

HU | Hospitality Ulster



Recovery Plan

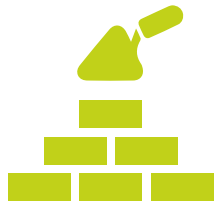
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- #REBUILD our Hospitality Industry
 - #RETHINK our Hospitality Offer
 - #REVITALISE our Economy



1. INTRODUCTION

Planning ahead in 2021 is a daunting prospect, but a challenge the industry must rise to. The speed, timing and flexibility of our response will be critical to recovery. We recognise the need for a recovery plan and clear roadmap for our industry for 2021. **This plan forms part of a UK wide recovery plan developed in partnership with our strategic partners** UKHospitality (UKH) and the British Beer and Pub Association (BBPA). The plan, while primarily industry driven, depends on meaningful collaboration with our key partners in government and the private sector.

Our Recovery Plan is more than a plan to re-open our doors and make good the losses of 2020. The events of the last year has changed everything – our values and purchasing habits, and the role of hospitality in our economy and in the wider community. Our plan is set out as three strategic interrelated work strands with clear aims:



REBUILD our Hospitality Industry

We have set out a clear roadmap of policy, financial and fiscal interventions which support a timely, safe and viable re-opening of the Hospitality Industry. Collectively these interventions will kickstart and rebuild a sustainable industry and create a climate for future investment, job creation and growth.



RETHINK our Hospitality Offer

The “New Normal” will inevitably change the way we do business in the future. Emerging consumer trends, purchasing habits and policy changes will undoubtedly lead to a re-shaping of the hospitality offer. We must articulate the impact, challenges and opportunities for the NI hospitality industry and support the industry to address them going forward.



REVITALISE our Economy

The COVID-19 pandemic has reinforced the vital role of the hospitality plays in our economy. A strong, resilient Hospitality Industry will revitalise our communities, both urban and rural, and our tourism economy, creating local jobs and stimulating local spend. We are committed to working collaboratively with our key government and local partners to ensure our collective recovery plans work together to drive meaningful revitalisation of the NI economy for the whole community.

This plan is a web-based working document which will continually evolve to respond to challenges and opportunities. Each strand is supported by key actions which will continue to be updated as we move forward. It also contains a clear roadmap or timeline for recovery. While exact months or dates will be subject to change, it does articulate the importance of sequencing of our actions across each work strand to drive recovery and sustainable growth. It also reflects the voice of the industry, their views on the future, and what recovery means to their businesses.

ROADMAP #REBUILD. #RETHINK. #REVITALISE

There is clearly a need for immediate actions and policy decisions to enable a **timely, safe and sustainable re-opening of the Hospitality Industry**. Many local businesses are in crisis, with immediate major cashflow and debt issues to deal with. Prompt decisive action will kickstart and **rebuild the industry returning it to profitability (1-2 years)** and create a climate for **future investment and growth over the medium to longer term**. The very real, day-to-day issues facing the Industry must be addressed to allow these businesses the breathing space to rethink their business and contribute fully to the wider revitalisation of our economy.

“ Britain’s hospitality sector is a powerful economic force for good, comprising globally renowned, world-leading, innovative businesses that are the glue that binds our communities, the workplaces that develop our skills and careers, and the businesses that help our economy.”

Kate Nicholls, UK Hospitality

“ Pubs are a vital part of the economy, employing thousands, but they also contribute to our social fabric as the heartbeat of our communities in every city, town and village. Yet our pubs are closed and cannot continue to hold out under the current circumstances they face. All pubs must reopen as soon as it is safe to do so alongside non-essential retail to have the best chance of recovery.”

Emma McClarkin CEO BBPA

2. THE NEED TO ACT NOW



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Danny Coyles,
Chairman, Hospitality Ulster,
& Anchor Bar Complex, Portstewart

Why act now?



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Colin Neill,
Chief Executive, Hospitality Ulster

The preparation of this plan.

Prior to the COVID-19 pandemic, the Hospitality Industry¹ in Northern Ireland was on an upward trend. The Industry, made up of sectors including restaurants, pubs, cafes and accommodation, was growing faster than the Northern Ireland average across a number of indicators including turnover, GVA and jobs.

Hospitality makes a significant and growing contribution to the Northern Ireland economy:

- The Hospitality Industry supports 4,315 registered businesses² in Northern Ireland which is 6% of the region's business base, making it one of the largest sectors in Northern Ireland in terms of business numbers. It has been a fast growth industry over the last 5 years with the number of businesses up by 17% compared to 12% for Northern Ireland overall. In addition, hospitality supports thousands of very small businesses that fall under the VAT/PAYE threshold.
- Turnover in the Hospitality Industry amounted to almost £2bn in 2018, up 9% on 2017, significantly higher than the overall increase of 3.5% for Northern Ireland.
- The Hospitality Industry generated almost £1bn in direct gross value added (GVA) to the Northern Ireland economy in 2018, up 12% on 2017 compared to an 8% increase for Northern Ireland. Hospitality GVA has increased at more than twice the rate of overall Northern Ireland GVA since 2013. These impacts are even larger when multiplier effects are considered, in terms of the industry's purchasing of local goods and services and the impact of wages spent in the local economy.

- The Hospitality Industry is one of Northern Ireland's largest employers, making up 7% of the region's employees. It directly employed 54,000 people in 2019 and supported a further 18,000 jobs through supply chains and wages spent in the local economy. Between 2015 and 2019 employment increased by 14%, adding a further 6,700 jobs to the local economy over that period.
- Hospitality is vital to Northern Ireland's tourism economy. A strong and vibrant hospitality sector is a critical support to the tourism economy's success. Hospitality accounted for an estimated 66%³ of overnight tourism spend in Northern Ireland valued at £1 Billion in 2019. The overnight tourism sector in Northern Ireland is estimated to account for around one third of the Hospitality Industry's turnover⁴. This suggests that an estimated 1 in 3 jobs in the sector are supported by tourism.
- We believe there will be a significant pent-up demand when the COVID restrictions are eased which will help the economy to recover much more quickly. The Hospitality Industry has a huge part to play in any spending boost post COVID and has the ability to restart and reemploy at speed if the support and conviction is there to drive this. Capacity to deal with that demand has been damaged and we need to invest to be ready to respond.
- The UK savings ratio, which measures the % of disposal income that is saved and not spent, rose to 17% between July and September 2020, compared with 6% in the same period in 2019 so almost 3 times higher. It remains at its second highest rate on record. Some people have amassed significant savings and spending on Hospitality will be one of the first sectors that can support that pent-up demand.

¹ The Northern Ireland Hospitality Industry has been defined using the UK recognized definition (with the exclusion of largely temporary jobs created through inhouse catering)

² VAT and/or PAYE registered

³ The share of tourism expenditure on hospitality has been estimated at 66% and relates to TourismIreland 'Island of Ireland: Overseas Tourism Performance'

⁴ Figures on how overseas revenue is spent (2019). These figures will be updated on publication of the forthcoming NI Tourism Satellite Accounts.

- There was extremely high uptake of the 'Eat Out to Help Out' in Northern Ireland with almost 4.6m meals claimed in Northern Ireland in August 2020 involving 1,810 hospitality businesses in the region. Northern Ireland claimed the highest share of meals across the UK regions by a considerable margin, consuming 50% more meals than the UK average, again demonstrating that the demand will be there if the sector can weather the restrictions that have been imposed.
- The Hospitality sector supports significant local consumer demand. We know that household spend in restaurants, hotels, bars, cafes and other parts of the sector in Northern Ireland is significant at almost around 10% of total spend in the economy⁵ or an average weekly spend of around £45. In addition, those with greater financial means are more likely to spend money in the hospitality sector. It is critical that the sector is ready to service that local demand when restrictions end.

The COVID-19 pandemic has had a catastrophic impact on our hospitality industry. By March 2021, the majority of Northern Ireland's pubs will have been closed for 12 months. Restaurants, hotels, cafes and other hospitality offerings have only been able to operate for a limited number of days within strict operating restrictions and safety guidelines, which has severely impacted on their commercial viability. It is estimated that circa 90% of NI hospitality employees are now on the UK Government Job Retention/Furlough scheme (CJRS).

Hospitality Ulster estimates that the Industry could have lost up to 75% or £1.4bn of its turnover during 2020 alone. Given that Hospitality is expected to remain closed for much if not all of the first quarter of 2021, this will again have wiped out a large share of 2021 turnover as well. The extent of this impact is stark and highlights the need to act swiftly and decisively to support not only the Hospitality Industry but the wider economy on which it depends. As a result of the economic fallout, the potential for business closures and job losses could be significant. The Job Retention/Furlough scheme has been a lifeline in ensuring that a complete collapse in Hospitality employment has been averted for now. But, how the industry responds to the devastation of the pandemic if supports such as the Furlough scheme and other schemes are not available, is yet completely unknown.

The vast majority of the businesses are small/micro and locally owned and operated. The largest UK chain operating in Northern Ireland has only four premises. Whilst the independent nature of the NI hospitality industry brings a uniqueness to the consumer offering, it has also left it in a weaker position than its GB counterparts to withstand the economic impact of the COVID-19 crisis. The Hospitality Industry was the first impacted, it is the hardest impacted, and it will require a focused, collaborative effort from UK and NI government, working closely with the Industry itself to rethink, rebuild and revitalise our industry and the economy.

5 ONS Family Spending in the UK, 2019



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Stephen Reynolds,
The Front Page Bar, Ballymena

Hospitality must be reopened
in a sustainable manner



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Tony O'Neill,
Vice Chairman, Hospitality Ulster &
Coppi/Buba Restaurants, Belfast

Reduce cost base VAT & business
rates to aid financial sustainability



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Rajesh Rana,
Andras Hotels

The need for fiscal support, marketing
to stimulate demand/venue safety.



REBUILD our Hospitality Industry

We have set out a clear roadmap of policy, financial and fiscal interventions which support a timely, safe and viable re-opening of the Hospitality Industry. Collectively these interventions will kickstart and rebuild a sustainable industry and create a climate for future investment, job creation and growth.

#REBUILD

Key to recovery is a clear roadmap of policy, financial and fiscal interventions which support a timely, safe and viable re-opening of the Hospitality Industry. Collectively, these interventions will kickstart and rebuild a sustainable industry and create a climate for future investment, job creation and growth.

This Recovery Plan builds on the report published in May 2020 by the Hospitality Industry COVID-19 Response Group to consider the impact of the COVID-19 crisis and consider the re-opening and resumption of trading in June 2020 under a number of key factors:

- Health & Safety under COVID-19 Social Distancing.
- Effecting Behavioural Change.
- Commercial Viability of a return to trading.

In January 2021, Hospitality Ulster put together a team of economists, strategists and communication experts to work with our board and members to produce this Recovery Plan to REBUILD, RETHINK and REVITALISE our industry. It sets out compelling evidence that the Hospitality Industry, in spite of being one of the most exposed industries in terms of potential business and job losses, is also the most resilient in terms of its ability to rethink how it does business in the future and take advantage of the opportunities presented by the “New Normal” and contribute significantly to the revitalisation of our economy. HU will work in partnership with UK Hospitality and BBPA to ensure similar messaging and asks across all UK jurisdictions.

KEY INTERVENTIONS

UK Government

- An extension of the 5% VAT rate with the cut widened to include other products and services
- A UK wide full business rates holiday for 2021/22.
- Extension of full furlough with no National Insurance Contributions for closed businesses.
- Enhanced grants for hospitality businesses until fully reopened, with State Aid rules disapplied.
- Cut all alcohol duty.
- No repayment of HMRC debts before 1st July.
- Extension of the rent moratoria with Government and stakeholders working towards finding a solution to the rent debt crisis.
- Abolish domestic air passenger duty to support the domestic tourism market across the UK

NI Executive

- Establish a cross departmental ‘Hospitality Strategy Steering Group’ with direct participation of relevant Ministers and senior officials to plan the reopening of the industry.

- Reverse the previous reopening strategy, from; 'here are the rules', to; 'here are the rules and those that can comply can open'. Allowing all parts of hospitality to reopen in as much as they can. Based on the existing protocols developed and approved by UK CMO, UK PHE and Cabinet Office and adopted in Northern Ireland to provide a robust set of controls to allow safe reopening
- Provide a flexible LRSS transmission scheme to support businesses until opening is viable
- A full business rates holiday for 2021/22.
- A re-financing grant to kickstart reopening
- Financial support for any additional COVID-19 related safety measures such as improved ventilation.
- Deliver a dedicated Hospitality marketing campaign, positioned within wider Tourism NI and Tourism Ireland tourism and local Council marketing campaigns (traditional, online and social) to rebuild consumer confidence, reinforce the Good to Go safety message and drive demand.
- Carry out a review of criteria for proposed Voucher Scheme (when introduced later in 2021) to ensure that it directly benefits local hospitality businesses.
- A fiscal and re-financing regime from commercial banks, including extension of Bounce Back Loan facilities and additional working capital facilities and capital moratoriums on term debts to drive demand and increase competitiveness.
- Establish a Rent Hardship Fund to support tenants and landlords that have agreed a reduction in rents, with Government making up a proportion of the shortfall.

- Re-establish air and sea connectivity through financial support to our airports. With GB being a major visitor market for NI, access and connectivity will be key factors in rebuilding both the hospitality and wider tourism economy. Support for our beleaguered coach tour operators will also drive future visitor demand.

ROADMAP: There is a short window of opportunity to re-build the Industry which will require a series of immediate interventions by the NI Executive, Westminster and the financial institutions in line with the March 2021 budget in the UK and financial year budgets in NI, to drive demand, increase competitiveness and ensure the sustainability and survival of the Industry.

“The economic and social benefits that would arise from a successful partnership approach between Government, financial institutions and the Hospitality Industry will set the tone and pace of the economic recovery from COVID-19.”

Brain Murphy, Managing Partner BDO NI & Chair NI Hospitality Industry Covid Response Group



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Stephen Magorrian,
Horatio Inns

Experience-led and a collaborative future



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Fraser Greenhill
Bull & Claw Restaurants

Hospitality key to supporting locally sourced producers.



HU

Ann Harley,
Sandino's, Derry-Londonderry

Hospitality: The cultural heart of the city.



RETHINK our Hospitality Offer

The "New Normal" will inevitably change the way we do business in the future. Emerging consumer trends, purchasing habits and policy changes will undoubtedly lead to a re-shaping of the hospitality offer. We must articulate the impact, challenges and opportunities for the NI hospitality industry and support the industry to address them going forward.

#RETHINK

The speed, timing and flexibility of our response to re-building our Hospitality Industry will be critical to recovery. However, we also recognise the need for a collective response, a plan which is industry driven, but also involves meaningful collaboration with our key partners in government and the private sector. This Recovery Plan has been prepared by a cross section of industry representatives within Hospitality Ulster who have given up their own time in lockdown and tested across the industry businesses and stakeholders to **#RETHINK** our Hospitality Offer and consider the role of hospitality to **#REVITALISE** our economy. They have called on economists, strategists and communications experts to support and provide a sound evidence base to guide decisions.

Post COVID-19, the “New Normal” will inevitably change the way we do business in the future. Global consumer and societal trends, some of which have been in existence prior to the pandemic, have been initiated or exacerbated. Seismic, far-reaching policy changes will inevitably follow. But the Hospitality Industry is well known for its innovation, drive and entrepreneurial spirit and is up for the challenge ahead. To survive this crisis these qualities will be essential. We recognise that this is a once in a lifetime opportunity to rethink and reshape the hospitality offer for the better. We must articulate the **emerging consumer trends**, consider the impact, challenges and opportunities for the NI hospitality industry and support the industry to address these going forward.

- The importance of **localism**. The pandemic has taught us the true value of our local economy – the importance of local businesses to the High Street and of our local food and drink supply chain. The words “Support Local” have taken on a brand new meaning, keeping money circulating in the local economy and sustaining jobs and livelihoods.
- There is even more emphasis on **sustainability and the environment**. Businesses which embrace these trends will resonate with the consumer. Regenerative Tourism and Slow Tourism will be key drivers for tourism growth, with less focus on visitor numbers, discounted offers. The Hospitality Industry will bring creativity and innovation to the local food and drink offer, enhancing the overall visitor experience, as well as instigating good practice in waste management and energy conservation.
- The focus on **health and well-being**, embracing an active lifestyle, good food and beverage (including the increased popularity in nonalcoholic and health drinks) will transform the hospitality offer and result in new business models and collaboration with other businesses to create packages and experiences.
- The pandemic has underlined the value of hospitality to enhanced **social interaction**, creating a sense of **community, place and belonging**. Research undertaken by [Pub as the Hub](#) provides inspirational case studies of pubs and restaurants in urban and rural areas becoming local hubs and a focus for the whole community which extends way beyond their traditional role as social and entertainment venues.



We do not seek to encourage people to over consume; instead our aim is to modernise the regulation of the Hospitality Industry to meet the needs of both the evolving domestic market and the growing Tourism economy, which have been hampered by the outdated liquor legislation.”

HU Submission to NI Assembly MODERNISATION OF LIQUOR LICENSING LEGISLATION December 2020

KEY INTERVENTIONS

- Hospitality Ulster will engage in a **meaningful, in-depth and ongoing research project to understand the New Normal** for the Hospitality Industry. It will articulate the economic importance of the Hospitality Industry and its role in revitalising the wider economy.
 - Establish a **permanent cross departmental oversight group for hospitality under the remit of the two Junior Ministers** to ensure a cohesive, co-ordinated approach to hospitality related policy interventions across all government departments.
 - Establish a **permanent, dedicated, fully resourced Hospitality Team** within the Department of the Economy.
 - Increased collaboration with All Party Parliamentary Group on Hospitality and Tourism at Westminster.
 - We have been waiting many years for an overhaul of the out-of-date **Licensing Legislation**. This has taken on a new level of importance and can now be shaped through revised opening hours, entertainment/events and the role of hospitality in the community, to reflect the “new normal” and support the move to localism, sustainability and community engagement.
- HU to work closely with DfE, TNI and HATS on a new approach to **hospitality skills and recruitment in light of the pandemic** - focusing on retraining, digital skills, customer service excellence, apprenticeships, specialised hospitality management schemes and supporting the local food and drink supply chain.

ROADMAP: This will be a substantial ongoing effort driven by Hospitality Ulster to fully understand the challenges and opportunities to be addressed. The first Positioning Paper will be launched in March 2021 with a series of bi-annual reviews thereafter. **RETHINKING** our hospitality offer will require cross departmental co-operation, resource and support from the NI Executive to fully deliver on the opportunities highlighted in this report.



REVITALISE our Economy

The COVID-19 pandemic has re-enforced the vital role of the hospitality plays in our economy. A strong, resilient Hospitality Industry will revitalise our communities, both urban and rural, and our tourism economy, creating local jobs and stimulating local spend. We are committed to working collaboratively with our key government and local partners to ensure our collective recovery plans work together to drive meaningful revitalisation of the NI economy for the whole community.

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Bill Wolsey,
Beannchor Group
Hospitality regenerating areas in our towns and cities

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Gary Stewart,
Tartine Restaurant, Bushmills
Hospitality supporting local food and drink producers through seasonal menus.

HU

Michael Stewart,
President, Belfast Chamber of Trade & Commerce
Hospitality: a vital part of the high street ecosystem

HU

Dawn McLaughlin,
President, Londonderry Chamber of Commerce
Hospitality: an important sector for the North West.

#REVITALISE

Unlike many other sectors, the NI hospitality industry provides jobs in every city, town and village across Northern Ireland. The NI hospitality industry also plays an important role as a local economic, community and social hub, providing jobs locally for the less economically mobile and a community support system for the socially isolated.

The COVID-19 pandemic has reinforced the vital role hospitality plays in our economy. A strong, resilient Hospitality Industry will revitalise our towns and villages and our tourism economy, creating local jobs and stimulating local spend. We are committed to working collaboratively with our key government and local partners to ensure our collective recovery plans work together to drive meaningful revitalisation of the NI economy for the whole community.

KEY INTERVENTIONS

- Hospitality must be carefully positioned and adequately resourced within the **NI Economic and Tourism Recovery Plans** – as a key driver of local experiences i.e. culture, music and food. Our unique hospitality and legendary craic epitomise the brand values of the Embrace a Giant Spirit experience brand.
- Establish and resource a **Hospitality Sectoral Group within the recently set up NI High Street Task Force**, to demonstrate the role of hospitality in the revitalisation of our towns and villages and how it can re-shape a new daytime offer and nighttime economy with local community at its heart.
- Hospitality Ulster to work in partnership with **UKH and BBPA** to position Hospitality as a driving force of the revitalisation of our urban and rural locations through joint projects such as APPG Hospitality and Tourism, UK High Street Task Force and AAPG Beer.

- Hospitality Ulster to launch a **“Support Local” campaign** to encourage locals and visitors to support local hospitality.
- Tourism NI to develop a **NI Local Food and Drink Strategy** which drives the creation of a unique NI food tourism offer and supports the local food and drink supply chain.
- Hospitality Ulster to engage with **local Councils** to ensure hospitality is positioned within local economic and recovery plans and Support Local marketing campaigns.
- A review of **planning, trading, licensing and Pavement café legislation** to take account of the enhanced use of outdoor space by hospitality venues and its positive impact on our townscape, regeneration and tourism growth.

ROADMAP: The wider collaboration piece is more strategic in its approach and will involve ongoing work to position this Recovery Plan within the wider Programme for Government, NI Economic and Tourism Recovery Plan and local Council recovery plans. There will also be continued discussion and collaboration with UK Hospitality and BBPA on recovery planning and policy change.

“Access to local food and drink is one of the top three motivations for travel choice for visitors planning a long or short trip to NI in the coming months.”

NI Consumer Sentiment Survey October 2020

“The 21st century high street is about creating a fun and family-friendly experience for consumers and, given that retail and hospitality have a symbiotic relationship, both sectors are absolutely central components for any successful high street or town centre. Our high streets simply cannot function without our hospitality sector.”

Simon Quinn – UK High Street Task Force

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