

ROOMSERVICE

News for the Hotels industry



Welcome to the February 2017 edition of Room Service, a new regular newsletter from PKF Littlejohn's Hotel and Leisure team, providing a round-up of the main developments in accounting and general market matters.

Data protection – are you protected?

Both the risks and the likely penalties for hotels that suffer a data loss are increasing. The Information Commissioner (ICO) stated recently that organisations need to rethink their approach to data protection and is backing up this warning with decisive action. In total, 36 organisations across a range of industries were collectively fined £2 million in 2016, up from nine fines totalling £668,500 two years earlier. The difficulty for many hotels is that they typically have limited financial resources and relevant expertise, and their focus is almost certainly on the provision of services. But none of that will count as mitigating factors if you suffer a data breach or use personal information inappropriately.

How are the rules changing?

All personal data held by any organisation for any purpose is governed by the Data Protection Act 1998 (DPA) and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR). However, there is a new EU Directive, the General Data Protection Regulation (GDPR), which is due to come into force on 25 May 2018. The GDPR increases the size of the fines that can be levied in the event of a data breach or non-compliance with the Directive, to as much as 4% of the annual worldwide turnover of an organisation or €20 million (whichever is the greater). This is enough to put many hotels out of business.

What can you do?

There are a number of steps hotels can take to minimise the risk of a data loss or using information inappropriately:

- Security and confidentiality of data must be at the heart of your IT decision-making, not just an afterthought
- Ensure you have explicit consent for storing and using any personal information for the specific process you wish to use it for
- Encrypt confidential data. The ICO has said categorically that it will not accept any excuse for a data breach if the data were not encrypted, regardless of any other measures in place
- Make sure you know what data you're capturing, where it is stored and how it is protected. Many hotels have agreements with third-parties for data storage and processing, such as specialist emailing services or outsourced data centres; do your research before signing a contract. Remember that you are responsible for your data at all times, regardless of where it is located or who is processing it
- Ensure you have well-defined policies and procedures that are communicated regularly to all relevant personnel regarding both the security and use of personal information
- Commit to an independent review of your measures and policies on at least an annual basis to identify issues and gaps
- As a general rule, don't do anything with data unless you are certain that it is appropriate and secure to do so.

What do you know about domain name fraud?

The answer matters because of a number of new scams that are currently being targeted at businesses, such as hotels, unfamiliar with the domain name registration process.

The Intellectual Property Office (IPO), in an article published earlier this month, explains how the scams work. The most cunning fraud involves businesses being sent an invoice for payment for the renewal of an existing website domain. The fraudsters will data-mine 'whois' domain registration databases to find domains that will soon be up for renewal; they can actually find out the exact renewal date. They then send an official-looking invoice to the domain's billing contact. The fraudster hopes that the recipient won't notice that the invoice isn't from their preferred domain registrar and will blindly pay it.

The fine print often notes that, by paying the invoice, the victim is agreeing to transfer the domain from their preferred legitimate registrar to the fraudster. So not only is the hotelier out of pocket, but they may have also contractually locked themselves into paying the fraudster's registrar for future renewals.

Changes to the minimum wage – don't get caught out

The national minimum wage in the UK is rising from April. Many hotels will be affected and you need to ensure that everything is lined up for payroll to be properly processed. The new rates are set out below:

25 AND OVER	21 TO 24	18 TO 20	UNDER 18	APPRENTICE
£7.50	£7.05	£5.60	£4.05	£3.50

Earlier this month, the Government 'named and shamed' hundreds of businesses that have failed to pay the National Minimum Wage, which resulted in more than 15,500 workers receiving back pay of nearly £1 million. Employers in the hairdressing, hospitality and retail sectors were singled out as the most prolific offenders. Make sure that you aren't caught out!

Hot topics – what you need to know

Here's our round-up of what's been making the news in the hotel industry over the past few weeks*.

Record number of UK visitors – The ONS recently released figures showing that 2016 was a record year for UK visitors with 37.3 million inbound visits in the year. [Read more.](#)

Compulsory scores on the doors – according to Big Hospitality, some 43,000 businesses in England will be affected by a requirement to show hygiene ratings from 2019. [Read more.](#)

Upcoming business rate changes – the Caterer considers the possible impact on the industry. [Read more.](#)

*PKF Littlejohn is not responsible for the content of external websites. The inclusion of a link to an external website from this document should not be understood to be an endorsement of that website.

We hope you've found this issue useful. If anyone within your business would like to receive future issues, please send their details to Ruby Crowley (rcrowley@pkf-littlejohn.com).

Our specialist team is here to help. If you would like advice on any of the issues discussed in this newsletter, please contact one of our Hotel and Leisure team.



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