

Hospitality Sector Council
20 December 2022 Meeting Minutes

1. Attendees

Co-Chairs:

Kevin Hollinrake, Minister for (Minister for Enterprise, Markets and Small Business)

Karen Jones DBE, Pioneer Hospitality

Attendees:

Andy Hornby (Restaurant Group), Andy Slee (Society of Independent Brewers (SIBA)), Alastair Storey (WSH Ltd), Emma McClarkin (British Beer and Pub Association (BBPA)), Jane O’Riordan (Caravan, Flight Club, Turtle Bay), Kate Nicholls (UK Hospitality), Nick MacKenzie (Greene King), Nick Summers (The Nationwide Caterers Association (NCASS)), Nisha Katona (Mowgli), Rich McGinnis (Circus), Rob Pitcher (Revolution), Steve Alton (British Institute of Innkeeping (BII)), Simon Emeny (Fullers), Tim Doubleday (Burger King), Will Beckett (Hawksmoor),

Officials in attendance:

Officials from BEIS

Apologies

Alex Rayner (Starbucks), Brian Perkins (AbInBev), Colin Hill (Nando’s), Emma Simmonds (Deliveroo), Robin Hutson (Limewood Hotels)

2. Note of discussion

a) Welcome

Karen Jones (Co-Chair) welcomed members and gave apologies for those that were unable to attend.

Karen congratulated Minister Hollinrake on his appointment and said how much the Council was looking forward to working with him. She explained that there is still much to do to build resilience in the sector, and highlighted the following that would be of practical value: clarity on what will happen at the end of the EBRS at the end of March; welcoming the Chancellor’s announcement on business rates, the Council would be submitting a paper on this setting out proposals on resetting the system; incentivising investment; developing a structured people plan; addressing planning and regulatory challenges to allow businesses to grow and thrive.

b) Government update

Minister Hollinrake responded by saying how much he looked forward to working with the sector and recognised the significant contribution it made to local communities. He also:

- Said it was vital to bring stability and allow a fair and level playing field to encourage competition.
- Reassured the Council that an announcement on EBRs would be made early in the new year.
- Explained that HMT had ruled out an Online Sales Tax following the consultation, so the problem remained of how to replace the revenue that any further reform of business rates would require.
- Recognised that there are some challenges around the labour supply despite record immigration.
- Wanted to make sure banks are lending to viable hospitality businesses and has raised this with the banking sector.

c) Updates from working groups

Recovery group

Kate Nicholls explained that the group was originally intended as a temporary task and finish group, but the recovery phase was taking longer due to the feeling of a 'permacrisis'. So it has now evolved into a permanent 'resilience' group. Kate outlined proposals for the removal of red tape and the challenges in pushing this forward.

Council members commented that margins were being eroded by inflationary pressures and that there was a limit on how much could be passed on to consumers. SMEs in particular are struggling. Minister Hollinrake commented that he had met with Ofgem and would continue to put pressure on the energy sector to treat customers fairly.

Local Economies and Communities

Simon Emery called for business rate reform and said the group would be submitting a paper arguing for further changes. He also informed the council that representatives of the group had met with HMT who had asked for independent third party analysis, which had been provided.

Minister Hollinrake commented that while business rates is bureaucratic, it has the advantage of being easy to collect. HMT had ruled out an online sales tax - another layer of complexity on already complex system. He further commented that he suspected business rates reform isn't going to happen this parliament.

Jobs and Skills

Kate Nicholls said there was a two-year gap in the talent pipeline for young people and businesses are struggling with labour shortages necessitating reduced hours of opening in some cases. The sector has launched Hospitality Rising which is a viral TikTok campaign where 100,000 people have been signposted to hospitality jobs. A paper has been sent to the Minister on proposed changes to immigration schemes to benefit hospitality as well as reform the apprenticeship levy. The working group is also developing a Standard Universal Induction programme, a "skills passport" – which they hope could be freely available to SMEs.

Sustainability Committee

Tim Doubleday reminded members that sustainability was essential for the long term viability of businesses. It is of great interest to investors, customers and employers and explained that the industry has a large carbon footprint (around 90% through its supply chains). The group found that 20% of energy consumption is reduced by following simple rules, and that this guidance needs to be shared with SMEs.

The group submitted to HMT a paper in May to bring back Enhanced Capital Allowances scheme. This will be updated and resubmitted. Tim also flagged that a lack of join-up across the country on sustainability makes this work difficult, especially regarding the Deposit Return Scheme.

Innovation

Jane O’Riordan commented that the hospitality sector is highly creative. By adapting to the pandemic, the sector has shown an impressive ability to take on challenges and rapidly change its operation to adjust to social distancing. Despite this creativity, R&D and innovation in the sector has historically been low in comparison to others. Between 2014 and 2016, 37% of all firms in the accommodation and food services sector were classed as ‘innovation active’, which is lower than the U.K. average (49%) and the lowest of all sampled sectors.

Jane outlined that the group would focus on delivering the following outputs: sector prioritisation for innovation in energy saving and productivity enhancement; consumer insight into key innovation areas of sustainability, ethical sourcing, health and loyalty; case studies of innovative practices in the sector; and making these three outputs clearly accessible to the whole UK hospitality sector.

Family Business and Independents (FBI Forum)

Will Becket shared the insights and experiences of hospitality SMEs. He explained that the pain is really being felt right now and that getting access to finance was proving a real problem.

d) Next steps and actions

Karen and the Minister thanked members for their time and praised the work that has been achieved.

Date of next meeting

The next quarterly Council meeting is scheduled for 20 March 2023.