

Hotels have been closed since 23rd March apart from a few properties that remained open to assist key workers. They are currently due to re-open from 20th July and are keen to maximise the viability of doing this.

Two factors which could greatly aid this re-opening are:

- reducing the 2m distancing rule
- expanding trading in outdoor spaces.

Background

There are 140 hotels in Northern Ireland with 9,543 rooms. Food and beverage sales are a significant income source for the majority of hotels, with up to 80% of turnover from these operations in some hotels. Prior to COVID-19 hotels supported 10,000 jobs directly and a further 5,000 through indirect and inferred activities.

Hotels are facing the loss of events, in particular weddings, larger meetings and conferences. Many have made the decision to accommodate customers by allowing them to postpone to 2021. However there have been cancellations and refunds given where people have decided not to stage the event at all or moved to a location which has clear guidelines or a more flexible approach e.g. Wedding for 160 people cancelled in Newry and moved to Norway where they were allowed to proceed and could give a commitment to the event.

Hotels have also had the bulk of their international tours cancelled for 2020, with their prospective customer base being curtailed to domestic, Republic of Ireland and GB business until 2021.

Given the significant impact of these lost opportunities, it is imperative that the potential for trade within the hotel setting is maximised to give businesses a better chance of survival and to preserve jobs.

Social distancing will play in key part in this. While a number of hotels have considerable space, the levels of business and the cost of servicing reduced customer numbers over a larger area with additional sanitation costs may simply make re-opening unviable.

Two Metre Distance

The WHO advises that we maintain at least 1 metre (3 feet) distance between people to reduce the chance of infection from the virus by airborne particles. The UK Government, and some other countries, have adopted 2m as the standard distance.

Other countries in Europe are using the lesser social distancing measures. France, Lithuania and Denmark have all notably opted for the WHO 1m distance, Germany has adopted a 1.5m distance which is due to be reviewed in June. The 1.5m distance is also in place in Austria, Belgium, Portugal and Italy. These destinations

are due to review their metric as the lockdown continues and it is important to note that the majority have unlocked much earlier than us in late May or early June.

As a destination, we are currently looking at a July opening date provided everything is safe. This date is subject to review and may move. Industry intelligence suggests that by the time we open, other countries who unlocked earlier will have moved to the WHO recommended 1m social distance. For hotels, there is investment in any social distancing measure with signage, possible structural change or enhancement and training required. Reserves are at an all-time low and for hotels to open with one measure and swiftly move to another would effectively mean a doubling of spend. This would present a significant challenge to a sector already in distress.

Opening in a safe and secure manner is paramount and we must give reassurance to guests and staff alike. Ensuring that the virus is suppressed, and the health of the community is protected remains the number one priority of the hotel sector.

But, if the science supports a lesser distance, this would greatly improve the viability of hotels re-opening.

The table below outlines the difference using a 2m, 1.5m and 1m social distance.

Trading Outlet within hotel	Potential reduction in capacity at 2m	Potential reduction in capacity at 1.5m	Potential reduction in capacity at 1m
Restaurants & other food outlets*	50-70%	30-50%	10-20%
Bar/lounge area	50-70%	30-50%	10-20%
Meeting Rooms – Theatre Style	80-85%	60-75%	35-50%
Meeting Rooms – Classroom Style	66%	45-50%	33%
Meeting Rooms – U Shape	75%	50-60%	30%

*dependant on Table size & layout: Source ASM Accountants

The following is an example of a hotel running at £50,000 turnover per week pre-COVID.

Pre-COVID Trading Value	Pre COVID Covers	2m distancing potential	1.5m distancing potential	1m distancing potential
£50,000 with an average spend of £25 - 2,000 covers in Restaurant, Bar Lounge area	2000	1000 - 600	1400 - 1000	1800 - 1600
Turnover at £25 per head	£50,000	£25,000 - £15,000	£35,000 - £25,000	£45,000 - 40,000
Wage Content	17,500 (35%)	10,000 (40-67%)	14,000 (40-56%)	17,500 (39-44%)

With 2m distancing and a Pre-COVID trading value of £50,000, income falling to £15,000 would require a 42% reduction in staff costs but even at this level staffing costs would be prohibitive. An important point to remember is that hotels will have increased staffing costs due to sanitation, training and COVID compliant service arrangements.

A number of smaller hotels may choose not to open at all under the 2m distancing as their customer numbers might not generate enough income to even cover staff costs. The product mix with up to 80% of income coming from food and beverage trading would mean that the entire business could remain shuttered. This would place the entire work force of such businesses at risk.

Outdoor Space

In addition to giving premises the ability to increase the level of business, deployment of outdoor space would allow hotels to help with the perception of safety and attract those who may be reticent to use indoor areas. Outdoor space is seen as safer and it is accepted that the virus is less likely to spread in an outdoor setting. For many, giving an additional footprint will mitigate the loss of seating indoors and at least partially restore trading to a more sustainable level.

Outdoor seating and service will also encourage “al fresco” and casual drop in service at a time when other income streams are depressed and unworkable. If we are outside, it is a great advert for all aspects of the hospitality and tourism industry. Such a measure would increase our visibility, help with consumer confidence and add a new element to local trading.

The addition of licensed outdoor space will also make it easier to mitigate the capacity lost by all businesses due to social distancing and ensure that trade is carried on in a responsible, measured and safe manner, making optimum use of the available space and restoring an element of supply where indoor volume across a range of hospitality outlets will be much curtailed. Shared areas between businesses could be marked out as hospitality hubs and create a new experience at a difficult time. Outdoor “rooms’ of this nature have the added benefit of being visible and adaptable at a time when other aspects of hotel operations are severely restricted.

It is difficult to put an exact measure on what outdoor trading would bring, however we see it adding, depending on location, up to 30% additional capacity to businesses which would offset job losses, increase profitability and viability at this difficult time.