



Castell Howell Foods Ltd

Cross Hands Food Park Cross Hands Llanelli Carmarthenshire SA14 6SX
Ordering Line: 01269 846060 General Enquiries: 01269 846080 Fax: 01269 846070
www.chfoods.co.uk

January 19th 2022

Annwyl cwsmer, dear customer

I trust that you are safe and well.

The last time I wrote an update in June 2021, we looked forward to better trading conditions, improved supply chain stability and finally saying farewell to the restrictions imposed by Covid-19. Despite good hospitality trade in Summer 2021, leading to a reasonable Autumn, the repercussions of the pandemic remained with restrictions introduced at one of the busiest trading times of the year.

I'm relieved that the hospitality sector will open fully again in a few weeks, and we are hopeful of a busy season ahead.

We too are preparing to get back to capacity, and like yourselves are facing some significant challenges that, unfortunately, are not short term. Both ourselves and our supply chain are not immune to the price inflation affecting the whole of the UK economy.

Due to circumstances we have been forced into making some uncomfortable decisions, and are asking for your understanding and cooperation to enable us to carry out the most efficient service possible.

Staffing and pay

This continues to be a challenge across the business. Whilst on a continuous recruitment drive in some areas, even with increased and attractive salaries, it has been difficult to recruit suitable individuals. Recent staff shortages due to COVID isolation has further highlighted the problem in certain departments. Wherever possible we are moving staff from quieter departments such as sales and admin, along with working with staff to change shift patterns.

To compound the challenges that businesses are facing, further pay increases are on the horizon with changes to the National Living Wage being implemented from April 1st 2022. These will result in further increases to operational costs. Although we are able to absorb some of these increase, I regret that some costs will be passed on to our product and invoice prices.

Supply chain pressures & stock availability

Our suppliers are also facing the same challenges and are passing on their increased costs to ourselves. Additionally we are all trying to absorb the recent unprecedented increases in fuel and energy prices. Future trading of these commodities suggest that high energy prices will be with us for numerous months, if not years.

We are constantly seeking alternative, better value products however this is not always possible as suppliers are experiencing their own issues. For example, limited supply of their raw materials and less staff result in reduced production capacity and increased costs. These issues have frequently resulted in a failure

to deliver our full orders. To mitigate some of these problems we send our own vehicles to collect from production units and warehouses across the UK.

Despite our continuous efforts not to accept price increases that we feel are unreasonable, it is reasonable to expect increases in food costs, especially with UK price inflation at its highest for 30 years.

We will continue to be as competitive as possible, however I regret that it is inevitable that some of these price increases will be passed on. I will remain transparent in sharing, upon request, suppliers' justification for price increases as we continue to be open with this information.

Service levels and order cut off times

It can be natural to consider reverting to pre-Covid customer order times through leaving messages after their designated order cut off. I regret that this has a direct and detrimental impact on our operation and delivery service.

From 19th January 2022, no late orders will be processed for the following day delivery, and will automatically go on for the next available delivery date.

I must stress the importance of continuing to place orders before your allotted cut off time. Please contact your Telesales Operative or Account Manager if you have any queries.

Thank you for your support and understanding over this turbulent period, and I sincerely hope that many of these issues will be resolved in the next period.

Diolch yn fawr,

Kathryn Jones
Sales Director