conversations with investors

1. The return of the local - operators taking a hyper-local view are successfully creating value in local communities
2. Independence day - consumers want authentic pub experiences so those that can flex and tailor their offering to deliver authentic guest experiences have the edge over less nimble competitors
3. Experiential propositions - millennials are showing a preference for experiences over material goods as they search for 'instagrammable moments'
4. Premiumisation - craft beers, craft spirits and independent coffee brands provide higher growth potential and higher margins for businesses and investors
5. Accommodation - pubs that can sweat their assets fully and take advantage of the boom in accommodation sales by converting 'upper parts' are not going unnoticed.

Fish drives price rises

This month sees the Foodservice Price Index reach its highest point since publication began. One of the main drivers this month was Fish which saw a 14.3% month on month increase. The Dairy category also experienced a large month on month swing which is partly due to seasonality. Oils & Fats increased in May due to poor rapeseed growth and high crude oil prices, but the price of soybeans has begun to fall following the introduction of Chinese tariffs on US crop.

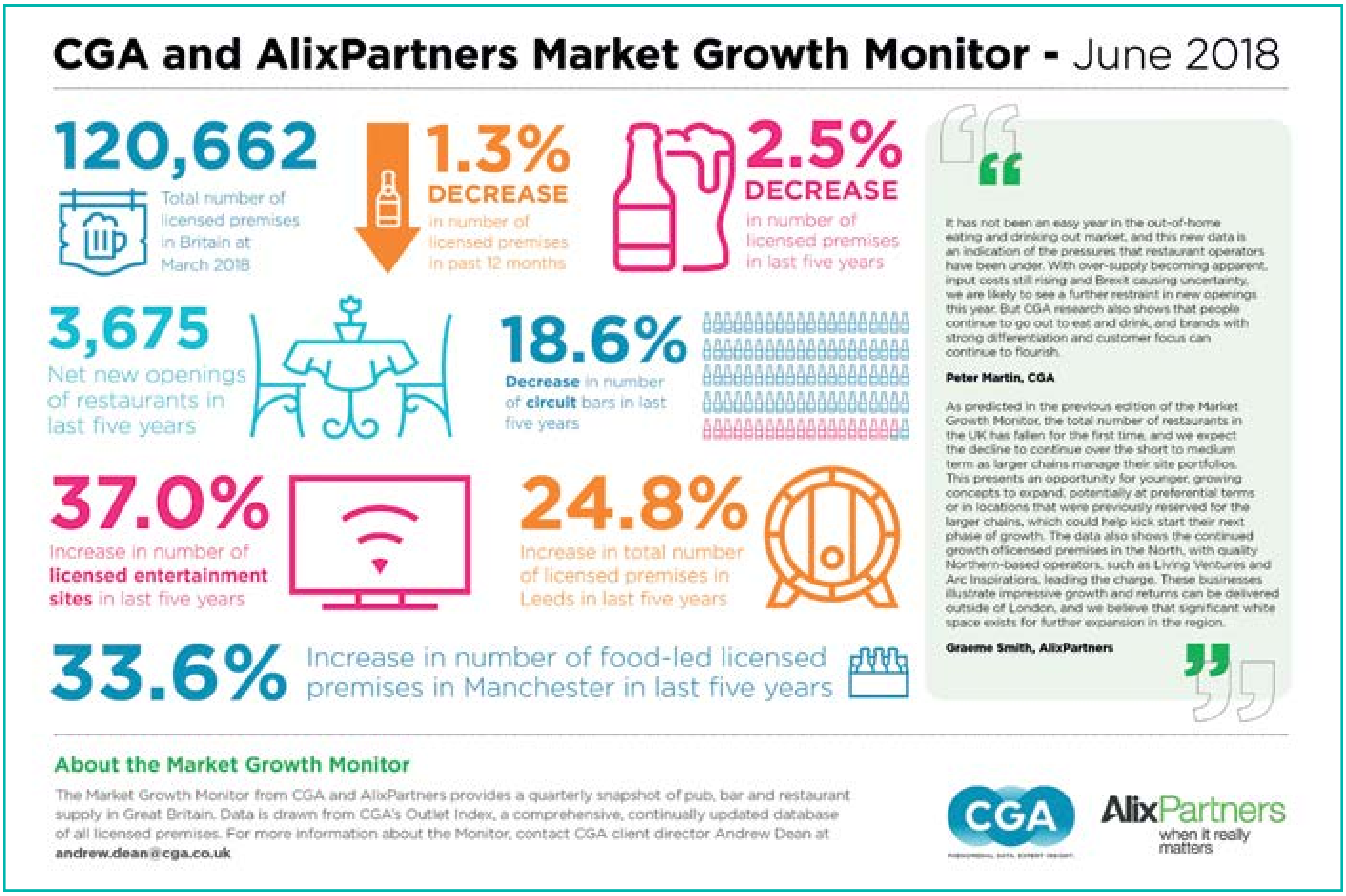
Fish has reached a new high of 136.9 this month, pushing inflation to 23.8% and further demonstrating the high volatility of this category. Salmon prices reached a peak for the current year at the start of May and catches of both cod & haddock were poor. High salmon pricing has been driven by both strong demand, especially in the US, and the increasing price of crude oil which has a correlation to the value of the Norwegian Krone, a key trading currency for salmon. Adding to the troubles in this sector, the International Council for the Exploration of the Sea (ICES) have recently recommended a reduction of quotas for cod and haddock by 13% and 25% respectively in the Barents Sea. This stretch of water between Norway and Russia is the world's largest source of the two species and if the countries follow these recommendations supply will drop significantly. Recent catches have already been smaller than expected, so prices for these national favourites should remain firm for the near future.

In the Dairy category, butter prices have risen sharply, and fear is growing of a repeat of last year's butter crisis. Whilst milk production has increased since last year growth has been slowing and is forecast lower than initially expected. The category jumped 11% this month from April, but this is partly due to seasonal trends as a similar jump was seen last year, however the behaviour is slightly deflationary year-on-year. We have previously reported on farmgate milk price increases and some sources now suggest we could hit 30ppl in the next few months despite current average pricing at 27.4ppl.

Oils & Fats continues to make headlines with inflation remaining at nearly 30%. We have seen the index of this category increase since the beginning of the year, however, there are several factors that indicate that prices could ease soon. June saw an announcement from OPEC+ that total crude output will be increased by 1 million barrels per day, returning to supply levels similar to last year. Oilseed prices have also fallen as US farmers tried to find alternative markets for their soybean exports following retaliatory measures from China who increased their import tariffs on the crop. A lack of alternative buyers, combined with optimal weather, resulted in US market prices falling several percent. The effect on Europe was weakened by currency movements in the Dollar, but we may start to see the Oils & Fats category fall due to continued oversupply in the US. Once autumn arrives this may reverse as China starts to purchase more soybean from Russia & the Baltic, traditionally Europe's source for soybeans, reducing availability and pushing prices up.

In other categories, Sugars, Jams & Syrups are continuing their deflationary trend, however India, the second largest producer, has recently implemented minimum pricing to combat current market flooding. Brazil's largest sugar processor is also keen to increase ethanol production until prices on ground sugar rise back up to profitable levels. Finally, the Ambient Hot Beverages category sees Ghana & the Ivory Coast planning to coordinate on production, processing & pricing of cocoa beans in hopes of receiving more of the value associated with chocolate production. There is a real possibility of them becoming the OPEC of cocoa as the organisation only controls 40% of global oil production, while the two countries control 60% between them.

Restaurant numbers drop 0.4% in a year



Amid fears of oversupply in the restaurant market, the latest Market Growth Monitor from CGA and AlixPartners shows that numbers are beginning to fall

The number of restaurants in Britain fell by 0.4% in the year to March, the new edition of the Market Growth Monitor from CGA and AlixPartners reveals.

The decline comes amid fears among many operators of oversupply of sites in the market and is a sign of the challenges that are currently faced by casual dining operators, following a sustained period of new openings. Market Growth Monitor data shows that restaurant numbers rose by 15.6% since March 2013, but planned site closures by several major brands have now helped to contribute to a fall over the last 12 months. The 0.4% decline is equivalent to nearly two net closures a week in the restaurant sector.

Research from CGA's suite of market-leading sources indicates broadly flat sales, rising food costs and modest but improving confidence among leaders of the out-of-home eating and drinking sectors. A further retrenchment in restaurant numbers is now likely in the second half of 2018, the Monitor suggests - though many casual dining brands continue to expand their estates around Britain.

Across all licensed premises, the Market Growth Monitor records a 1.3% fall in numbers in the 12 months to March 2018. That marks an acceleration in the pace of closures since the last edition of the Monitor, which recorded a year on year drop of 0.3%.

But despite the challenges in some sectors and some parts of Britain, the Monitor also identifies a more positive picture in other areas - especially major cities in the north of England. In Leeds, the number of food-led licensed premises rocketed by 37.9% in the five years to March 2018, with growth in Manchester (33.6%) and Liverpool (31.9%) nearly as steep. The report also shows a rise in the number of entertainment-based licensed premises, contrasting with a decline in circuit bars.

The quarterly Market Growth Monitor is an exclusive snapshot of Britain's licensed premises, and provides deep insights into restaurant, pub, and bar supply across the country. Its data is drawn from CGA's Outlet Index, a comprehensive and continually updated database of all licensed premises.

CGA vice president Peter Martin said: "It has not been an easy year in the out-of-home eating and drinking out market, and this new data is an indication of the pressures that restaurant operators have been under. With over-supply becoming apparent, input costs still rising and Brexit causing uncertainty, we are likely to see a further restraint in new openings this year. But CGA research also shows that people continue to go out to eat and drink, and brands with strong differentiation and customer focus can continue to flourish."

AlixPartners managing director Graeme Smith said: "As predicted in the previous edition of the Market Growth Monitor, the total number of restaurants in the UK has fallen for the first time, and we expect the decline to continue over the short to medium term as larger chains manage their site portfolios. This presents an opportunity for younger, growing concepts to expand, potentially at preferential terms or in locations that were previously reserved for the larger chains, which could help kick start their next phase of growth."

Football boosts pub takings

Britain's pubs enjoyed a mini sales boom in June thanks to the hot weather and the start of the World Cup, latest figures from the Coffer Peach Business Tracker confirm. But while the country's managed pub and bar groups saw collective like-for-like sales rise 2.8% against last June, restaurant groups were suffering in the heat with a 1.8% fall in like-for-like trading.

Overall, and despite the differing fortunes of pub and restaurant businesses, the combined managed pub, bar and restaurant sector saw like-for-likes up 1.1% in June.

"Sun and football are usually good news for the pub trade - and with England's World Cup run and the hot weather continuing into July, we should expect more positive trading," said Peter Martin, vice president of CGA, the business insight consultancy that produces the Tracker, in partnership with Coffer Group and RSM.

"Better news is that the usual drop off in restaurant sales during good weather and big sporting events is not cancelling out the boost for pubs and bars. Overall the market is up, and that follows a 1.4% increase for the sector as a whole in May," Martin added.

Regionally London did better than the rest of the country in June, with pub sales up 3.7%, and restaurants down just 0.4%, compared to a 2.3% like-for-like decline outside the M25.

"Not surprisingly, drink-led pubs have performed particularly well, and across the managed pub market drink sales were ahead 5.1%, with food up only 0.3%, for the month," Martin added.

"A month of sunshine and the World Cup may be good news for drinks led businesses but was always going to be tougher for food led operators," added Paul Newman, head of leisure and hospitality at RSM: "However, there will be a sense of optimism for many restaurants with the year on year fall at less than 2%. With the sun set to shine for the rest of July, it could turn out to be a bumper Summer for pubs and bars as they look to take the lion's share of consumer spending."

Underlying like-for-like growth for the 45 companies in the Tracker cohort, which represents both large and small groups, is slowly improving after a tough period, running at 0.7% for the 12 months to the end of June, and up from 0.6% at the end of May.

"The consumer appears to be in a more confident mood, buoyed up by a remarkable summer and football success for England. We expect the July data will see a continuation of this trend," said Trevor Watson, Executive Director at Davis Coffer Lyons. "Adverse publicity around the casual dining market certainly is not leading to reduced eating out. Similarly, the effect of discounting in restaurants appears to be marginal."

Total sales growth across the pub and restaurant cohort, which includes the effect of new openings, was 4.2% in June, reflecting continuing if slower brand roll-outs, and running at 3.8% for the 12 months to the end of the month.

Profit hit hard at UK hotels

Profit per room at hotels in the UK fell by 4.3% in May as year-on-year declines were recorded across all departments; meanwhile, owners and operators continue to face the challenge of rising costs, according to the latest worldwide poll of full-service hotels from HotStats.

In addition to a drop in Rooms Revenue (-1.2%), the -1.3% decline in Total Revenue at hotels in the UK this month was due to falling revenues in Non-Rooms departments, including Food & Beverage (-2.0%), Conference & Banqueting (-3.5%) and Leisure (-1.7%) on a per available room basis.

The 1.2% decline in RevPAR this month was not only as a result of a 0.2-percentage point year-on-year drop in room occupancy, to 80.5%, but UK hotels also suffered an uncharacteristic drop in achieved average room rate, which fell by 0.9%, to £115.90.

This is only the second time since October 2016 that a decline in rate has been recorded, as the ability to leverage price has been a mainstay for UK hoteliers on the back of punchy room occupancy levels. The first drop was during the debilitating weather conditions in March 2018.

And whilst the commercial sector remained robust this month, declines in achieved average room rate were recorded in the Individual Leisure (-2.9%) and Group Leisure (-4.8%) segments, which was in spite of the spike in leisure-related demand generated by the two Bank Holiday weekends and a range of internationally significant events, including the Royal Wedding.

The declining revenue levels were further hit by rising costs, which this month included a +0.7-percentage point increase in Payroll to 27.7% of total revenue, as well as a +0.3-percentage point increase in Overheads, which grew to 21.4% of total revenue.

Profit & Loss Key Performance Indicators - Total UK (in GBP)

May 2018 v May 2017

RevPAR: -1.2% to £93.30	Payroll: +0.7 pts to 27.7%
TrevPAR: -1.3% to £142.82	GOPPAR: -4.3% to £55.48

The falling revenue levels and rising costs meant profit per room fell by -4.3% this month, to £55.48 and contributed to the -4.0% drop in GOPPAR at UK hotels for year-to-date 2018.

"As this is only the second time there has been a decline in TrevPAR in the last 20 months, it is probably more of a blip in performance than a sea of change.

However, with an additional six days of school holidays due to the two Bank Holiday weekends and May half-term, the UK hotel market was undoubtedly more reliant on the leisure sector this month, which has not performed.

Whilst both London Heathrow and London Gatwick airports reported handling record passenger numbers in May, it is possible that the poor weather earlier in the year led to there being a higher number of departures than arrivals," said Pablo Alonso, CEO of HotStats.

In contrast to the overall performance of hotels across the UK, properties in Leeds recorded one of their strongest months of year-on-year growth in recent years this month as the city hosted the final stage of the Tour de Yorkshire.

Due to the uplift in demand levels, room occupancy at hotels in Leeds soared by +6.5-percentage point year-on-year, to 79.1% which was complemented by a 1.5% increase in achieved average room rate, to £80.59.

The combination of growth in volume and price pushed RevPAR to £63.74, which is a high in the Leeds market in the five months to May 2018 and well above the year-to-date average of £56.32.

"The Tour de Yorkshire is a spin off event which was created after the region successfully hosted the Grand Depart for the 2014 Tour de France. The number of spectators to the event now exceeds more than two million people which not only positively impacts the local economy, but is a coup for hoteliers on the route," added Pablo.

In addition to the growth in Rooms Revenue, hotels in Leeds were able to drive an increase in Non-Rooms Revenue in May, which included a year-on-year uplift in Food and Beverage Revenue (+10.1%), as well as Conference and Banqueting Revenue (+13.9%), on a per available room basis. As a result, TrevPAR at hotels in Leeds increased by 9.8% year-on-year to, £109.08.

Profit & Loss Key Performance Indicators - Leeds (in GBP)

May 2018 v May 2017

RevPAR: +10.6% to £63.74	Payroll: -2.8 pts to 29.8%
TrevPAR: +9.8% to £109.08	GOPPAR: +21.4% to £36.62

In addition to the growth in revenue, hotels in Leeds were able to record a -2.8-percentage point saving in Payroll, which fell to 29.8% of total revenue.

The movement in revenue and costs enabled profit per room at hotels in Leeds to surge by 21.4%, to £36.62 and provided a more positive profit outlook to what has been a fairly dismal start to the year for hotels in the Yorkshire city.

One year on from the Manchester Arena bombing, hotel performance in the 'Capital of the North' was much more subdued.

The reduction in demand from the commercial segment in May, which is key to Manchester hoteliers, meant that declines were recorded in both room occupancy (-2.8-percentage points) and achieved average room rate (-1.4%). Whilst RevPAR for hotels in Manchester dropped by -4.6% to £80.71, this represented a peak in performance in this measure for year-to-date 2018.

Further declines in Non-Rooms revenues meant that TrevPAR at hotels in Manchester dropped by -5.2% in May, to £124.41.

Profit & Loss Key Performance Indicators - Manchester (in GBP)

May 2018 v May 2017

RevPAR: -4.8% to £80.71	Payroll: +1.4 pts to 26.5%
TrevPAR: -5.2% to £124.41	GOPPAR: -12.7% to £44.56

Alongside the decline in revenue, rising costs meant that hotels in Manchester recorded a -12.7% drop in profit per room in May, to £44.56. The decrease this month contributed to the -2.0% decline in GOPPAR for year-to-date 2018.

Members' Events

10 September 2018 - *Revenue Management Members' Meeting - Booking Direct and Meta Search*

Event Details - FREE for all HOSPA Members & only £10 for any non-members, please register in advance. Please register for this event through Eventbrite. Should you not be able to attend, please give us 24 hours' notice at HOSPA@HOSPA.org. If sufficient notice is not received then we will raise an administrative charge of £10 plus VAT per person.

Location - London, venue TBC

26 September 2018 - *HOSPA Members' Meeting - Asset Management*

Event Details - FREE for all HOSPA Members & only £10 for any non-members, please register in advance. Please register for this event through Eventbrite. Should you not be able to attend, please give us 24 hours' notice at HOSPA@HOSPA.org. If sufficient notice is not received then we will raise an administrative charge of £10 plus VAT per person.

Location - London, 6pm venue TBC

8 October 2018 - *HOSPA Members' Meeting - IT*

Event Details - Smoke and Mirrors

The question of how we can keep guests safe has been brought to the fore by the Cameron House Hotel fire. All Hoteliers have a duty of care to their guests. Our expert panel will cover fire safety, electronic lock systems, fire regulations, CE marking, physical security and dealing with emergencies.

Timings	**Venue**
16:30 - Registration	The Rubens at the Palace,
17:00 - Presentations	39 Buckingham Palace Road,
18:30 - Drinks & Canapes	London, SW1W 0PS

FREE for all HOSPA Members & only £15 for any non-members, please register in advance.

10 October 2018 - *Annual Hotel Conference 2018*

Event Details - A dynamic conference and thriving exhibition with an acclaimed programme of world class speakers and interactive workshops.

16th October 2018 - *The Independent Hotel Show 2018*

Event Details - A firm fixture in the calendar of independent hoteliers and industry professionals alike, the show presents a curated collection of over 300 innovative product and service providers from across the hotel supply chain. Together with expert insight from our Seminar Programme and multiple networking opportunities, the Independent Hotel Show is designed to satisfy the demands of hoteliers committed to improving their business.

The Independent Hotel Show will present a collection of over 300 of the finest suppliers and service providers to the hotel industry, helping your business to:

- Increase profitability and day-to-day efficiency
- Identify key trends and stay ahead of the competition
- Maximise new ideas & training opportunities
- Grow your industry network and establish strong business relationships

Exhibiting companies include, but are not restricted to, the following categories: Interior & Exterior Design & Build / Housekeeping Products & Services / Technology / Marketing & Brand Awareness / Business, Legal & Finance / Health & Wellness / Environment & Sustainability / Breakfast, Bedroom, Bar & Minibar

To Register for some of the above HOSPA member meetings, please send the below details to hospa@hospa.org with the following in the subject line: HOSPA *COMMUNITY NAME* Members Meeting - *DATE OF MEETING*.

Full Name:
Job Title:
Company Name:
Membership Number:
Invoice Details (If Non-Member):

Please Note: unless stated otherwise, all of our HOSPA Members Meetings are FREE for members to attend and only £10 for any Non-Members!

FOR ALL EVENTS PLEASE VISIT HOSPA.ORG

HOSPA Sponsors & Patrons

Gold Sponsors include:

Agilysys
Allied Irish Bank
Atos
Avvio
Cardonet
Criton
Equiom
Euronet Worldwide
Exponential-e
Guestline
Noetic
Premier Software Solutions
Sky Business
Wi-Q
XN Protel Systems Limited
Zonal

Acentic
Avenue9
Barclaycard
BDO
Cendyn
Digital Alchemy
FM Recruitment
Fourteen IP
Infor
JamJou
Kerry Robert Associates

Keystep
MK Capital Allowances
Moore Stephens
Oracle Micros
Pelican Procurement
Pitmans Law
Prologic First
QDOS Communications
Springer-Miller

HOSPA Partners

Fresh Montgomery
HFTP
Hotel Marketing Association
Hospitality Technology Next Generation
HotStats
ICAEW Tourism and Hospitality Special Interest Group
The IOH

HOSPA thanks the following companies for being Premier Sponsors of HOSPA:

Application For Membership

HOSPA
Hospitality Finance, Revenue and IT Professionals

Title (Please tick)	Mr ○ Ms ○ Mrs ○ Miss ○ Other (Please specify)
Forenames	
Surname	
Date of Birth	Nationality

Job Title	
Company Name	
Parent Company	
Work Address	
Postcode	
Work Email	
Work Telephone	
Work Mobile	

Home Address	
Postcode	
Home Telephone	
Mobile	
Home Email	
Correspondence Address (Please tick)	Home ○ Work ○

Which grade of membership are you applying for?

You would normally be granted Ordinary status, but if you wish to be considered for a higher grade then please indicate which and ensure you submit a CV to support your application. Corporate membership is available for 5 or more colleagues. Please call +44 (0)203 4188196 to discuss or email hospa@hospa.org.

Status (Please tick)	Ordinary ○ Ordinary Student ○ Associate ○ Fellow ○

Your Signature		Date	

HOSPA, Longdene House, Haslemere, Surrey, GU27 2PH

HOSPACE Conference & Exhibition 2018

Thursday 1st November
Royal Lancaster London

www.lancasterlondon.com | www.hospace.net

"The major UK hospitality networking and educational hospitality event"

"HOSPACE is the best networking event of the year"

Hospitality Conference & Technology Exhibition

HOSPA is a community of professionals - Promoting the highest professional standards in Financial, Revenue Marketing and IT management in the hospitality industry.

The conference is an industry leading set of speakers and topics relevant for today's hoteliers.

HOSPACE is also home to an industry specialist technology solutions exhibition - covering all aspects of your hospitality business.

Who should attend this event?

- Senior Hospitality Business Directors
- Hospitality IT Professionals
- Financial Controllers and Accountants
- Revenue and Distribution Managers
- General and Commercial Managers
- Young aspiring employees wanting to develop their skills & meet with industry specialists

Follow us on Twitter @HOSPAtweets
for all the latest news on HOSPACE.

To book your place at HOSPACE 2018 please visit our online shop at: www.HOSPA.org/shop or email: bookings@hospa.org

T 0203 4188196 | E bookings@hospa.org | www.hospace.net
HOSPA, Longdene House, Haslemere, Surrey, GU27 2PH

BROUGHT TO YOU BY
HOSPA
Hospitality Finance, Revenue and IT Professionals