

ECONOMY, ENERGY AND FAIR WORK COMMITTEE

COVID-19 – impact on Scotland’s businesses, workers and economy

SUBMISSION FROM

Rosemount Hotel, Pitlochry

We have a small hotel in Pitlochry. Our over-riding concerns are as follows:

Slow speed at which financial support is being realised

Local Authorities

We have negotiated breathing space with our lenders and utility companies, which removes urgency from that aspect of our creditor profile, but require the Small Business Support Grant, earmarked through local authorities, to pay furloughed staff ahead of being reimbursed through the Coronavirus Job Retention Scheme. We also owe money to other small businesses. Then we need to engage wholeheartedly in recovery planning.

We have yet to receive payment and the 10 day window, through which payment was promised, vanished 2 weeks ago. I note with great concern that the £10K grants to micro business have been paid in far greater overall number than the £25k grants. Businesses qualifying for the latter will be paying the largest number of furloughed staff and owe the most to small business. This is upside-down thinking.

I know that in Wales, civil servants have been transferred to assist local authorities in the processing of payments of grant monies. Is this being considered in Scotland?

Banks

We have applied for funding through the CBILS scheme.

Our bank have told us that they are still applying lending criteria that existed before the government 80% loan guarantee and that small hospitality businesses are being placed through a higher level of scrutiny than businesses in other industries, making support less likely.

Additionally, most banks are lending a minimum of 25k in loans and are not operating overdrafts, (which are better suited to most smaller businesses) through the scheme. For our part, we need a modest overdraft right now, to tide us over until the local authority grant comes through, then a larger amount of support to see us through next Winter, when the real hardship will start to bite.

Being a seasonal business, we rely on a head of steam built up through the Summer months to carry us through the Winter. This will not manifest this year, even if there is a rebound. Bank support will be vital to us, but is by no means assured, in spite of the words of Alok Sharma, the UK Business Secretary, to the contrary.

At risk of sounding like a conspiracy theorist, (which I am not, because I really don’t think there has been a conspiracy, just maybe lack of foresight) my fear is that the banks will,

instead of lending the amounts required to support the vital small business sector, feel encouraged to hold back on monies paid into customers' bank accounts by local authorities, to use to invest when the markets start to rise from the dip in the V that is predicted as the shape of market fortunes in the near future.

Additionally, Banks are currently prioritising existing customers for any lending that is occurring under CBILS. Presumably, they therefore already have security over many of those customers' premises. Are steps in place to prevent this turning into another GRG/SBS scandal? (ref RBS/Clydesdale Bank forcing property-owning business over the cliff-edge to claim their business properties after the 2008 crash)

Recovery Planning Assistance

The tourism industry is going to get a rough ride through recovery. People will need to be gently assisted into having trust to stay in accommodation that might have been previously occupied by an infected person. Clear guidelines, underpinned by good science, will need to be drawn up quickly to help this industry plan for recovery.

Apart from measures to facilitate social distancing, there need to be clear measures to protect staff, especially those cleaning rooms occupied by guests. We are thinking along the lines of zero room servicing during guests' stay, providing cleaning materials and linens for guests to utilise themselves, and furloughing rooms on day of departure to allow surface contamination to subside. Reliable investigation needs to be carried out re virus contamination of mattresses, duvets and pillows.

The big industry players, such as the online travel agencies, should be brought on board to spread the message that the industry has its act together, well ahead of the lift of restrictions, in providing a safe place for folk to stay.

With the benefit of some knowledge and having some time to put good measures in place, the industry should not be found guilty of the type of oversight that has plagued air-homes, who have lacked the time, resources and benefit of hindsight in tackling the particular impact of this crisis on their operations.

The Scottish Government should be the catalyst in bringing this substantial change in practice required of the hospitality industry to give folk confidence to travel again.

Additionally, availability of PPE for hotel workers, especially cleaners, should be given highest priority in order to avoid another scandalous oversight of the order of that surrounding careworkers. We now have knowledge of the implications and time to put preventative measures in place. Simply ordering online will not be adequate in the current climate. Stocks of PPE will be severely depleted by provisions to the health and care sectors. Planning should be put in place, now, to source reliable suppliers for the hospitality sector rather than risk quantities of substandard products flooding the market.

Non Domestic Rates

Whilst being very grateful for the assistance proffered for Rates relief, this coming year, the entire concept is in need of urgent review.

Our profit levels have placed us within a hair's breadth on the wrong side of the cut-off for paying non-domestic rates at the full level. We are now considering altering our business model to one that brings us below that threshold, having been made aware of just how weakened we are by making a few thousand pounds more in profit, per annum, but having to pay nearly thirteen thousand pounds in rates. This will involve us employing 1 or 2 fewer staff.

Furlough

We have added our voice to the many requesting a review of the stipulation in the Job Retention Scheme that staff on furlough must do absolutely no work whatsoever. There are several reasons why this scheme is going to set in store big problems, as time progresses. Our perspective is that of employers of live-in staff and issues arise as follows:

Staff Mental Health

Live -in staff are mostly trapped. Many cannot get home to their families because of travel restrictions or other complexities and for others, there is nowhere to go. These situations add to the more typical list of lock-down hazards to mental health. Consequently, it is imperative that some kind of routine can be set up to assist the staff, who often live in a single room, break up their day and to keep engaged.

Cover of Live-in Costs

Hotels are closed, but many have furloughed staff living within. Provision of accommodation and food to staff is always more expensive than the tax-free allowance provides. Allowing staff to work some hours a week to cover that is not unreasonable and supplements the issues surrounding caring for their mental health, too.

Legionella – a big risk of outbreak that is maybe getting overlooked

There is a danger lurking in each closed property that may have been overlooked as we all became frozen in the headlights of the virus crisis. Large buildings require constant supervision of their water systems for legionella. This requires regular running through of potentially static pockets of water and regular temperature monitoring of pipework and water outlets. As things stand, live-in staff, but also other furloughed staff working in buildings now closed, cannot lift a finger to carry out this work. The question needs to be raised as to whether this is not building the risk of a large legionella outbreak when businesses start to open again – This could further burden the NHS.

Recovery Working

As we move towards re-opening and during the early, cautious weeks of recovery trading, there will be essential work for staff to do, but hardly full-time.

A part-time option for the Job Retention Scheme, once the first phase of operation is stabilised, should be looked into for all of the above reasons.

Alternative Use of Hotels

Is anyone considering the efficacy of following some small hotels for one year to adapt for use in schooling older students. This would free up existing classrooms to spread the younger school force. I suggest older because the health and safety features in-built to existing school buildings will be better able to cater for the youngsters' needs. Additionally, I suggest smaller hotels because it will be easier to monitor the pupil's activities in smaller numbers in a smaller building.