

‘Little to bring cheer’ to hoteliers in chancellor’s Budget

There is "sadly little to bring much short- or longer-term cheer" to most hoteliers in the chancellor's budget today, according to Russell Kett, chairman of global hotel consultancy HVS London. While Kett acknowledged the reduction in interest rates and extending time to pay taxes will help with cash flow concerns, he said reduction of VAT or national insurance would have had "a more fundamental impact" and urged the chancellor to do more – before it's too late.

He said: "The government seems intent on helping the small business sector deal with the downturn the coronavirus will cause, not least as future measures to limit travel and public gatherings are likely to be introduced shortly, thereby deepening the anxiety.

"The reduction in interest rates and extending the time to pay taxes will also help to address cash flow concerns, but there was no move to remove or reduce VAT in the sector or to reduce employers' national insurance contributions, which would have had a more fundamental impact on the sector.

"Despite this budget being described as 'the biggest giveaway in 30 years' there is sadly little to bring much short- or longer-term cheer to the vast majority of regular hotel owners, investors and operators within the UK.

"Some businesses have already started to cut back on staff and curtailing all but the most necessary expenditure, in some cases most severely, in a response to plummeting occupancy levels of which the government seems to be totally unaware. Maybe they will only [be aware] once these businesses file for bankruptcy. That would take us back to the early 1990s and we really don't want to go through all that again. I urge the chancellor to do more to prevent this from happening before it's too late."

Serena von der Heyde, who owns Georgian House hotel in London's Pimlico and Victorian House in Grasmere, welcomed the year-long break in business rates, which will apply to her recently relaunched Cumbria hotel, and said it will be a "huge support for us at just the right time".

However, she said with London property valuation so inflated her other hotel will be excluded from any benefit, even though it is a relatively small business. "I think a lot of hospitality businesses in London and other UK cities are going to suffer," she added.

Harry Murray, chairman of Lucknam Park in Colerne, Wiltshire, said that while he was pleased interest rates had been cut to 0.25%, the budget itself was "disappointing" for the industry.

He said: "I regret to say many businesses will be forced into receivership. Unfortunately the abolishing of business rates for businesses with less than £51,000 rateable value will not cover the majority of hospitality businesses.

"[UKHospitality CEO] Kate Nicholls put a very reasonable proposal to the chancellor asking him to bail out operators hit by coronavirus by offering a business rate exemption for three months and business payments delay for PAYE and VAT and duty, which would have helped hospitality business during this difficult time. A reduction in VAT to put the UK on a level playing field would have helped to kick start the economy when COVID-19 is over," he added.

Jane Pendlebury, chief executive of the Hospitality Professionals Association (HOSPA), supported Kett's statement, saying the move to remove business rates bills for a year "simply doesn't go far enough", representing "a very small proportion of the sector" and "fails to take into account the impact on hotel chains, larger independent properties and even mid-sized pubs and restaurants", which pay the highest rates. "There's nothing in the budget for them," she added.

Adrian Ellis, general manager of the Lowry hotel in Manchester, welcomed the sentiments of the announcements and said it provided "some welcome reassurance and support" for businesses.

Ellis said: "The additional stimulus for business will assist companies with cashflow and to provide support as we experience reduced revenues from a general slowdown in demand and the increasing incidence of cancellations. The Government's cut in interest rates and the abolishment

nt of business rates under a certain threshold will certainly help UK hotels and hospitality businesses over the coming months.

"In addition we welcome the support for team members which includes SSP for staff members self-isolating and the national minimum wage increases which come into effect later this year. These provide reassurance for staff members during these uncertain times and are largely supported by the hotel and hospitality community. As hoteliers continue to come to terms with the ongoing challenges from the corona virus, this latest budget provides some welcome reassurance and support for business and for our hard working teams."