THE OVERVIEW

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Budgeting for change

IHIF - Owners bring down the wall in Berlin

Business travel rundown

Welcome to THE OVERVIEW

Dear members,

This year's International Hotel Investment Forum was, as ever, a seething hotbed of intrigue and rumour, much of it centred around the future of InterContinental Hotels Group. Will it be the latest to fall to Chinese investors? Will it buy another company to defend the realm? How long can CEO Richard Solomons hang on? All he would confirm is a potential mid-market brand now that Holiday Inn is slowing its expansion in the US.

On the sidelines, familiar arguments were rumbling between owners and operators. The demands for more alignment of interest between the flags and those who would put them above their door are growing, at the same time as many of the brand owners complete their moves to being asset light.

Attempts are building to put pressure on management contracts in particular, with a drive to fees being more linked to performance than at present as well as a shift away from the 25-year contract, as many appreciate that the sector is moving so quickly 25 years may see us all living in hovering hotel pods above the surface of Mars.

What is pushing this move towards brands taking on at least a small amount of risk is that, for the owners, there are now other options. As one delegate pointed out, when you compare the financials of a limited service brand versus using an online travel agent, there isn't much between them, and, with the latter you are not exposed to the almost-continual changes to brand standards, all of which require additional investment.

The choices don't end there. Marketing consortia are increasingly attractive and Best Western was, unlike IHG, eager to highlight its enthusiasm to do a deal - almost any sort of deal - to grow its portfolio and offer scale. For once the hotel owner/consumer is spoiled for choice.

Katherine Doggrell

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In March's issue...

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You can login to the membership area on the HOSPA website and read this journal online plus archived copies in the members' area are available at: **www.hospa.org**

Hospitality overcomes

We were all waiting for it and sadly it's happened - the shocking terrorist attack on London we had been dreading. As Prime Minster Theresa May rightly said in the wake of the atrocity, we will 'never give in to terror'.

So, it is indeed our duty to carry on our daily lives as if nothing had happened, but with one important change: the need for extra vigilance. I have no doubt that HOSPA members and the hospitality industry at large will join the country and the rest of the world in offering our deepest sympathy to the victims and their families, whilst conveying our immense gratitude to the police, medics and all the emergency services involved - not forgetting the hero MP, Tobias Ellwood, who battled in vain to save the life of the stabbed police officer PC Keith Palmer.

Their swift, effective, calm reactions to the imminent danger should send a message that London is well protected, not least by those at the sharp end, but also all those who work at constantly keeping us safe behind the scenes. The excellent work by our security services and GCHQ deserve special praise in this respect. The message to the world is that it is business as usual in London; and the attack should not deter the 20 million tourists who visit this great city each year.

Events such as this put life back into perspective, but we must not lose sight of why we're are all in business and how we can best position ourselves in our ever-changing, unpredictable world. For the fifth year running, Mazars surveyed leading hospitality and leisure business to gauge views on the events of the past 12 months and the key challenges and opportunities that lie ahead.

Thanks go to Gareth Jones at Mazars and his colleague, Alan Frost, for sharing this data with HOSPA; and here are some of the key findings. Brexit was, of course, a major theme throughout the research with all the staffing issues which may - or may not - come hand in hand with our relationships in Europe. The results confirmed that concerns around immigration far outweighed the shorter term positive impact of the weaker pound, and the consequential potential for inbound tourism.

Aside from the human resource impact, increasing costs were the greatest challenge cited by respondents - at over 80%. Both inflation and exchange rates are affecting food and beverage costs. In addition, increases in business rates, utility prices, employee costs and commissions from Online Travel Agents (OTAs), are seriously damaging the bottom line. Perhaps the ever-growing power of social media is to blame for the ever-increasing expectations and demands of our guests - some 44% of respondents were concerned about changes in customer expectations.

So often hospitality leads the way in economic downturn and thankfully recovery. The good news is that the industry in general appeared to be well prepared for both. Two-thirds of respondents agreed that the financial impact of the National Living Wage had been "as expected". Indeed, for a fifth of respondents, the introduction has had no impact at all on their business, and only 3% found the National Living Wage to have had a greater than anticipated financial impact.

The imminent introduction of the Apprenticeship Levy on 6 April should help increase both the quantity and quality of apprenticeships in the UK - closing the gap between the skills an employer expects and the attributes of the candidate. The Recruitment & Employment Confederation notes this skills shortage is one of the key reasons for the above average staff turnover in the industry. At 20% per year, this is significantly higher than the average of 13% for other industries, costing the sector £274 million annually.

At HOSPA, we aim to support our members and the industry through sharing data like this - there are resources aplenty in our Members' Area on www.hospa.org - do use this important resource.

Chris Denison Smith
Director, FM Recruitment

The business travel rundown

Helping business travellers to be where they need to be to get things done has always been a pleasure for the hospitality industry. Now new technologies, global relationships, and economic shifts are altering how we can best serve our business guests.

We look at some recent developments in the business travel sphere.

Welcome traveller

It has been a tumultuous time in politics lately with recent changes in the Western world - namely Brexit and the US presidential changeover - causing disruptions to business across the board and creating anxiety in the sphere of business travel. Our hospitality industry must continue to be welcoming to all, and make the travel experience as easy as possible for all our customers.

Brexit

A poll by the Business Travel Show found that Brexit has pushed business travel prices up for Brits, with prices increasing for 16% of corporate travel buyers in Britain, compared to just 6% across continental Europe[1].

Budgets on the rise

More positively for the industry, the Business Travel Show also found that the number of business travel buyers with flourishing budgets is on the increase for the first time in four years. 32% of buyers will have more money to spend on business travel in 2017[2].

Where in the word?

Growing economies across the globe are pulling in more business travellers with new opportunities for expansion and deals. Research from Booking.com[3] shows that, in 2016, the fastest-growing business travel destinations were Shanghai, Tokyo, and Bangkok. European destinations Budapest and Prague are also rising, currently sitting in 6th and 9th place on the list.

It's good to share

The Sharing Economy's disruptive impact has not missed the business travel sphere. Consumer demand has forced corporate travel planners to include popular emerging services for both accommodation and transport. According to a GBTA report[4] released in January, ride-sharing services are now allowed by one-half (50%) of all corporate travel policies, a jump from 44% in June 2016. The use of home-sharing services, like Airbnb and HomeAway, also increased 20% from June 2016, despite only 30% of companies allowing this stay option.

The Traveller

With all these changes in the industry, what can we do to assist? Here is a rundown of what your business guests might need:

On the go guest

Business travel trips are often very short - just one or two nights - and booked very last minute. Research from Booking.com[5] found that nearly a quarter (23%) of business travellers book their travel within a week before their trip for domestic locations, with one quarter of respondents (24%) booking their international business trip four weeks or less before departure. These travellers make frequent trips to touch base with different clients, leads and collaborators, and can hit multiple cities and countries across the course of a year. These travellers will appreciate:

- Convenient locations - Airports, city centres.
- Good transport links.
- Personalisation - Save them time by knowing who they are before they tell you.
- Flexible check-in and check-out - They have a schedule of their own to keep.
- Loyalty programs - That monthly meeting might as well earn them rewards.

Extended stay guest

On the other side of the spectrum are the long stay guests. These may be Monday to Friday guests who return home for the weekend, or contract workers who live where they need for the duration of their project. These are the perfect customers for Serviced Apartments. They won't want to commit to renting a house or have the responsibility of house upkeep while they are working, but they will want a feeling of a home away from home. Once they have committed to staying with you for this longer period they will expect good service and recognition from staff. Younger guests may appreciate social areas and evening activities as an opportunity to meet other workers and make friends while away. Sharing Economy offerings will also appeal to extended stay guests as these can give them that sense of home at a lower cost. Longer staying guests are also much more likely to make use of any gym facilities that are either within the building or nearby, as they won't want their home routines to be lost just because they are away.

[1] www.businesstravelshow.com/news/show-news/2017/01/23/brexit-forces-prices-up-for-uk-corporate-travel-buyers
[2] www.businesstravelshow.com/news/show-news/2016/12/22/buyers-predict-healthy-outlook-for-business-travel-spend-in-2017
[3] https://news.booking.com/business-and-leisure-travel
[4] www.gbta.org/foundation/pressreleases/Pages/rls_013117.aspx
[5] https://news.booking.com/business-and-leisure-travel

Bleisure traveller

'Bleisure' travel is on the rise. According to Booking.com[6], 49% of business travellers already extend their business trips to further enjoy the destination, while three quarters (75%) intend to do so the same or more in the coming year. These travellers are likely to embrace Sharing Economy offerings to help get what they want out of their stay. These travellers will be looking for:

- A good deal - work won't be paying for the second part of their trip.
- Local knowledge - What do they absolutely need to see while they are in town?
- Good central location - They have already spent time travelling and working, now they just want to have fun.

International traveller

Jet lag is the enemy of the traveller, and is especially inconvenient for the business traveller who is being paid to be productive on their trip. Simple things like offering a room which will be quiet all day (not too close to bustling areas of the hotel), and having rooms fitted with black-out blinds, will enable guests to sleep whenever they need to.

These time constrained international travellers will also be eternally grateful for easy access to plug adaptors and assistance with directions and local transport so they do not have to waste time working it out for themselves.

Solo traveller

Travelling for work can be a great perk but it can also be a challenge. A new job or role may mean a worker is suddenly faced with a daunting first experience of travelling alone. Ensure your guests are made to feel safe and secure by providing things like airport transfers and trusted transport recommendations. This can help remove unnecessary stress and give the guest more energy to put into the work they are there to do.

Always on

Business is not just done in offices and hotel meeting rooms. Business is done on trains, planes, walking down the street, and in your hotel lobby. Well-designed hotels can give business people ample opportunity to get things done. To cater to the 'always on' business guest you need:

- Sockets everywhere to keep laptops running.
- Charge points in case that all-important smartphone is dying.
- Tables in rooms and communal areas.
- Seating areas big enough for two or three people to gather.
- Quiet spaces for those who need to focus.

Know who you are dealing with

When a guest walks in the door how do you know which of the above applies to them? It is important that you are working with guests from the outset to understand what they will need from you. This may begin as simply as asking 'business, leisure or both?' when a guest makes an enquiry about a booking. Then you can start letting them know what you have available to help, as business trips will often be booked through an intermediary at the company, it is important to build a good relationship with these contacts while also having a direct connection with the guest. Efficient and friendly service from in-house staff is essential, and apps and websites should make it easy for the guest to add on services as they need. There are great rewards from getting it right in the business travel sphere - if you serve one guest well there is likely to be repeat business from them and their colleagues for years to come.

Chris Denison Smith is a regular contributor to HOSPA, and a Director at FM Recruitment, a business which has focussed for over 30 years exclusively on accounting and financial management in the hospitality sector. Serving clients and candidates throughout the UK and International markets, we source talented people for Finance, IT, Procurement, Asset Management, Professional Consultancy and Analysts. www.fmrecruitment.co.uk

[6] https://news.booking.com/business-and-leisure-travel/

Special Outstanding Achievement Award Winner

This month we are talking to another of our prize winners from the 2016 Annual Awards Ceremony, Sam Willetts, Accounts Manager - Reporting, Jurys Inns.

Sam received the first ever HOSPA 'Special Outstanding Achievement Award' for his studies.

Head of HOSPA Professional Development Debra Adams explained: "We wanted to honour Sam for scoring the highest combined course work and examination results over a two-year period in all three stages of the HOSPA Professional Development Programme in Financial Management. Sam was the 2015 highest scorer in Stages 1 and 2: 'Introduction to Financial Management' and 'Operational Management Accounting', completed in March and September 2015 respectively, before completing the Financial Management grand slam in 2016 by gaining the highest score in Stage 3: 'Strategic Management Accounting', completed in February 2016."

Sam Willetts received a glass trophy and a complimentary delegate place at HOSPA's prestigious annual HOSPACE2017 Conference and Exhibition, to be held on 2 November at the Royal Lancaster London.

What does your current role involve?

My current job title is Accounts Manager - Reporting. The role involves the preparation, analysis and presentation of reports on operational finance areas such as Budgets, Forecasts and KPI's. Furthermore the role involves looking at ways in which these areas could be improved to enable a more streamlined process.

Did you take any qualifications before studying with HOSPA?

I completed GCSE's and A-Levels before going on to study for a degree in International Banking and Finance at Liverpool John Moores University, which I completed in 2008.

How you first joined the hospitality industry?

After finishing University I began working in a Frankie & Benny's Restaurant. What I initially thought would be a short term position, ended up being for 4 years during which time I worked my way up to a management position.

What led you to your current role?

After being a member of the Jurys Inn Transaction Management Department for 3 years, I was successful in my application for the Accounts Manager - Reporting position within Group Operational Finance. This role has given me greater exposure to hospitality specific finance, and has enabled me to be more active in areas such as budgeting and forecasting.

How did the HOSPA course help you?

The HOSPA Financial Management course helped me to gain a greater understanding of finance at a property level, as being originally based in a Head Office there were some areas of property finance I did not face on a day to day basis. Successfully completing the HOSPA Financial Management course contributed to me gaining the promotion to my current position.

What are your aspirations for the future?

In the future I see myself developing and further progressing within the finance function of Jurys Inns and working towards the next step in professional financial qualifications.

Sam Willetts being presented with his award by Peter Jones, Chair of Prof Dev Committee

Education & training programme results, September 2016

The following learners, enrolled on the September 2016 programme with examinations in January 2017, successfully passed the course-work assignments and examinations:

* Highest grade achieved for their Stage or Level of study

Financial Management, Stage One

Jose Benitez Parides	Haymarket Hotel - Firmdale
Jean Marie Berthelot	Hilton Mauritius Resort & Spa
Leanne Cooper-Keeble	Cotswold Water Park Four Pillars Hotel
Jake Davies	Carden Park Hotel
Juan Antonio Gomez Garcia	BDO LLP
Alan Graham	Rockliffe Hall Ltd
Patrick Henderson	Jolly Post Boys Ltd
Monika Hyde*	The Quay Hotel and Spa
Amy Kimbel	Principal Hayley De Vere Venues Group
Boudewijn Kok	Hilton Hotel Amsterdam
Joanne Noworol	Le Meridien Piccadilly
Suresh Perera	Firoka (City) Ltd
Carrie Pinches	Carden Park Hotel
Heerah Sookun	Hilton Mauritius Resort & Spa
Joanne Thorne	Brookson Ltd
Ricky Zhang	Jumeirah Restaurant Group

Financial Management, Stage Two

Jose Benitez Paredes	Haymarket Hotel - Firmdale
Ketan Bhakta	Jurys Inn Birmingham
Helen Bilsborough	The Palace Hotel, Principal Hayley
Myles Donald	Blytheswood Square Hotel
Debra Fraser	Selsdon Park Hotel, Principal Hayley
Sarah Gauntlett	Jurys Inn Birmingham
Maxime Guichoux	Hotel Le Richemond, Geneva
Anthony Haworth	Principal Hayley Eastwood Hall
Antje Henze	De Vere Venues Latimer Place
Eleni Koxenoglou	Chiltern Street Hotel
Sylvia Kuhmayer	Hospitality Quality Consulting
Luiza Parol	London Hilton on Park Lane
Ibrahima Thiam	Double Tree by Hilton London
Natalia Zaremba*	Shangri La at the Shard

Financial Management, Stage Three

Matthew Bennett*	Derbyshire Hotel - Principal Hayley Hotel
Shilen Bhimji	Jurys Inns
Eva Dadikova	Mottram Hall Hotel - Q Hotels
Dovile Jurasiute	Sheraton Grand Hotel
Jaroslaw Kwiatkowski	Mottram Hall Hotel - Q Hotels
Kamila Lipnicka	Radisson Blu Belfast
Alison Sidebotham	Hilton Newcastle Gateshead
Paolo Stabile	Double Tree by Hilton Docklands Riverside
Andrew Swindells	Principal Hayley Cranage Hall
Ibrahima Thiam	Double Tree by Hilton London
Jude Thomson	Sheraton Grand Hotel
Tsjoe Tiah	Hilton Amsterdam
Amie Whelan	Midland Hotel, Q Hotels

Revenue Management, Level One

Kirsti Boyton	Dakota Deluxe Glasgow
David Clancy*	Edinburgh Capital Hotel
Ioannis Kameris	Louis Hotels plc
Tina Miller-Smith	Ashdown Park Hotel - Elite Hotels
Dionis Murovski	Yotel
Jude Rodrigues Da Silva	Studying independently
Henry Rouse	Haulfryn Group Ltd
Stevie Standerline	Weetwood Hall Hotel
Vid Vainauskas	The Langham London Hotel
Doris Wohnl	Shangri-La Hotels & Resorts

Revenue Management, Level Two

Stephen Baskerville	The Landmark London
Sam Jennings*	Premier Inn
Priya Shah	The Grove
Angelo Zito	Relocabroad

Revenue Management, Level Three

Jo Fox	ETC Venues
Diane Little*	The George Hotel - Principal Hayley
Florence Tercier	Nido
Angelo Zito	Relocabroad

Earning the edge

The HOSPA Education and Training Programme in Financial Management provides the first step to pursuing a career in business and finance in the hospitality sector.

The course content is based on best practice in the sector and follows the guidance and recommendations of the Uniform System of Accounts for the Lodging Industry (2014 edition). The course offers three levels of study and successful completion of all three levels leads to Certified Associate Membership of HOSPA enabling members to use AHOSPA Cert (FM) in their business correspondence. This award confirms that the member has the skills and knowledge to manage a hospitality finance department.

During March we have welcomed new learners from the following companies on to our financial management courses:

- Coombe Abbey Hotel
- Carden Park Hotel
- Ceviche
- City North Hotel & Conference Centre
- Hilton Hotels
- Jurys Inns
- Luxury Hotel Collection
- Q Hotels
- Radisson Blu
- St Regis
- Starwood Hotels
- The Wesley
- W Hotels

January 2017 witnessed the launch of the new CIMA 2017 syllabus and HOSPA learners will continue to receive exemptions based on their studies with HOSPA. This means that those who complete the full HOSPA course are just 2 exams away from receiving CIMA's Certificate in Business Accounting (Cert BA), this is a qualification in its own right and teaches you the fundamental skills you need to continue to progress towards a career in business and finance. It also provides the perfect stepping stone onto the CIMA Professional Qualification. As a Chartered Global Management Accountant (CGMA), you could work as a finance director, managing director, director of finance and many more. See the case studies from the HOSPA alumni on the opposite page to learn how CIMA could help you with your next steps.

CIMA is hosting an interactive webinar for HOSPA graduates on 30th March from 12.00 - 1.00pm which will provide you with more information about CIMA and where CIMA can take you. It will also give you the chance to ask any questions you may have before you register as a CIMA student.

If you have any questions please do not hesitate to call CIMA Contact on 0208 849 2251.

For more information about the variety of roles available in Hospitality finance visit the careers area on the HOSPA website at www.hospa.org/en/education/careers and of course, don't forget the HOSPA JobsBoard also on the member's area of the website!

Debra Adams
HOSPA Professional Development

Name: Susan Redgrave
Organisation: Bulgari UK Ltd
Role: Senior Accountant

"I feel far more confident about securing my future with the CIMA qualification behind me"

How did you start your career?

I studied Hospitality and Tourism at university as I enjoyed the quick-paced world of hotels and the fact that no two days are the same. I have always enjoyed working with numbers so I started my career as Accounts Receivable in a hotel.

While I was there I was given the opportunity to take on the role of Credit Controller for maternity cover. After this came to an end I worked in other areas of the finance department and soon became a Senior Accounts Assistant. It was at this point I realised that I wanted a future in finance and decided to undertake the HOSPA Financial management certificate. I was promoted to Assistant Financial Controller and worked in this role alongside being Financial Controller part time at another hotel.

After completing the HOSPA certificate, I wanted to move away from the operational side and work as a Management Accountant. I worked for a travel company as Assistant Management Accountant, and then Management Accountant, looking after five separate companies. It was in this role that I undertook all my CIMA studies. and upon completing CIMA I gained a job as a Senior Accountant in a luxury retail company, a change from hospitality but still within the services industry.

Why did you choose to study CIMA after completing HOSPA?

When I started to study HOSPA I was unsure at this point whether I wanted to stay in finance or continue in hotels and work my way up to be a General Manager. By the end of the certificate I knew I wanted to stay in finance. I liked the flexibility that CIMA offered; when you are working and studying it is great to have the ability to study at your own pace. I also knew that studying CIMA would open so many opportunities whether I chose to stay in the industry or not and also improve my desirability as a perspective employee and lead to higher salary brackets.

When did you study CIMA? What year and at what point of your career?

I started to study CIMA as soon as I finished my HOSPA certificate in 2011. I moved to a job in travel as an Assistant Management Accountant, and four years after I finished HOSPA I had fully qualified as a CGMA in 2015. It felt such a great achievement on completion.

How does having both the HOSPA and CIMA qualification help you in your role today?

Both the HOSPA and CIMA qualifications use examples and case studies which you can relate to everyday life in any organisation. The HOSPA qualification included assignments which were based on your company, encouraging you to think about everyday operations. CIMA broadens your mind by thinking beyond hospitality, however you can usually apply the same strategic thinking to every day work.

What does the future hold for you?

The future for my career has many possibilities, which are thanks to the CIMA designation. I am hoping to move from a day to day finance function to more of an analyst role in the future. I feel far more confident about securing my future with the CIMA qualification behind me and know that there is no limit to what I can achieve.

TAX: Spring Budget and Finance Bill 2017

As the government begins its negotiations to exit the European Union, in his March budget, the Chancellor Philip Hammond outlined his proposals to build "the foundations of a stronger, fairer and more global Britain".

Backed by a number of better than expected economic statistics, the Chancellor delivered a Budget which overall contained few surprises and didn't include an awful lot of change to what had previously been announced. How might the hospitality sector be affected? We've ignored the U-turn on NIC, and summarised some of the key announcements from both the Spring Budget and the Autumn Statement which will be included in the upcoming Finance Bill (which we are eagerly awaiting at the time of going to print!)

Rates and duties

As previously announced, the main rate of corporation tax will be reduced to:

- 19% from 1 April 2017 (the lowest rate in the G20)
- 17% from 1 April 2020
- The national living wage will rise again to £7.50 in April.

Duty on beer and cider is no longer frozen. All alcohol duty rates will rise in line with RPI inflation from 13 March 2017. There is concern this could lead to unsustainable price increases. A Minimum Excise Tax (MET) for cigarettes will be introduced from 20 May 2017. A MET will set a minimum level of excise duty for any packet of cigarettes, based on a packet price of £7.35. The business rates revaluation takes effect from April 2017 and a revaluation of property could leave some businesses with steep increases in the business rates they face next month. The Chancellor announced measures designed to support businesses most likely to be affected. The most welcome among these for the sector is that pubs with a rateable value of up to £100,000 will be able to claim a £1,000 business rate discount for one year - expected to impact 90% of local pubs.

Unfortunately these measures are a temporary fix and not the longer term measures that the sector needs. However, the government will unveil plans to change the rates system later this year, including the delivery of its previously announced aim for more frequent revaluations of properties (at least every three years) and will consult ahead of the next revaluation in 2022.

Loss relief reform

New rules determining how carried forward corporate losses can be offset will apply from 1 April 2017. Broadly losses generated after this date should be more flexible as to the types of income and profits they can be utilised against, as well as companies being able to surrender carried forward losses around their groups.

The downside to the new rules is a restriction in the quantum of carried forward losses that can be offset in a given year. Losses carried forward are restricted to 50% of post 1 April 2017 profits. This loss restriction will only apply if a company or group has taxable profits in excess of £5m a year (where the £5m profit figure is exceeded by the group, carried forward losses can only be used against 50% of the profit).

Interest deductibility restrictions

Following a consultation and the publication of draft legislation, new rules will take effect from 1 April 2017 which limit the tax deductions companies can claim for their interest expenses. The new rules are intricate and very complex and will affect businesses differently depending on the individual circumstances. We recommend that groups with net interest expenditure above £2m pa urgently review how these rules may impact them.

Substantial shareholding exemption (SSE)

The Finance Bill will include legislation to simplify the SSE rules, with the changes taking effect from 1 April 2017. This very broadly applies to the disposal of shareholdings in trading companies (where there is more than a 10% interest in the trading company) by trading groups and exempts from tax any resulting gain or loss. The changes will remove the investing company requirement, making it easier for companies to reorganise their affairs or dispose of investments without giving rise to a taxable event.

Off-payroll working in the public sector

From 6 April 2017, new anti-avoidance measures will be introduced to tackle the disguised employment of individual workers who use an intermediary, whether a personal service company, partnership or individual (intermediary), to provide their services to Public Authorities. The Public sector body, agency or third party will now be responsible for determining whether the off-payroll intermediaries rules (often known as IR35) apply to workers engaged through their own limited company and, if necessary, deducting and paying over the relevant tax and NIC via payroll, and paying Class 1 employers NIC. Whilst on the face of it these rules might not appear to impact hotel businesses, we have seen scenarios where they can apply and therefore it is worth being aware of the changes. An example could include a business which operates a canteen in a public sector space (eg hospital, sport facility) and uses off payroll labour.

Consultations

The government have also announced a number of consultations, two of relevance to the sector are:

- Taxation of benefits in kind - consultation on exemptions and valuation methodology.
- Employer provided accommodation - looking at proposals to bring the tax treatment of employer-provided living accommodation and board and lodgings up to date.

Accountancy and business advisory firm BDO LLP provides integrated advice and solutions to help businesses in the Hotels and Leisure industry navigate a changing world. Our clients are Britain's economic engine - ambitious, entrepreneurially-spirited and high growth businesses that fuel the economy. For information on any of the above, contact James Welch, partner in the tax team at james.d.welch@bdo.co.uk.

Ich bin ein Berliner

The 20th International Hotel Investment Forum, held at the Hotel InterContinental Berlin opened with Roger Bootle, Chairman, Capital Economics giving his overview of the economic climate, reassuring the delegates with the news that "the world economy was set reasonably ok". However, looking to the US, he predicted that President Trump's promise of an increase in spending and a reduction in taxes would lead to a surge in borrowing and an increase in government debt. Further uncertainties for the US included the rising dollar and whether Trump would stay the course of his term in office.

Looking to the Eurozone, Bootle noted major divergences between countries; Ireland and Spain showing particularly strong growth whilst Italy had very little. He referenced the various significant political events on the horizon and said; "I can't remember a time so fraught with political risk" and also noted that "if there is a fracturing in the Eurozone, it is likely to spread". Looking at the UK, Bootle noted three quarters of growth at a rate of 0.6% and reasons to be optimistic although inflation was increasing and earnings don't look set to match this increase which will "result in a squeeze on people's real incomes". Looking specifically at the City of London he said that it would "lose a bit of business and some jobs, but it will be marginal. Its position will remain strong". Looking at Europe he said "the last thing Europe needs now is stability, because stability means stagnation" and he concluded by stating that in his opinion "interest rates were going to go up sooner, further and faster" than widely predicted.

The next session was 20/20 Vision: Looking Back 20 years, Looking Forward 20 Years hosted by Michael Hirst OBE, Consultant, CBRE Hotels, in conversation with Alison Brittain, Chief Executive, Whitbread and Richard Solomons, Chief Executive, IHG. Hirst started with a retrospective look at their organisations and Brittain highlighted that "Whitbread was born in 1642 to brew beer and we are still brewing, albeit coffee". Both Brittain and Solomons hail from the banking industry and Hirst asked what skills they felt they had bought with them from this industry?

Brittain responded that she had experience across commercial, corporate and retail banking and these areas bought different skills but the retail banking side provided knowledge in high street management skills, digital technology, procurement and cost management.

Both Solomons and Brittain are non-executive directors at M&S and Hirst asked what value they bought to this role. Both agree that the impact of digital and the challenges faced by any global franchise business are similar and therefore there were lessons to learn from the retail industry. Brittain said she can "bring independent experience and also gain a huge amount of insight. Each industry has the same problems but framed differently".

When asked about the significant changes IHG has faced over the last 20 years, Solomons said the decision to adopt an asset light approach had been one which was "partly about returns but a lot about focus". He also said that the technology change was huge and thirdly that there was now a real focus on guests and IHG were developing brands around guests. He said IHG had seen its highest level of openings since 2007/2008.

Asked about the future of Whitbread, Brittain said they were "happy with our structure". Whitbread are very unique and own and manage, either by freehold or leasehold, all of their properties. Brittain believes this is how they manage their service proposition. Whitbread currently have 85,000 new rooms scheduled by 2020.

On expanding their brand offering, Solomons said: "it's really important we continue to have brands that stand for something. we don't want another "me too" brand - it's got to deliver something to the marketplace".

Asked about what they predicted was the biggest changes to the industry in the coming 20 years, Brittain said "artificial intelligence (AI) and robotics" and Solomons said technology, specifically mobile. IHG have seen a growth from $0 - $1.6m in five years of their mobile business. Solomons added "technology lets you own the guests".

European markets that operate similarly to the UK are growth prospects for Whitbread and Germany is a key focus. Brittain felt they were never going to the get to the scale required to operate effectively in Asia so they pulled out of the region.

10% of the IHG pipeline is Europe, specifically Germany, UK and Russia. China is also a key growth market. "We have cycles, we have ups and downs, and what is really important is taking a long term view" said Solomons.

The next session on the programme was Hotel Investment Today, a collection of presentations from industry experts followed by a discussion. Starting the presentations was Robin Rossman, Managing Director, STR who provided the hotel performance trends. Salient points included that 2016 had been positive generally, in terms of RevPAR growth, but areas that had been affected by terrorism were clearly visible and suffering. 2017 is expected to be a good year with hot markets including Amsterdam, Barcelona, Dublin and Madrid, recovery markets that are seeing stabilisation include Brussels, Moscow, Paris and Milan and over supply is affecting London. Edinburgh, Manchester and Frankfurt. Demand significantly outpaces supply in Barcelona.

Jamie Chappell, Global Business Director, Horwath HTL provided delegates with insight on hotel investment in the global economic and political climate and stated that 2016 was the third strongest year on record in terms of hotel transactions. He said that "banks are still lending, private equity is dropping off but we're seeing a significant increase in funds, particularly in Europe, who are chasing after assets".

Andreas Scriven, International Managing Director and Managing Director Consultancy, Christie & Co discussed consolidation and M&A activity noting that "hotel development will shift from mature to emerging markets" and that we will see "significant capital coming from Asia and Middle East fuelling M&A deals" along with "pressure from industry disrupters". Interestingly he foresees a "transformation in booking behaviour with major investment requirements". He concluded by saying "there is no end in sight for consolidation"

Philip Ward, CEO Hotels and Hospitality Group EMEA, JLL concluded the presentations with insight into cross-border investment. He noted "China has increased investment in the hospitality sector by 80% from 2012 to 2016" and urged us all to "remember these global trends have been positive". He felt there was renewed interest in the hospitality industry from the Middle East - particularly upscale, luxury assets in major markets. Having just visited South East Asia, he saw that the region was very active. He also said that "US funds were showing an interest in the UK and Spain" and that overall there was "strong appetite and strong demand, a very positive outlook".

Rossman felt alternative accommodation, including hostels, would be the most significant change to the hospitality industry in the next 20 years. Scriven noted the resilience of the sector and how it reinvents and reincarnates itself continuously. Ward noted that "the emergence of hotels as a mainstream real estate asset and the development of lodging REITs" has been one of the most significant changes to the industry over the past 20 years. All speakers agreed that the sector was experiencing a blurring of previously clear boundaries and responding to this would be a challenge for the future.

The second annual HAMA Europe 2017 Asset Management Achievement Award was then presented to Chris Pfohl from Pyramid Hotel Group & Angelo Gordon by Theodor Kubak, President, HAMA Europe Chapter, Senior Investment Manager, Union Investment and Chad Sorensen, Partner, CHMWarnick.

The next session, Investors on the Spot: Updating the Fundamentals of hotel Investment, was moderated by Nick van Marken, Global Head - Hospitality, Deloitte in conversation with Coley Brenan, Partner, Head of Europe, KSL Capital Partners, Zachary Schwartz, Vice President, European Hotels, Cerberus Capital, Sanjay Singh, Managing Director, Fico Corporation and Desmond Taljaard, Managing Director - Hotels, London & Regional. The session started positively with Singh saying he was "reasonably confident in the UK as an investment target for the next six to 12 months' time". Taljaard said the EU referendum results in the UK created a "fourth quarter dip as people started to get nervous but this had now stabilised". Brenan noted that "the refinancing risk today was very different to that seen in the last cycle". When asked about the importance of a brand, Taljaard replied that he would flip the question around and ask "what value the brand can bring to the hotel?". He feels that the economics of branding will start to be questioned but "if brands can find a way to keep the costs of the value they add in balance then there would be a place for them". The debate turned to the OTAs and Taljaard said that he felt people needed "a lot more weaponry" in the war with OTAs.

The next session saw the presentation of the IHIF Lifetime Achievement Award 2017 to Arne Sorenson, President and Chief Executive Officer, Marriott International, followed by an interview with Tanya Beckett, business journalist and broadcaster. After receiving his award, Beckett asked Sorenson about the recent acquisition of Starwood by Marriott. Sorenson said the deal was "a starting point for something we have to build. We need to create something better, not just bigger, than what there was before". The key driver for the acquisition was a need to create an "eco-system of loyal customers with whom we can develop great relationships which would allow us to protect and grow our business." Sorenson understands that "people want experience today, more than things, and are constantly looking for better value". Marriott have 90,000 hotel rooms opening in 2017 and currently run a $250bn property portfolio across 30 brands. Asked about the biggest threat to the industry, Sorenson said this was "the global wave of populism" and he feels Hilary

Clinton lost the US election, rather than Donald Trump winning it. Sorenson has a "strong sense that immigration and refugees is not an area we have consensus on" and he is nervous of the trend that "too many countries in the world, including my own, are turning too far inward". He feels strongly that it needs to be communicated that people are welcome to the USA and notes that 10% of GDP is driven by travel.

The following session was The Next 20 Years: A Collective Look at the Hospitality Investment Landscape moderated by Cameron Cartmell with Jim Abrahamson, Chairman and CEO, Interstate Hotels & Resorts, Cody Bradshaw, Senior Vice President and Head of European Hotels, Starwood Capital Group, Tim Helliwell, Head of Hotels, Barclays Bank and Hubert Viriot, CEO, Yotel. Bradshaw commented: "Brands need to go overhead light as well as asset light. Cost synergies are subsidising many of these deals, but there's no trickle down in cost savings to owners. My prediction is that Google is going to be a real disruptor in this space. In the next 20 years something has got to give - the brand fees are not that different to the OTA fees". Bradshaw also noted that although much has been made of millennials as shapers of the industry, they have "significantly less disposal income than previous generations due to high levels of student debt".

The second day of the International Hotel Investment Forum started with Sébastien Bazin, Chairman and CEO, AccorHotels, who opened his presentation stating "AccorHotels has never, ever been stronger" and also announced that the business would be adopting an asset light structure. He was quick to say that Airbnb, Booking.com, Expedia, etc are the companies this the hotel industry need to watch. "they are very good and what they are doing is legitimate." He said "every time they grow, they take something away from me. They also bring me something, they bring me traffic.".

He said that historically AccorHotels has been very asset heavy and very labour intensive. He is proud of the 240,000 employees across 95 countries and their commitment to the brand. However he pointed out that none of the successful digital players are asset heavy or labour intensive and the goal for AccorHotels is to have the same level of interaction with their guests as the digital brands do, typically three or four times a day. He said "whatever we do, we need to be customer-centric; stop looking at yourselves and look at your clients. Stop imposing your brand, your promise, your intent. Listen to what they want and react".

He said that hotels were still a viable business but unlikely will grow more than 10% per annum. That is in comparison to the 10/15/20/40% rates of growth that Expedia, Booking.com, Uber and the other digital brands are experiencing. He feels "we need to tap in to what they do, we need to adapt". He pointed out that "AccorHotels have never been stronger in development they have one new hotel opening every 36 hours, around the world."

The next session focused on the Evolution of the OTAs and David Scowsill, President & CEO, World Travel & Tourism Council interviewed Dara Khosrowshahi, CEO, The Expedia Group. Scowsill asked Khosrowshahi about the level of commission currently charged by Expedia and the other OTAs. Khosrowshahi said Expedia has been "bringing commissions down over a long period of time and we now need to pass these savings on to customers, shareholders and partners". He highlighted the trend of de-bundling and gave airlines as an example of how they now charge for each element; seat, food, luggage, etc and said that this is the way the hotel operators should choose to steer their businesses. He felt the internet was mainly responsible for tearing apart pricing into its components and creating the popular bundle pricing models we are seeing today.

Asked about Google and their moves into the tourism space he said "Google is a marketing platform and a very important strategic partner for us" but decline to comment any further. He did state that "the market is consolidating, the amount of technology you need to invest is this business is getting higher and higher". He thinks that alternative lodging is going to be a very important - reference the 2015 purchase of HomeAway by Expedia for $3.9m - and a powerful factor for the future of our business. He feels we are at the start of a new wave of travel growth and the alternative lodging sector is "currently where eBay was five years ago" but through combining technology with distribution, this could be a real opportunity for brands and owners.

He feels Airbnb is "both a threat and an opportunity, anytime new supply is introduced new supply, it's a threat to pricing and the opportunity is that it will introduce new travellers."

Scowsill said that "China will dominate the future of the travel industry for all of us" and Khosrowshahi agreed saying Expedia were "focusing on the outbound Chinese travel market." When asked about President Trump Khosrowshahi said "the fact that the ban is not based on fact is what worries me the most". Khosrowshahi concluded by saying "travel is a force for good and brings people together."

The next session was Re-thinking Strategies for Maximum Opportunities hosted by Marc Finney, Head of Hotels & Resorts in conversation with John Brennan, CEO, Amaris Hospitality, Jean-Philippe Chomette, Founder and Chief Executive Officer, Algonquin, Andreas Löcher, Head of Division Investment Management Hotel, Union Investment Real Estate and Camil Yazbeck, Partner, Investment Director - Hospitality, Patron Capital Advisers LLP. Yazbeck said: "we look at hotels where there is opportunity for a growth model, like the Generator Hostel model. We liked the model, bought it, and improved it". He said they only hold assets generally for three to five years and do all the asset management in-house.

When asked about asset management on their assets, Chomette answered "it's the performance and health of the asset that dictates how much asset management is required."

Finney asked the panel about OTAs and their attitudes towards them. Brennan said they were the "frenemy" and said "we need to optimise the performance of the brands and assets in the context of OTAs". Chomette made the point that "OTAs are part of life now and we have learned how to live with them." He also said that people seem to have forgotten that before OTAs there were tour operators who were taking 15-20% commission.

Raj Chandnani, Vice President, Strategy, WATG, Wimberly Interiors gave the next lightning talk on the subject of design and staying ahead of the curve in a fast-moving world. He said "memories are formed from individual moments" and it was vital to understand:

- Who is the customer?
- Why are they coming?
- What are they willing to pay for?
- Where are they coming from?

Chandnani mentioned the first "Instagram hotel" in Sydney, Australia as a new model of experiential accommodation and warned that "cookie cutter design solutions are no longer acceptable." He said consumers wanted "bespoke design that truly differentiate" and that "design elements need to be intuitive". His final thought was that the industry needs to "reconnect hospitality with humanity."

The CEO Debate: Striving in a Changing Market was moderated by Russell Kett, Chairman, HVS London Office in discussion with Puneet Chhatwal, CEO, Deutsche Hospitality, David Kong, President & CEO, Best Western Hotels & Resorts, Stefan Leser, Group Chief Executive Officer, Jumeriah Group, Simon Naudi, CEO, Corinthia Hotels and Pierre-Frédéric Roulot, CEO, Louvre Hotels Group, CEO Jin Jiang Europe. Kett asked about the effect of Brexit and the volitility across Europe on their respective businesses. Kong replied that "it is important to focus on the brand building of your business in times like this; focus on what you can control and influence". Leser said that their development plans for the future included "investing heavily in our products to keep the assets current" and Jumeirah would be developing further in China. Naudi's goals for this year for Corinthia involve "continuing to put a focus on quality, not forgetting we are hoteliers and we need to give good service to our customers." Roulot will be investing in the growing market across Asia whilst working on the loyalty of the customer to the brand.

Kong wants to establish the best loyalty programme in the industry for Best Western as this is "our best defence against the OTAs" as he feels that "in 20 years, hotel loyalty programmes will be as relevant as they are today."

Naudi said that Corinthia have joined the Global Hotel Alliance comprising around 600 hotels. This was a good solution for Corinthia as "we share technology and cross reference but maintain our own identity".

Another question was how the brands really differentiate? Naudi said that because they were "owners, investors and developers they look at the industry differently" and carefully consider the type of talent they attract who can think on all three levels. Roulot was cautious that "sometimes when you are big, you destroy the value of a business" and Chhatwal encouraged us to "stay true to your DNA".

Looking at how best to innovate Naudi said they were currently recruiting for a newly created role of Director of Innovation at Corinthia and also mentioned the success of moving the florist at their London hotel, traditionally located in the basement, to the foyer. Leser said the environment in Dubai was generally conducive to innovation but said he faced the challenge of how to remove the hierarchy traditional found in hotel companies that would lead to empowerment of staff, thus enabling innovation. Kong echoed this when he asked how to "evolve the culture of a company in order that it embraces innovation. "Many companies have great ideas but the culture needs to enable the innovation".

The final question Kett asked his panel was on the subject of F&B in hotels and how to drive revenue through it. The responses from the panel were mixed; Kong said it was "very difficult, particularly in the US, due to the high level of good competition" whereas Chhatwal said "I see F&B as the biggest upside for us" and Roulot concluded by saying that "a restaurant is an opportunity to differentiate the hotel."

European city hotels set for growth

Resilient European economies, the continued popularity of Mediterranean leisure destinations and Europe's importance for business travellers, should drive hotel occupancy and revenues in 2017, according to the latest PwC European Cities Hotel Forecast.

- Porto leads the pack with 15% RevPAR growth forecast in 2017.
- Dublin expected to have the highest occupancy levels in Europe.
- Strong economic growth forecast for Portugal, Spain, Greece and Ireland.
- Geneva is the most expensive European city.
- Weak pound boosts London tourism in 2017.
- European M&A transactions recorded second highest level ever at c.€19bn.
- Germany overtakes the UK in M&A volumes in 2016.
- The largest fall in deal value from last year was in the UK, mainly due to Brexit vote uncertainty.

While security concerns saw mixed fortunes for some city destinations in 2016, overall it was another record breaking year for European tourism with 12m more visitors and a total of 2.8bn nights spent in tourist accommodation. An influx of tourists from the US and a booming Asia should drive hotel trading in 2017, with the majority of key city destinations likely to experience continued growth.

PwC's sixth European *Cities Hotel Forecast* reviewed the 2016 performance and 2017-18 prospects for 17 European cities - all national or regional capitals for finance, commerce and culture. The performance review concluded that the majority of cities with the exception of Geneva and Zurich, are expected to achieve revenue growth in 2017 and almost all cities should see additional growth in 2018 - again with the exception of Zurich. Measured by Revenues per Available Room (RevPAR), Porto tops the 2017 growth table with 14.8% RevPAR forecast growth, followed by Dublin (8.7%) and Budapest (6.8%), Madrid (5.9%), Lisbon (5.6%), Prague (5.5), Barcelona (5.4%), Frankfurt (4.5%) and Paris (3.6%).

Looking to 2018, in local currency, Porto is forecast to maintain its double digit revenue growth at 12.8%, followed by Budapest (9.9%), Madrid (8.2%), Dublin (7.4%), Lisbon (6.8%), Paris (5.8%), Barcelona (5.2%), Berlin (3.1%) and Frankfurt (3%).

Growth is being driven by continued economic growth and travel demand with the UN World Tourism Organisation forecasting a 2-3% growth in global tourism for 2017.

Commenting on the latest forecast, Liz Hall, head of hospitality and leisure research at PwC, said:

“Despite general elections across Europe this year the outlook for hotels in Europe is largely positive. Many destinations have invested in improving and promoting the quality of their tourism services and with tourism set to rise again this year, many of the cities can expect good growth.

“A strengthening dollar will make trips to Europe popular, with a weak pound making London in particular, even more attractive. However this will be balanced by unprecedented geopolitical uncertainty and travellers’ security and safety concerns remain.”

Occupancy league table

Dublin tops the European city occupancy league in both the 2016 actual and the future forecasts In 2017, occupancies are forecast to be above 80% in two cities - Dublin (83%) and London (82%) followed by Amsterdam (78%). In 2018, Barcelona is set to overtake Amsterdam making the top three cities Dublin (84%), London (82%) and Barcelona (80%).

Highest Annual Daily Rate (ADR (€))

In 2017 the most expensive city is Geneva (€300.2) followed by Zurich (€244.9), Paris (€229), London (€164), Rome (€148.2), Barcelona, Dublin (€138.1), Milan (€137.9), Amsterdam (€137.5) and Frankfurt (€127.4). In 2018 all cities will see further ADR growth except Geneva and Zurich, with the top five of 2017 staying the same. There are rises for Amsterdam (9th to 8th) and Dublin (7th to 6th). The gap in euro terms between those at the top and bottom remains.

Highest RevPAR (€)

In 2017 Geneva tops the RevPAR rankings driven mainly by ADR. Zurich (€180) is second followed by Paris (€165), London (€134.5), Dublin (€114.7), Barcelona (€110.4), Amsterdam (€107.6), Rome (€103.3), Milan (€90.6) and Frankfurt (€90.3) completing the top 10. In 2018, the top eight stays the same with Frankfurt (€93) overtaking Milan (€92.1).

Hotel investment and deals outlook

European hotel deal activity cooled by nearly 10% from the record high of €21bn in 2015 to €19bn in 2016, still the second highest level ever recorded. This drop was largely driven by a slowdown in transaction volumes in the UK which fell by over 60%, due to uncertainty surrounding the Brexit vote. Germany attracted a record level of investment and accounted for 27% of all European transactions by volume in 2016 followed by the UK (25%), Spain (11%) and France (8%).

Looking forward to 2017, general elections in France, the Netherlands and Germany could impact investment activity. PwC anticipates a similar volume in hotel transaction volumes in 2017 following better than expected economic data emerging from the UK and Europe over the past few months, plus increasing investor appetite for hotels in particular as an alternative real estate asset.

Sam Ward, UK hotels leader at PwC, added:

“Hotel investment in 2016 couldn’t reach the record heights of the previous year, but still recorded the second highest level ever at c. €19bn. This was mainly driven by a sharp decline in UK hotel deals, due to the uncertainty surrounding the Brexit vote.

“Germany meanwhile enjoyed a record year, being considered the safe haven for investors seeking steady returns; and the larger deal activity was generally spread more evenly across the rest of Europe compared to previous years. Despite important general elections across Europe, we anticipate similar levels of investment activity in what is an increasingly mainstream asset class.”

The UK outlook

London

Our latest forecast for London in 2017 and 2018 marks a return to growth with 3.3% and 2.5% RevPAR growth forecast respectively in each year, taking RevPAR to £120 in 2017 and £123 in 2018.

We expect growth in the first half of 2017 to build on from the strong sector performance at the end of 2016 driven by the fall in the pound and a more resilient than expected UK economic performance in 2016 In addition, all EU economies are now expected to expand this year.

Occupancy remains high but growth of 0.9% could take occupancy up a percentage point to 82% this year and an ADR gain of 2.4% in 2017 taking rates to £146. A further 0.5% gain is expected in 2018 keeping occupancy levels at 82% with an ADR growth of 2% taking rates to £149. Above the long term average supply growth as well as security and safety concerns amongst travellers could upset things.

UK regions

Our latest forecast for the UK regions for 2017 and 2018 shows that despite a slower start outside London in 2017, hoteliers are forecast to see RevPAR growth of 3%, taking RevPAR to £54 driven almost exclusively by an improving ADR to £71, the highest ever in nominal terms.

Occupancy is forecast to remain high at 76% with growth muted in both 2017 (0.1%) and 2018 (0.2%). In 2018 we anticipate RevPAR growth slowing to 1.7%, supported by a 1.5% ADR improvement taking rates to £72.

This year is expected to see 20,000 rooms added to the UK hotel supply up from 16,000 in 2016. For the UK regions, overall hotel capacity could expand by 12,000 rooms in 2017, meaning a 2.4% net rise, one of the highest growth increases since 2008.

Liz Hall, said:

“The effects of a weaker pound were finally felt by hospitality businesses towards the end of 2016 with inbound holiday tourism soaring. Hotel RevPAR in London increased by 14.3% year-on-year in December which according to STR Global data is the biggest year-on-year RevPAR growth since the 2012 Olympics. It was a challenging year until then. We expect inbound holiday growth to continue in 2017, as the capital provides improved value for money. Staycations from UK residents may also lift performance as some opt against going overseas as an expected squeeze on living standards begins to bite.”

“Events such as the ICC Cricket Champions Trophy, the World Athletics and Para-Athletic Games will help demand in the capital with Cardiff set to benefit from hosting the UEFA Champions League final in June.”

Pubs avoid the post-Christmas hangover

Britain's managed pub and restaurant sector saw collective like-for-like sales grow 1.9% in January against the same month last year, according to latest figures from the Coffer Peach Business Tracker - with casual dining chains seeing the biggest jump in trade.

Restaurant groups in the Coffer Peach cohort were collectively 3.3% up on last January, on a same-store basis, while pub group sales were ahead a more modest 1.0% across the board.

"After a busy Christmas and New Year period, when sector like-for-likes were up a healthy 2.2% on 2015, many expected January to be more muted but consumers seem to have continued to go out to eat and drink, and in particular eat," said Peter Martin, vice president of CGA Peach, the business insight consultancy that produces the Tracker, in partnership with Coffer Group and RSM.

"Part of the rise can be put down to a prolonged New Year break, and results have also been uneven. Although the majority of the operators in the survey saw a rise in sales, that was not universal," he added.

Trading in London was strongest, with like-for-likes inside the M25 up 2.2%, against a 1.6% uplift in the rest of the country. Restaurant groups within the capital saw a 3.8% like-for-like increase.

"It also has to be remembered that January is always a weak trading month, so swings at this time of the year will not overly affect business fortunes, but with latest figures showing inflation running at 1.8%, this is a level of the growth the market will need to maintain," Martin added.

The other feature of last month was the continuing participation of some of the public in Dry January. CGA's separate research shows that Dry January - now in its fifth official year - is maintaining momentum.

CGA chief executive Phil Tate said: "One in five consumers now take part in the annual detox with 28% of 18-34-year-olds choosing to abstain, although only 14% of over 55s take part. But it's also worth noting that our survey shows the nation's resolve weakened as the month progressed."

Total sales growth in January among the 34 companies in the Tracker cohort was up 4.4%, reflecting the impact of new openings. However, the underlying annual sales trend shows sector like-for-likes running at just 0.8% ahead for the 12 months to the end of January, essentially in-line with most of last year.

"Consumer confidence is proving to be resilient in spite of a background of accelerating inflation. The next few months will see significant cost pressures for operators in both the pub and restaurant sectors, not least of which is the new rates assessments. Operators are likely to look to pass these costs on through higher menu prices. Some brands and businesses will be better placed than others to do so," said Trevor Watson, executive director, valuations, Davis Coffer Lyons.

"The phenomenon of Dry January has been a ubiquitous feature of a usually slower trading month so these results offer cause for optimism albeit with a dose of realism. Besides exchange rates and rising transport costs, unusually cold weather in Europe is pushing up fruit and salad prices in particular. Operators will need to see sustained levels of sales growth continue in the months ahead just to stand still," added Paul Newman, head of leisure and hospitality at RSM UK.

Pub and restaurant group sales performance for last 12 months

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
LFLs	0.0%	0.6%	-0.8%	-1.4%	1.8%	0.3%	0.6%	1.8%	-1.0%	1.1%	1.1%	1.9%
Total	3.2%	4.9%	3.1%	2.2%	5.7%	4.0%	4.2%	5.0%	1.9%	4.1%	4.4%	4.4%

Source: Coffer Peach Business Tracker

Strong Start in the North West

Hotels in the North West recorded a 12.2% increase in profit per room in January, led by a 9.2% increase in RevPAR, as the region enjoyed a great start to 2017 according to the latest data from HotStats.

Growth in both room occupancy (+4.1 percentage points) and achieved average room rate (+2.4%) contributed to the ongoing increase in RevPAR (Revenue per Available Room), which has now grown by 20.5% over the last 36 months, to £61.58 in the 12 months to January 2017.

The year-on-year increase in achieved average room rate was driven by growth recorded in residential conference (+6.5%) and corporate (+5.3%) segment rates, as strong midweek demand levels have allowed commercial rates to be leveraged in the key North West cities of Manchester and Liverpool.

The strong performance at hotels in the North West contributed to the 6.2% RevPAR increase at hotels in the Provincial UK in January, as well as the 6.5% GOPPAR (Gross Operating Profit per Available Room) increase to £15.06 per available room during the same period.

Aberdeen Facing Fresh Challenges as Profit Continues to Tumble

Following declines in profit per room in 2015 (-33.3%) and 2016 (-51.5%), a 41.0% year-on-year decline in profit per room in January suggests there is further woe to come for hotels in Aberdeen, as supply increase provide fresh challenges to trading performance.

Many hotel projects in the city were already underway when the oil crisis hit Aberdeen in 2014, and have come to fruition within the last 24 months, including the 165-bedroom Crowne Plaza, 155-bedroom Hampton by Hilton, 200-bedroom Moxy and 193-bedroom Holiday Inn Express. Although these schemes are all clustered at the airport, and in proximity to the AECC, the impact on performance will undoubtedly be felt across the city.

Whilst hotels in Aberdeen were able to claw back occupancy this month, increasing by 1.5 percentage points year-on-year, to a lowly 54.4%, RevPAR at hotels in the city fell by 14.9% as a result of a 17.2% drop in achieved average room rate, to £63.52.

Once the lifeblood of hotels in Aberdeen, commercial demand now comprises just 32.1% of total demand in the 12 months to January 2017, having dropped from 46.2% in the 12 months to January 2016. For the average hotel in Aberdeen, this is equivalent to a drop of approximately 7,800 accommodated commercial roomnights per annum.

RevPAR Grows But Profit Drops in Bristol

Hotels in Bristol recorded a 12.5% decline in profit per room in January 2017, which was in spite of a 2.0% increase in RevPAR led by a 1.3 percentage point increase in room occupancy.

Hotels in the South West city have performed well in recent years, illustrated by the 2.6% increase in GOPPAR in the 12 months to January 2017, which was on the back of a 1.0% increase in RevPAR, suggesting that astute hoteliers are converting revenue to profit effectively.

However, this month hotels in Bristol suffered declines in Non-Rooms Revenues, including Food and Beverage (-12.1%) and Conference and Banqueting (-19.2%) on a per available room basis.

In addition, an increase was also recorded in Payroll (+1.7 percentage points) to 37.4% of total revenue, which contributed to a 6.7% decline in Departmental Operating Profit, to £39.57, equivalent to 50.6% of total revenue.

Whilst high operational costs are undoubtedly a challenge to manage at this time of year due to lower occupancy levels, evidence suggests there is also a widening chasm between RevPAR and other key metrics lending further weight to the argument that the industry's key performance indicator is no longer the best, single measure of the health of the hotel sector.

HOTSTATS
Hospitality Intelligence

BRIEFING DATA
UK Chain Hotels - Market Review
Currency: £ Sterling

The month of January 2017

NORTH WEST

	Jan'17	Jan'16	Var b/w
Occ %	65.8	61.7	4.1
ARR	74.38	72.66	2.4%
RevPAR	48.94	44.80	9.2%
TrevPAR	87.60	82.20	6.6%
Payroll %	34.9	35.4	0.5
GOP PAR	19.43	17.32	12.2%

ABERDEEN

	Jan'17	Jan'16	Var b/w
Occ %	54.4	52.9	1.5
ARR	63.52	76.75	-17.2%
RevPAR	34.55	40.58	-14.9%
TrevPAR	54.84	61.41	-10.7%
Payroll %	38.8	35.4	-3.4
GOP PAR	8.03	13.62	-41.0%

BRISTOL

	Jan'17	Jan'16	Var b/w
Occ %	60.0	58.8	1.3
ARR	82.67	82.84	-0.2%
RevPAR	49.64	48.69	2.0%
TrevPAR	78.11	80.62	-3.1%
Payroll %	37.4	35.6	-1.7
GOP PAR	16.69	19.07	-12.5%

The calendar year to January 2017

NORTH WEST

	YTD'17	YTD'16	Var b/w
Occ %	65.8	61.7	4.1
ARR	74.38	72.66	2.4%
RevPAR	48.94	44.80	9.2%
TrevPAR	87.60	82.20	6.6%
Payroll %	34.9	35.4	0.5
GOP PAR	19.43	17.32	12.2%

ABERDEEN

	YTD'17	YTD'16	Var b/w
Occ %	54.4	52.9	1.5
ARR	63.52	76.75	-17.2%
RevPAR	34.55	40.58	-14.9%
TrevPAR	54.84	61.41	-10.7%
Payroll %	38.8	35.4	-3.4
GOP PAR	8.03	13.62	-41.0%

BRISTOL

	YTD'17	YTD'16	Var b/w
Occ %	60.0	58.8	1.3
ARR	82.67	82.84	-0.2%
RevPAR	49.64	48.69	2.0%
TrevPAR	78.11	80.62	-3.1%
Payroll %	37.4	35.6	-1.7
GOP PAR	16.69	19.07	-12.5%

The twelve months to January 2017

NORTH WEST

	Rolling'17	Rolling'16	Var b/w
Occ %	76.4	76.0	0.4
ARR	80.57	76.85	4.8%
RevPAR	61.58	58.42	5.4%
TrevPAR	109.55	107.16	2.2%
Payroll %	29.5	29.4	-0.1
GOP PAR	36.05	35.00	3.0%

ABERDEEN

	Rolling'17	Rolling'16	Var b/w
Occ %	64.6	66.2	-1.6
ARR	66.84	91.88	-27.3%
RevPAR	43.20	60.82	-29.0%
TrevPAR	68.83	89.32	-22.9%
Payroll %	33.1	27.6	-5.5
GOP PAR	16.53	33.13	-50.1%

BRISTOL

	Rolling'17	Rolling'16	Var b/w
Occ %	74.9	76.0	-1.1
ARR	86.53	84.41	2.5%
RevPAR	64.81	64.17	1.0%
TrevPAR	105.10	105.23	-0.1%
Payroll %	29.0	29.1	0.1
GOP PAR	36.33	35.42	2.6%

Average Room Rate (ARR) - Is the total bedroom revenue for the period divided by the total bedrooms occupied during the period.

Room Revpar (RevPAR) - Is the total bedroom revenue for the period divided by the total available rooms during the period.

Total Revpar (TRevPAR) - Is the combined total of all revenues divided by the total available rooms during the period.

Payroll % - Is the payroll for all hotels in the sample as a percentage of total revenue.

GOPPAR - Is the Total Gross Operating Profit for the period divided by the total available rooms during the period.

For more information please:

call +44 (0) 20 7892 2222
email enquiries@hotstats.com
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Members' Events

24 April
What really makes your guests happy?

Hoteliers are often told that the way to keep a guest happy is to invest in technology, ensure the hotel looks like an interior designers dream and above everything else drop the rates. But is that really what every guest wants, or are those just supplier sales pitches?

Location
Firmdale's Covent Garden Hotel - Fortune Room, 10 Monmouth Street, London, WC2H 9HB

Time
18:00 - 20:30

OPEN TO ALL - FREE for all HOSPA Members & Only £10 for any Non-Members

16 May
Hotel Revenue Management: Pricing, Marketing and Distribution

Event Details
A 2 day SnapShotin hotel revenue management, introducing a more collaborative approach to understanding and controlling demand taking place on the 16 & 17th May, timings listed below:

Day 1 9.00 – 18.30
Day 2 9.00 – 17.00

Summary
The two-day course aims to broaden an understanding of Revenue Management, promising some hard work, fun interactive exercises, along with opportunities to network. Attendees will apply their learning by taking part in a competitive web based simulation, responding to business situations, and using market intelligence to make decisions throughout a year of trading. The course will wrap up with an analysis of 'big data' together with discussions on future trends in Revenue Management.

The course is designed and delivered by University of Surrey in partnership with SnapShot, a Berlin-based startup which provides analytics for hotel data, stored in the cloud, and presented on an intuitive, actionable dashboard. The School's Centre for Research and Enterprise offers open and bespoke executive education programmes to meet the increasing demand for industry-specific learning and development. The partnership between the University of Surrey and Snapshot ensures the course provides attendees with access to the latest in both academic research and industry real time developments in the area of Revenue Management. You will find yourself in a friendly and mutually supportive atmosphere of interactive discussions, and practical workshops.

Programme Goals
The programme will provide attendees with an in-depth understanding of:

- The pillars of Revenue Management: Pricing, Marketing and Distribution
- The key areas that revenue management tackles
- The breadth and types of data available to revenue managers
- The importance of consistent data structure and analysis
- The Key Performance Indicators used in benchmarking and why they are important
- Pricing strategies relative to demand and value and their impact on hotel performance
- The importance of adopting a collaborative approach to managing demand through distribution channels
- Developments in the area of revenue management and current trends

As Revenue Management evolves, it is important for knowledge of the revenue function to be extended across departments. This program will allow you to contribute more effectively to the revenue decisions being made in your hotel and understand how to answer those difficult queries from your customers around pricing.

Participants
The course has been developed to suit those who have had little exposure to Revenue Management previously, but have an interest in understanding the role of a revenue manager in a hotel. It is meant as a foundation course, perhaps for those who are looking for a move into Revenue Management, or to be able to contribute more to this function in an existing role.

For more information and to book: www.surrey.ac.uk/school-hospitality-tourism-management/news/two-day-course-in-hotel-revenue-management

Please contact: cre@surrey.ac.uk/+44 (0)1483 683780
University of Surrey, Guildford, Surrey, GU2 7XH, UK

17 May
HOSPA Members Meeting

Event Details
- 12 noon light buffet lunch
- 1pm first session
- 2pm second session
- 3pm coffee break
- 3:30pm third session
- 4:30pm fourth session
- 5:30pm networking drinks

Speakers
- George Titlow, Business Development Manager UK & Ireland - STR: Market Update - Results & Forecasts in the Midlands
- Panel discussion around ROI / The True Cost of Selling a Room
- The Benefits of Outsourcing Key Tasks such as IT
- Spa and the management / benefits

Location
Holiday Inn Express Birmingham Snowhill; a short taxi drive from Birmingham New Street or short walk from Birmingham Snowhill trains stations.
To Reserve Your Space, Please Email Us at: hospa@hospa.org with the below information, with HOSPA Members Meeting - 17th May in the subject line.

Full Name:
Job Title:
Company Name:
Membership Number:
Invoice Details (If Non-Member):

28 June
Breakfast seminar with BDO

Location
BDO, 55 Baker Street, London, W1U 7EU

Time
8:30 - 10:30

Event Details
Join the HOSPA finance community for a breakfast seminar with BDO at their offices at 55 Baker Street on Wednesday 28th June 2017. We will be covering the latest developments in tax including corporate taxes, VAT and the recent employment tax issues. OPEN TO ALL - FREE for all HOSPA Members & Only £10 for any Non-Members.

6 July
HOSPA London Quiz Night

Book now for HOSPA's Annual Quiz Night!

The event starts from 6.00pm on 6th July for a light meal, drinks and networking with the quick fire quiz rounds starting at 7.00pm prompt. There will be a magnum of Champagne for the winning team and various other prizes!

Location
Browns, Covent Garden, WC2N 4AG London

Cost
£30.00* per person (includes a drink and finger food) with teams of up to 6 allowed (prices are inclusive of VAT). Individual bookings are also accepted and will be placed together on a team, with a special rate of £160*.

This is one of the highlights of the HOSPA social calendar so book today to avoid disappointment - teams are limited!

To book individually or book your team of 6 please download and complete the booking form found on the website and send back to us at; hospa@hospa.org

*Prices exclusive of VAT

13 September
Glasgow Quiz Night

Location
Radisson Blu, 301 Argyle Street, Glasgow, G2 8DL

Cost
£20.00* per person (includes a drink and finger food) with teams of up to 6 allowed (prices are inclusive of VAT). Individual bookings are also accepted and will be placed together on a team, with a special rate of £110*.

This is one of the highlights of the HOSPA social calendar so book today to avoid disappointment - teams are limited!

To book individually or book your team of 6 please download and complete the booking form found on the website; and send back to us at hospa@hospa.org

*Prices exclusive of VAT

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ICAEW Tourism and Hospitality Special Interest Group
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Smart Report

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Application For Membership

HOSPA
Hospitality Finance, Revenue and IT Professionals

Title (Please tick)	Mr ○ Ms ○ Mrs ○ Miss ○ Other (Please specify)
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Date of Birth	Nationality

Job Title	
Company Name	
Parent Company	
Work Address	
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Work Telephone	
Work Mobile	

Home Address	
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Correspondence Address (Please tick)	Home ○ Work ○

Which grade of membership are you applying for?

You would normally be granted Ordinary status, but if you wish to be considered for a higher grade then please indicate which and ensure you submit a CV to support your application. Corporate membership is available for 5 or more colleagues. Please call +44 (0)203 4188196 to discuss or email hospa@hospa.org.

Status (Please tick)	Ordinary ○ Ordinary Student ○ Associate ○ Fellow ○

Your Signature		Date	

HOSPACE 2017
Conference & Exhibition

Thursday 2nd November
Royal Lancaster London

www.lancasterlondon.com | www.hospace.net

"The major UK hospitality networking and educational hospitality event"

"HOSPACE is the best networking event of the year"

"HOSPACE is the best networking event of the year"

Hospitality Conference & Technology Exhibition

HOSPA is a Community of Professionals - Promoting the highest professional standards in Financial, Revenue Marketing and IT management in the hospitality industry.

The Conference is an industry leading set of speakers and topics relevant for today's Hoteliers.

HOSPACE is also home to an Industry Specialist Technology Solutions Exhibition - covering all aspects of your Hospitality business.

Who should attend this event?

- Senior Hospitality Business Directors
- Hospitality IT Professionals
- Financial Controllers and Accountants
- Revenue and Distribution Managers
- General and Commercial Managers
- Young aspiring employees wanting to develop their skills & meet with industry specialists

Follow us on Twitter @HOSPAtweets for all the latest news on HOSPACE.

To book your place at HOSPACE 2017 please visit our online shop at: www.HOSPA.org/shop or email: bookings@hospa.org

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