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Castell Howell Foods Ltd, the Carmarthenshire based food wholesaler and processor, has entered into a period of consultation with its employees with regard to potential job cuts due to the impact of the Coronavirus pandemic on the foodservice and hospitality sector. The Company, which employs over 700 people across its sites, has released the following statement:

"Sadly, the effect of the pandemic on the foodservice and hospitality sector means that we have to enter into consultation with staff in relation to potential job losses. Despite our efforts to increase sales to non-core business customers, retail/public sales and other new markets, our weekly sales are down by 65%, and it appears unlikely that trade will recover fully until well into 2021.

Major events have been cancelled, and it is likely that our core customers such as schools, pubs, restaurants, hotels, cafés and workplace catering will not open to full capacity for several months.

As the UK Government's furlough scheme is due to end in October, we regrettably need to start the consultation process with our staff so that further financial losses are minimised once Government support ends.

We are unable to confirm how many jobs could be lost, as this depends on the extent to which our customers are able to resume trading while operating within social distancing rules. Cuts are expected to come from a combination of voluntary and compulsory redundancies and reduced hours.

This safety action will ensure that we are able to continue to provide our customers with a level of service to support them as they begin to reopen their businesses. We hope that during the consultation period, more customers will have the opportunity to resume trading and that a clear plan for the sector will become apparent. This will help mitigate the total number of job losses and allow businesses to plan with a degree of certainty.

We have to begin this safety action to protect the medium to long term viability of our business and to ensure that our role in the supply chain to key customers which include the NHS and Local Authorities is not compromised."

Castell Howell Managing Director Brian Jones commented:

"This has been a very difficult decision, and it saddens me personally as I know the concern that this consultation period will cause our employees. We will do our utmost to support them during this period. I sincerely hope that any jobs lost in the short term will eventually be re-created as and when the hospitality sector recovers.

"After more than 30 years of building the business and trading successfully, this was certainly not something I thought we'd ever have to contemplate. I'd like to reassure everyone associated with our Company, including our hugely loyal customer base, that taking these protective measures will ensure that Castell Howell can continue to provide the service levels for which we are renowned."