
AssuredHotels



RECOVERY - Issue 2, Winter Cash Flow Forecast October 2020

Despite some positive weeks trading in the late summer experienced mostly in leisure locations, we now face the seasonal shift with all town, city and airport locations still experiencing difficult trading conditions. Consumer confidence is still at rock bottom - the recent increase in Coronavirus infection rates prompting the introduction of local lockdowns, national restrictions including 10pm curfew, limits on gatherings and the re-introduction of the "work from home if you can" message. As we move into autumn nobody is in any doubt of the importance of this period as we prepare for survival over what will be a long and challenging winter.

In our second short recovery article we are looking at cash flow and

how the last 6 months decimation of income in addition to COVID-19 support mechanisms have changed the simple discipline of forecasting. Crucially we are better prepared from what we have learnt since March from businesses that have been successful in managing through these difficulties. As Government support ramps down one area of critical importance are the steps we need to take with the new Job Support Scheme (JSS), given that its fundamentally different to the JRS furlough scheme which will end as originally planned 31st of October.



We are looking at unprecedented headwinds, emphasizing the need to accurately evaluate all factors including:

1. Zero income, or cash banked through April – July
2. Payroll largely funded by JRS, about to end in 4 weeks, and how to restructure with the JSS
3. Payment holidays and forbearance on almost all creditors, funding & HMRC liabilities
4. Revitalizing supply chain, challenging with stretched creditors
5. Increased borrowing and further funding commitments
6. Low demand in the marketplace from a narrow business mix with entire markets missing e.g. M&E, weddings and groups/ tours.

Book a time to meet with us - [click here](#)

As we look to the next 6 months these factors will continue to be exacerbated by very uncertain trading and a lack of demand created by restrictions and low consumer confidence. Previously where buoyant hotel occupancy used to be at an expected minimum of 70%, now +40% can be a challenge with average room rates and incremental spend on F&B also generally lower.

All of this points to a recovery curve unlike any other coming from a purely financially driven recession. It will continue to be stop start, and whilst this makes for a difficult read we have had to make a business case for survival and face the reality of the fallout caused by the virus. Looking at solutions to kick-start recovery we have long since accepted that a hotel offering, staffing structure and cost base will need to look very different and reflect this new business mix with vastly reduced demand and occupancy.

There are positives to assist business planning, in addition to the JSS there is the Job Retention Bonus in January, reduced VAT extension and other grants are being made available to support recovery planning and strategy. But unlike the generous grants and deferred loans necessary in lock down these focus on planning, business viability and re-servicing debt rather than further borrowing - we have detailed a list with links below.





Learn more - Assured Hotels supply & partners

We have all had to learn fast by adapting in lock-down and Assured Hotels have been at the sharp end of difficult decisions across many individual hotels and groups since March on behalf of owners & stakeholders. Therefore, we are confident that we are well placed to assist in identifying and quantifying all initiatives and challenges in timely preparation and planning through a robust cash flow to conceivably better trading from spring next year and beyond.



Financial Support & Grants Available

The new Job Support Scheme start 1st November, [more details here](#)
Other Payroll related support include

- Job Retention Bonus - £1,000 for every furloughed employee kept on until at least the end of January
- £1,500 for every out-of-work 16-24 year-old given a "high quality" six-month work placement
- £2,000 for every under-25 apprentice taken on until the end of January, or £1,500 for over-25s

SME Grants - Small and medium sized businesses in England can access grants between £1,000 - £5,000 for specialist advice or new equipment and technology. You can apply via a [form on the Government website](#) or contact us to see if you qualify for this support which is being distributed through the [Local Growth Hub Network](#).

In the news...

Much needed positive reaction to the High Court's judgement strongly in favor of the FCA's business interruption insurance test case.

[Read UK Hospitality comments here](#)

[FCA's press release can be read here](#)

The devil is in the detail of the policy clause wording, Assured Hotels have stayed very close to this issue over the months since March, and would welcome a discussion if you are not sure if your BI clauses entitle you to make a claim.

Supporting Hotel Owners – meet with us on a no obligation basis

Assured Hotels			
Hotel Marketing	Hotel Management	Hotel Finance	Hotel Advisory

In direct response to the current crisis, and specific to the challenges faced by the hotel & hospitality sector Assured Hotels will be offering no obligation meeting time to hotel owners and stakeholders in the sector.

We will be providing access to our senior team to discuss any challenges you or your client may be experiencing. We have made our

significant experience and resources available without charge to cover all of the main disciplines of finance, procurement, sales and revenue management, plus funding and government support access. We will endeavor to answer any question raised, so please contact us by booking a meeting slot at the link below or calling 0203 205 7239.

[Book a time to meet with us - click here](#)

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