

## Operations

# Hoteliers want government aid as UK starts new lockdown

02 NOVEMBER 2020 10:43 AM

With England entering its second COVID-19 lockdown, hoteliers throughout the U.K. now are asking for direct help for operations, not just staff, as they worry increasing debt and low morale will result in deeper ramifications.



By **Terence Baker**  
tbaker@hotelnewsnow.com  
@terencebakerhnn

REPORT FROM THE U.K.—A second lockdown for England has been met with a hint of incredulity from hoteliers in terms of business continuity, even if they are fully cognizant of the health reasons behind the lockdown.

On 31 October, the United Kingdom government announced a second COVID-19 lockdown for England that will run from 5 November to 2 December. Northern Ireland, Wales and Scotland already are in lockdown or have measures in place on top of the first lockdown regulations announced in March

Government officials have hinted that measures for all the U.K.'s constituent members might be extended beyond initial timelines.

The reasons cited for the second shutdown include increasing numbers of positive COVID-19 cases, the stress on the National Health Service if hospitalizations increase and the desire to take stringent action now to avoid continued regulations over the Christmas holidays.

This lockdown closes restaurants, bars and pubs (while allowing carryout and delivery services), and advises “hotels, hostels and other accommodations should only open for those who have to travel for work purposes and for a limited number of other exemptions which will be set out in law,” [according to the government guidance](#).

Hoteliers worry what a second lockdown will do to their businesses.

Jonathan Raggett, managing director, Red Carnation Hotels, said if the new lockdown allows the industry to get back on an even keel, so be it, but he said asking hotels and other hospitality-industry providers to close down again is unfair punishment.

“There is no truth that hospitality is the result of all of this. Certainly not hotels and restaurants. Bars perhaps a little less so, but we have carried out the protocols. We are employing staff, keeping busy and offering a service, so a new lockdown will just cause angst,” he said.

“The biggest thing is that (a second lockdown) knocks people’s confidence. Now I am writing to people to cancel their bookings,” he said.

Haydn Fentum, president of Bespoke Hotels, which manages hotels across the U.K., said on the first working day following the announcement he talked online with approximately 60 of his owners and GMs. His message to them was that however horrid the news is, hospitality is a joy to be involved with, hoteliers know what to do, especially the second time around, and the goal now is to get stuck in.

Fentum suggested that government help now must be directed at business.

“We’ve had fantastic support with the government’s furlough arrangements and the hold on business rates. That has been fantastic and has put money into staff’s pockets so they can stay solvent, but no money has gone into businesses’ pockets,” Fentum said, who added he has seen such help in other European countries.

“Governments need to support businesses. Staff is only part of what we spend money on. There is the interest on bank loans and rents. We cannot keep borrowing money. I just sense people naturally being nervous about borrowing again, and lenders will feel nervous about lending again. That said, (the industry) will muddle through,” he said.

### **Closed until Christmas?**

Fentum said one major problem is the knock-on effect of constant closures.

This year can be written off, he said. Even if 2021 brings better luck any profits will be funnelled into repaying loans, so even by the beginning of 2022 the industry will be in the same position as it is now, he added.

Hoteliers speaking with Hotel News Now said the government already has been ambiguous since the second lockdown was announced.

Raggett wondered if this will be too much for some.

“What will happen in December?” he asked. “Staff need to understand.”

Russell Kett, chairman of business advisory HVS London, said he is angry over what he sees as government arrogance regarding the handling of the crisis, perhaps due to its large majority in the House of Commons.

“It is outrageous that there is no crisis cabinet to pool together the talent in the (Conservative) party itself but also the cream of opposition and business leaders. Yes, there’d be 30 people on the Zoom call, but there would be a better outcome than just everyone trying to interpret medical advice and coming up with ideas that no one likes and you can immediately poke holes into,” he said.

He said the hotel industry has worked out how to put hygiene and best practices into operation.

He added furlough arrangements inevitably will be extended.

“(Cabinet politicians) already are starting to admit this ain’t going to be over by December, managing the expectations of the public and what can be salvaged to provide a little merriness and cheer. I am not happy for the sake of the hospitality business,” Kett said

Hoteliers questioned the common sense of closing down until Christmas, and thus essentially cancelling lucrative pre-Christmas party business, to allow families to meet for Christmas and students to return from universities and risk spreading more contagion.

“Having lunch with the family on Christmas Day is so down the pecking order, and that could add to the disaster. Health and safety of course is the most important thing,” Raggett said.

### **Hard work needed**

**Bespoke Hotels’** Fentum said there still is confusion around what is permitted.

“Not that anyone really wants to, I suppose, but we can visit Syria. There is a disconnect between what we can do and what we cannot do,” he said.

He added he understood the government doesn’t want to be Scrooge-like at Christmas but he is concerned this is just a salve, rather than a solution.

He also wondered if the government has made the decision just to let some sectors go bust.

Pent-up demand for travel will see the industry rebound after COVID-19 even if the players involved are different when that happens, he said.

“What we will see is a trickle-down in unhappiness. People are dispirited. Lockdown was very tough the first time around, and we’ll get through it this time, too,” he said.

Raggett said the blanket lockdown also does not take into account regional disparities.

“In our Dorset hotels, we have had fabulous occupancy. Guests understand the precautions. In London, where we have six hotels, we’re not as busy as we would like,” he said.

Kate Nicholls, CEO of UKHospitality, told HNN the costs resulting from the second lockdown will be even heavier than from the first, “coming after periods of forced closure, the accumulation of mass debt and then significantly lower trading due to the restrictions of recent weeks. The sector was hit hardest and first, and this recent shutdown will hurt for months and years to come.”

Kett said the hotel business needed to hone operations and look after its cash flows.

“In Q1 (2021), (hoteliers) will be working out their current positions. There will be a gradual releasing of restrictions. It will not be brilliant, but hopefully some business will come in, and then you have the start of a spring of staycations that will be a hangover from 2020. They will continue with a vengeance as people look for opportunities to share time with friends and family,” he said.

Kett said this hopeful picture requires hoteliers to get off their backsides

“If they do not, they will not have an economic future. The question is when will a vaccine take effect, or when will guests have confidence in track and trace at airports? A vaccine is not quite the panacea it is expected to be (if it) will take a while to get confidence.

“In the second half of 2021, we ought to start seeing business levels picking up quite strongly, and by 2023 occupancy should be back and then in 2024, rate,” he said.

“Be nimble and really look after your cash. My biggest worry is not everyone is doing this,” Kett added.