WEEKLY BRIEFING REPORT

Week ending 8 January 2023

Published 9 January 2023

Peter Backman.

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The numbers

Last year I drew attention to similarities between 2022 and 1978. Now that 2022 is done and dusted what can the past tell us? Here is an indication, not a forecast, of what might happen.

January 1978 started with a dramatic surge storm in the North Sea (paralleling Storm Arwen just before Christmas 2021) followed, in February, by severe blizzards. There were strikes during the year – firefighters ended theirs in January when they'd been offered an increase of 10%. Ford plants across the UK were shut in the autumn due to strikes. A baker's strike in November lead to nationwide panic buying of bread. And in December, BBC Radio and Television were hit by strikes. The opposition had an 11-point lead over the incumbent Labour administration and the Leader of the Opposition, Margaret Thatcher, claimed that many Britons feared being "swamped by people with a different culture". Strikes, storms, a large lead by the opposition, concerns about immigration; 1978 had a definite resemblance to 2022.

So moving forward a year: what did 1979 look like and, being a little sceptical of precise historical comparisons, what lessons are there for 2023? More days were lost through strikes in 1979 than in any year since the Great Strike of 1926. The start of the year saw strikes by lorry drivers, grave diggers, public sector workers, and yes, rail workers too. Over 1,000 schools closed because of a shortage of heating oil (caused by the lorry drivers' strike). In subsequent months, some NHS workers threatened to strike for a 9% pay rise.

The economy fell by -0.8% in the first quarter of the year. The price of milk increased by 10% and general inflation rose to 13.4%. The government revealed major public spending cuts and an increase in prescription charges. The Minimum Lending Rate was increased to 17% in November. And as a result of all these factors (and more) the opposition lead widened to 20%. A falling economy, food inflation, spending cuts increased borrowing rates, an opposition way ahead in the polls – early 2023 has a distinct resemblance to 1979.

This year, the Prime Minister intends to halve inflation, grow GDP, cut borrowing, cut NHS waiting lists, ban immigrants arriving in small boats. But if 1978 was broadly a picture of 2022, then 1979 suggests a plausible picture for 2023 of massive disruption through strikes, higher taxes, high inflation, and government spending cuts.

But what's this? On 9 December 1979, Martin's Free House opened in Muswell Hill; renamed a month later, it became Wetherspoon's. So if 2023 is going to mirror 1979, look out for a new pub opening on 9 December this year, and put your money on it!

My insight

Just before Christmas, The House of Lords Economic Affairs Committee issued a summary of its report into UK labour supply. It concluded that "Earlier retirement is the biggest of four factors that have made it harder to fill jobs".

One response to this is it's possible that early retirement and other forms of voluntary exit from the labour market could contribute to labour shortages in some sectors of the economy, including the restaurant industry. The covid pandemic has had a significant impact on the global economy and has led to job losses and other changes in the labour market in many countries.

Some workers may have chosen to retire or leave the labour force early due to the economic uncertainty or other personal or professional factors. However, it is also important to note that there are many other factors that can contribute to labour shortages, including demographic changes, skill mismatches, and changes in the demand for labour.

In addition, the impact of labour shortages may vary depending on the location and type of industry, as well as the availability of alternative labour sources.

It is difficult to determine the exact cause or causes of labour shortages in a particular sector or region, as these shortages can be influenced by a complex and interrelated set of factors. It is important for employers and policymakers to consider a range of potential solutions to address labour shortages, including training and education programmes, immigration policies, and other measures to support the labour force.

Now the point I want to address is not the comments in these last four paragraphs - true though they may be – rather it is the source of the words themselves. It's not something I wrote; in fact it was generated on the ChatGPT artificial intelligence website.

One implication that immediately springs to mind is that my writings may no longer be necessary – I may be displaced. But further examination gives me some hope that I may still be required.

For one thing, ChatGPT does not like making forward-looking commentary, so no real forecasts. It also provides a limited range of arguments no matter how you phrase your questions. And it lacks subtlety in its arguments.

That's not to mean that I won't be returning to ChatGPT for copy in the future – and who knows, one day I may spring an unacknowledged piece sourced from it on you.

But for now, here is a haiku that I asked ChatGPT to write on the theme of wishes for the new year:

Fresh start, new year
Wishes for health and happiness
Peaceful days ahead

Those are my sentiments precisely. I hope you have a healthy and happy new year.

The rest of this Weekly Briefing Report provides a summary of the news in the past three weeks:

News in the past three weeks

Christmas Trading

- Bank of England reported, early December. that hospitality bookings over the Christmas holiday season looked solid
- UKHospitality reported sales fell -46% in the week starting 12 December versus 2019
- Springboard reported footfall up 24.9% YoY week ending 24 December and up 9.3% YoY the following week
- S4Labour reported hospitality industry LfL sales rose 17% YoY over Christmas
- The Oxford Partnership reported sales of draught beer and cider sales up +1.4% versus 2021 on Christmas Eve, Christmas Day, Boxing Day, New Year's Eve, New Year's Day
- Night Time Industries Association reported nightclub and late-night operators business fell -16% in December versus 2019

Financial & Legal

- The Insolvency Service reports 2,029 registered company insolvencies across England and Wales in November, and 1,595 creditors voluntary liquidations – 50% up om 2019…
- The government announced a delayed decision on business energy support from March
- Alcohol duty levels frozen for further six months to end July

Restaurants

- Diverse Dining sales grew 69.1% in calendar 2021 versus the prior year
- Byron into to be put into administration by Famously Proper owned by Calveton UK
- D&D London, closed Klosterhaus and to cease trading from three more in January

QSR

- 25 AMT Coffee sites sold to SSP, 6 sold to Gourmet Coffee Bar & Kitchen
- Mamma Dough in administration
- Pret to close most of its vegetarian-only stores
- Greggs LfL sales grew +18.2% in the fourth quarter

Pubs

- Revolution Bars LfL sales fell -9% in the last quarter versus 2019
- Liberation Group and Cirrus Inns merge

Delivery

- Just Eat and Co-op join to provide rapid delivery service

Around the World

- Dalata Hotel Group LfL Revpar grew 21% in the September to November quarter versus 2019
- Elior is to acquire Derichebourg Multiservices divisions
- Alignable (a network of small business in the US) reported that concluded that 52% of independent restaurant owners could not afford rent in December
- Sodexo organic sales grew +12.3% in the last quarter versus the prior year

Delivery Offers in the Past Week

- Deliveroo: Don't miss your £7 off!
- Deliveroo: 20% off: a mid-week treat from us
- Deliveroo: Get up to 25% off Meal Deals
- Deliveroo: 14 days of free delivery