



Greater Lincolnshire Visitor Economy Committee

Thursday, 4th June 2020

Via MS Teams Video Conference

Paper 0 - Agenda

Item	Item and brief description	Lead	Access/Circulation
14.00	Welcome and Introductions	Chris Baron	
14.05	Minutes from 10 th February 2020	Chris Baron	Paper 1 attached
14.15	Intelligence on the current situation and priorities going forward <ul style="list-style-type: none">"From Survival to Recovery" - Annex A	Mary Powell	Paper 2 attached Annex A attached
14.35	Financial Packages	Lydia Rusling	
14.55	Restoration and Recovery Plan / Framework for Recover for the Visitor Economy	Lydia Rusling	
15.15	Progress on Tourism Sector Deal and Tourism Action Plan	Mary Powell	Paper 3
15.35	Any Other Business	All	
15.45	Date of Next Meeting - 13 th October 2020 <ul style="list-style-type: none">Potential Agenda Items		

Attendees: Chris Baron, Flora Bennett, Claire Birch, Stuart Hardy, Sukhy Johal, Paul Learoyd, David Norton, Mary Powell, Lydia Rusling, Jayne Southall, Charlotte Goy, Nicky van der Drift, Kimberly Vickers, Ginny Beckett, Will Mason

Apologies: Bob Callison, Mark Hollingworth, Ruth Carver

Tentative: David Skepper, Samantha Harrison, Samantha Mellows

Officers: Nicola Radford, Nicola Shephard

You may like to listen to a Lincoln University webinar called Dynamics of the Visitor Economy' featuring Chris Baron, Lydia Rusling and Kim Vickers which took place on 19 May. It lasts an hour and if you're short of time I recommend starting at 15 minutes in so you miss the intros to the people you know anyway - Link is:

<https://www.youtube.com/watch?v=Zy0K186i9D0>

Greater Lincolnshire LEP Visitor Economy Committee

10th February 2020

Springfields Events & Conference Centre,
Marquee Suite, Springfields Festival
Gardens, Camel Gate, Spalding, PE12 6EU
Draft Minutes

Present - Committee Members: Chris Baron - Chair, Mary Powell, Bob Callison, Andrew Norman, Claire Birch, Dave Skepper, Flora Bennett, Kimbely Vickers, Lydia Rusling, Mark Hollingworth, Mike Timson, Nicky van der Drift, David Norton, Sara Blair-Manning, Will Mason

Apologies:

Ruth Carver, Nicola Radford, Stuart Hardy, Jayne Southall, Charlotte Goy, Sukhy Johal, Nicole Hilton, Cara Markham (on behalf of Samantha Mellows)

LEP Executive:

Nicola Shephard, Clare Hughes

The meeting opened with a presentation on Springfields by the Retail Director, in which he reported Springfields are looking to enhance the site with another 19 units in their Phase 3 development, with the ambition of attracting another half a million visitors.

Minutes

The minutes from the meeting held on 12th December 2019 were accepted as a true record.

Matters Arising:

- Pub Accommodation Development Programme - it was reported that the Development Guide had now been produced and that LCC would be hosting two development workshops on the 24th and 25th March 2020.
- Year of the England Coast - Update on Matthew Flinders - This will take place on the weekend of 18th July 2020, with a ceremony at Donington and followed by a service at Lincoln Cathedral.

Tourism Sector Deals

Feedback from Sub Group

At the end of the last Visitor Economy Board, it was decided to set up sub groups and the Tourism Officers (TO's) were asked to look at this. The TO's decided that we would need four sub groups:

- Skills
- Infrastructure
- Marketing
- Produce Development

These would be divided up amongst Committee members. Members of the Visitor Economy Committee would decide which sub groups they felt their skills matched. It was felt that there was a need for an overarching plan in a similar way one was developed for the Waterways project which worked very well. Another example which has worked well is the strategy developed by British Canoeing.

The sub groups would not necessarily deliver the actions; however, some of the members within the sub group may do. It should have a "pushing" role and needs to be kept track of the delivery. It was recommended that the objectives be generic as this would give more scope for change if required. There will be lots of cross-overs between the groups, so there is a need for one person to attend all. More admin resources will be required as well.

The groups should look at the challenges that we face and how we would use the TSD to help overcome these. It was agreed that we need evidence from the businesses to put a robust case together.

MP reported that the TO's are holding workshops around this. Need to identify evidence that we can deliver, such as our projects like the castle and the North Sea Observatory. It is important

that all local authorities are briefed and we work more closely with other departments, such as Highways etc. Need to be laterally connected across all departments.

Some of the sub groups have already developed a mandate and we need one for each of the groups. It is also important that we align and reflect the Town Deals as well.

Mike Timson offered to take on the role for the marketing sub group.

It was agreed that whether or not the TZ happens, the areas we identify in the sub groups need to be addressed and worked anyway. We still don't know the date of the bid, and will be unlikely to now until after the budget of 11th March. However, it was reported at the Conference in London that the tourism sector deal seems to have "leap frogged" the other sectors.

LR reiterated that the DM have the added strength of private sector engagement, and this is paramount to the success of the bid. We also need to ensure that all the town deals have the visitor economy as one of their priorities. LR raised this recently with Pete Holmes - how the two deals could bridge and show more value for money. Layering a tourism zone would be the perfect opportunity to bring these together. The CX's need to ensure this connection is made. One issue though is the Town Deals project is seen as a more competitive process.

It was asked how the other LEP Boards worked. Clare Hughes gave an example of the Employment & Skills Committee, which has been in existence for many years. They have a member of the Manufacturing Committee who sits on both, so there is always a "two way" conversation. For Committees to work well, Clare stated that there needs to be a practical connection. It was suggested that we need someone who has an advocacy role - that can also be a liaison with stakeholders, such as the Midlands Engine etc. The Agri-Tech Committee has Martin Collison who liaises with DIT etc, so why can't this Committee have something like this? We also need to make sure that tourism fits into any Place Marketing conversations - could the advocacy role do this?

The Terms of Reference needs to be looked at and this needs to be a priority for the next Committee. Ruth to be informed.

Productivity Presentation - James Baty (see attached presentation)

JB informed us that productivity is low within the visitor economy in Lincolnshire with some parts significantly below the average. It was questioned how we can raise productivity in the sector? Productivity in the visitor economy is not as tangible as other sectors. The measure the government works on does not work well for our sector and doesn't show much of the good stuff that goes on. How or can we re-measure this? There was also some questions as to whether extending the season is detrimental to improving the quality? Further discussion is needed around this. JB reported that BEIS (Business Environment & Industrial Strategy) struggle with the visitor economy in general. However, it was agreed that if we can demonstrate productivity gains to be made, this would be very beneficial to the TSD bid.

Skills in the Visitor Economy Sector - Clare Hughes (see attached presentation)

CH reported that there is lots of support for businesses in the skills world, but not many people know about this. At the moment, there are no specific schemes for the Visitor Economy within the GLLEP.

CH asked the Committee what are the gaps with skills? Do we need to train the supervisors as well as the more junior members of staff. We also need to understand the next generation better and what they are looking for from a career. It could be perceived that many of the qualities and benefits they are looking for in a career are not necessarily available in a career in hospitality. There are many barriers to training - such as accessibility, financial etc, do we need hospitality angels to overcome these barriers? People that can go into business and help with skills.

It was generally agreed that we need to provide more labour market information to schools. CH recommended attending the Skills Conference on the 19th March which is being organised by the LEP.

We didn't have time to look at the Local Industrial Strategy so this is being parked for now.

Visit Lincolnshire Website

It was reported that all finances are now from the Districts. We need some discussions on how we can populate this with more information from both the Districts and businesses alike.

Mayflower

MP reported that there was nothing new to report at this moment in time.

Tourism Officers

MP reported that their main topic of conversation is the Tourism Sector Deal and they are very engaged with this at the moment.

Date of Next Meeting

To be confirmed

Topics for the next meeting

- Terms of Reference
- LIS
- Sub groups
- Town Bids
- East Lindsey Destination Strategy
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Paper 2

Intelligence on the current situation and priorities moving forward

Publication	Published					
Meeting date:	4 th June 2020					
Agenda Item:	2					
Item Subject:	Intelligence on the current situation and priorities moving forward					
Author:	Mary Powell					
For:	Discussion	X	Decision		Information	X

1 Summary

- 1.1. This report gathers together information from the business survey undertaken by Visit Lincoln, supplemented by a telephone survey by a county council team member who has been seconded to Visit Lincoln one day a week. In addition the Tourism Officers have a video call once a week which has proved invaluable for exchanging information and in particular discussing the criteria for the latest round of funding released from government. At the end of this report as annex 1 is a document entitled From Survival to Recovery which has been produced by Hotel Solutions. It is an assessment of the prospects for the UK Hotel & Visitor Accommodation Industry 2020-2022 and although it takes a national perspective rather than a Lincolnshire one we felt that it provided a very useful overview. Board members may remember that Hotel Solutions were commissioned by the GLLEP to do a Hotel Demand Survey which has proved very helpful in our work.
- 1.2 Some 160 businesses responded to the Visit Lincoln and GLLEP Survey and in summary:-
- 88% of businesses are temporarily closed
 - 10% are still trading (accommodation for key workers and office work from home)
 - 7% have diversified (ie mainly pubs/restaurants that are doing takeaway food only)
 - 95% have indicated that they have let nearly all their staff go
 - 95% have indicated that their anticipated revenue will drop by 75-100%
 - 5% have said it is too early to know what impact will be on revenue
 - Cash flow is a major issue now and in the long-term
 - Information on re-opening so business owners can plan
 - Business support and marketing
 - Bringing visitors back
- 1.3 It is often more helpful to look at the comments that businesses make and following is a selection.
- We have been told our own Business Interruption insurance does not cover us. Our guests trying to claim losses through their own insurance policies but they are being advised to claim from us. As a result, we are finishing up as insurers by default. We're doing this to protect our online reputation.
 - We are a farm with self-catering accommodation. It's already been a very difficult year in farming because of the floods and we hoped tourism would carry us this year. Now both are struggling
 - Our wedding business is suffering. We will lose all revenue for next year by honouring cancellations and moving weddings that should have taken place in 2020 into 2021.
 - It seems that furloughing staff is the only way the government assists with their wages, it would seem more advantageous to the employers and the economy if the government could assist with wages of staff that remain in employment if the company revenue suffers. At present we are paying our fulltime staff full pay but our revenue has dropped by 50-75%. PAYE assistance similar to the furloughing method would mean we could

Paper 2

Intelligence on the current situation and priorities moving forward

continue to pay our other bills without dipping into other funds that had already been allocated eg VAT and the new thatch roof we had been saving for 3 years for.

- Weddings, funerals and other bookings have been cancelled well into the future. Our business rates are £55,000 so we have missed out on all grants etc but we are still a small business

1.4 Pressures identified in the survey were as follows:-

Short-term:

- Supplier/landlord understanding
- Marketing, business advice and help to get up & running again
- Assistance with reading/righting and forms. Support that's not always online
- Schedule in order for tourists to arrange bookings
- Guidance about reopening after lockdown
- Stop banks charges for business accounts
- Working from home whilst furloughed
- Bank loan holiday/insurance claim
- Better publicity as to who is open for key workers (we are)

Mid-term:

- For bookings to restart
- Anything to support consumer confidence and the recovery curve
- Not stopping the support whilst getting back on our feet
- Rebuild relationships with customers and stockists
- Will supply chains manage when more people are not working
- Improved marketing to get visitors back after lockdown has ended
- More financial support if this goes to June and beyond because utilities still need to be switched on, eg electricity to power fridges and freezers and paid for.
- Insurance companies to pay up (NFU)
- Extensions on paying corporation tax bills
- Cash - restarting will draw on about £150,000
- A universal date for the opening of all hospitality businesses
- Major joined-up marketing of Lincolnshire, Boston Borough must get involved in some of the county-wide initiatives and include tourism businesses outside of the town.
- Help with advertising once lockdown is over

Long-term:

- Funding for start-up
- Even more financial support depending on how we come out of lockdown. Presumably, cafe/restaurants will be the last to reopen which will cause major financial difficulties for self-employed people who have no income and are already at the back of the queue for help.
- Marketing
- Longer business rates holiday, better county marketing
- Relief offered by pubco
- Additional grant/interest-free loans until bookings kick in again
- No set date for reopening so can't plan events.
- Confidence that we won't get another wave
- VAT relief & Business Rates relief
- Recognition that the landscape will never be the same again
- Secure new income or lose premises

Paper 2

Intelligence on the current situation and priorities moving forward

In discussion with the Tourism Officers we felt that the top three concerns through the survey and personal conversations were the need for advice on how to run a business under social distancing, the need for financial help and the importance of marketing Lincolnshire once lockdown is lifted.

We have been looking at all three, but advice and grants are particularly influenced by central government. Visit England is working on a new industry standard in response to COVID-19. A common industry standard quality mark will provide a 'ring of confidence' for tourism businesses, attractions and destinations, as well as reassurance to visitors that businesses have clear processes in place as restrictions are lifted. We think having a nationally recognised 'kite mark' is the right approach, that we do not need to duplicate and that we should act as the conduit ensuring that the businesses get to hear about it and that we offer help in interpreting the guidance if required.

Businesses will need to establish if there is likely to be sufficient demand to warrant reopening; whether they are able to apply increased cleaning regimes whilst still remaining cost effective and whether if they open at reduced capacity the business is still financially viable. Through our existing networks, webinars and our business advisors we can be ready to advise and help, although we shouldn't under-estimate how financially precarious many of the businesses will be. Through the grant process the districts feel that they are more in touch with their micro and small businesses than they have ever been and are seen as a trusted source of information. However some businesses will not survive and the sector will need support to move from survival to recovery. In the medium term the best we can hope for is the establishment of a 'new normal'.

It is surprising bearing in mind their individual troubles that the need for marketing is in the top three of what tourism businesses consider important. Developing the Visit Lincolnshire website has to be a priority as a recognised 'brand' that already has a following on all platforms. www.visitlincolnshire.com was updated in 2017 to act as a simple Gateway site that would inspire but then move people onto other sites for more information. There is evidence that its ten pages have fulfilled that role - it is inspiring within the confines of what it is, but it currently doesn't inform well. The site is capable of doing so much more and whatever medium we use for a campaign, it will inevitably drive traffic towards our under-performing website. Data is critical and maintaining relationships with our customers and this fits with key elements of the government's new Tourism Sector Deal.

Analytics on visitlincoln.com and visitlincolnshire.com currently indicate that people are overwhelmingly looking for walks, cycle rides and outdoors activities. We need to be planning now for how to attract customers back and through our website provide them with the information and the inspiration. By developing the platform we provide customers with an expected level of service.

- Maintaining engagement with existing and previously interested visitors through CRM and social media activity;
- Focusing on the domestic market and markets likely to return soonest such as outdoor activity
- Value added promotions rather than purely price-driven campaigns
- Campaigns that encourage last minute travel.

It is hoped that funding to develop the website will become available from the county council and the GLLEP and it is possible that some of the districts may be able to contribute.

FROM SURVIVAL TO RECOVERY

**An Assessment of the Prospects
for the UK Hotel & Visitor
Accommodation Industry
2020-2022**



May 2020

1. Introduction

For more than 20 years Hotel Solutions has been dedicated to helping UK destinations to understand how they can best support hotel and visitor accommodation development in their area. With the current COVID-19 crisis it is clear that accommodation development is not currently on the agenda. Most hotels and visitor accommodation businesses are in survival mode. Our focus therefore has shifted to helping destinations to look at how they can help their hotel and visitor accommodation industry to survive this unprecedented crisis and start to plan their recovery once it looks like coming to an end. As a starting point in this process we have compiled this paper to look at how UK hotels and visitor accommodation businesses have been affected by the lockdown, what recovery might look like for the industry when it comes, and how DMOs, local authorities and government can best support the sector over the next 6 to 12 months. The paper is based on our analysis of a wide range of research reports and articles that have been published on the impact of the COVID-19 lockdown on the travel, tourism and hospitality sectors, a number of webinars that we have watched on the subject, and surveys that we have completed of DMOs, local authority Tourism Officers, and hotel and visitor accommodation developers, operators and investors.

2. How Hotels & Visitor Accommodation Businesses Have Been Affected and Responded So Far

Tourism and hospitality have clearly been two of the hardest hit sectors in the COVID-19 shutdown¹. Tourism and hospitality businesses are facing one of the most difficult periods in living memory. Most of the hospitality sector is now closed and hospitality businesses that remain open are operating at substantially reduced levels of business, which is at best contributing to reducing fixed costs.

The most immediate challenge facing hotels and visitor accommodation businesses has been dealing with a deluge of cancellations and refunds. While many guests are holding onto reservations with start dates during the summer, the emerging scenario of an extended period before full re-opening of the tourism sector is possible is likely to result in fresh waves of cancellations and refunds.

The evaporation of revenues has given hospitality businesses severe cashflow problems. Many are living hand to mouth, with a planning horizon of only a few months, if not weeks. Many are having to use their capital reserves.

¹ Supporting Jobs and Economic Through Travel & Tourism, UNWTO, April 1 2020

From Survival to Recovery

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Many tourism and hospitality businesses have benefited hugely from the substantial government support that has been made available to the sector. Many have used the Coronavirus Job Retention Scheme to furlough their staff and avoid redundancies. In a UKHospitality survey of the hospitality sector reported on 27 April, 84% of businesses have used the scheme and only 2% have laid staff off.

Interest in the Coronavirus Business Interruption Loan Scheme (CBILS) seems to have been much lower. Hospitality businesses are less willing to take on additional debt that will need to be repaid in the future. The UKHospitality survey also highlights that this support is not necessarily reaching hospitality businesses even when they have applied for it. 48% of the responding businesses had applied for a CBILS loan but 57% of them had had their application turned down, most commonly because of government-imposed State Aid rules and banks telling businesses to exhaust their own capital reserves first.

With no income for the foreseeable future, many leased hospitality businesses may be unable to pay their rent. Travelodge, for example, has asked its landlords for rent reductions of 25-80% in order to help it survive the COVID-19 crisis. Its landlords have so far largely rejected these requests.

Many hospitality businesses are trying to pivot their business models during the lockdown in order to generate at least some income, as well as supporting the NHS, key workers and their local communities. This has included the introduction of delivery, take-away, ready meal and hamper services; giving away food that could not be used to food banks, care homes and other worthy causes; making rooms available for quarantine purposes and to NHS staff and other key workers on a free or highly discounted basis; and converting bedrooms to workspaces for office workers that are unable to work from home.

Astute businesses are staying in touch with their core customers to retain their loyalty and welcome them back once they are able to reopen. In a survey of accommodation businesses conducted by Merseyside's Sefton Council² for example, 58% of polled businesses reported that they are continuing to maintain social media engagement with their customers.

Some accommodation operators are using the opportunity of the lockdown to undertake maintenance and renovation work.

Some short-term let operators are switching to mid and long-term lets, for which there remains some demand.

² Emergency Accommodation Survey, Sefton Council. April 2020

3. When Things Might Return to Normal

While various debates are going on about how long it will take for the UK tourism and hospitality sector to get back to normal trading conditions, the clear consensus that is emerging is that recovery will be slow. Nobody knows what is in store post-lockdown. Uncertainty is set to continue for some time to come.

Recent UK Government announcements suggest that the tourism and hospitality industry is unlikely to return to normal trading until at least 2021 and probably not until a COVID-19 vaccine has been found and administered in perhaps 2022. The Government's Chief Medical Adviser, Professor Chris Witty, advised on 22 April that social distancing measures will need to remain in place until at least the end of 2020. This follows comments on 19 April by the Cabinet Office Minister, Michael Gove, that the hospitality industry will be the last to leave the lockdown, and comments that he made in Parliament on 28 April that people should not travel to popular British holiday destinations such as Cornwall for some time to come. These announcements point to hotels and visitor accommodation businesses missing out on at least an entire year of trade and crucially the peak summer season's business, which contributes significantly to annual profits and helps many hospitality businesses to remain open during the more fallow winter months, when they are making very little profit and in some cases losses. Seasonal tourism businesses will lose their entire season's business. Some may not survive.

Hospitality companies are expecting a slow recovery once the lockdown restrictions are lifted. In a recent KAM Media survey of 211 hospitality companies³ 83% of respondents expect customer numbers to be down for at least 6 months after reopening and 38% think it will take at least a year for trade to return to pre-lockdown levels. STR⁴ is reporting no sign of any pick up in UK hotel occupancy until at least September. Other commentators think that any return to normal trading is unlikely in 2020 and may not happen until 2022. STR is not expecting UK hotel performance to return to 2019 levels until 2022. UKHospitality anticipates that it will take around 18 months for the industry to recover.

Major events and sporting fixtures, which generate significant high-rated business for hotels, look unlikely to restart for a long time to come.

³ Hospitality in Lockdown, KAM Media, April 22 2020

⁴ STR COVID-19 Webinar: UK & Ireland Hotel Performance Analysis, April 24 2020

The impact of the pandemic on household incomes and the impending global economic recession and likely rise in unemployment also point to a slow recovery. Recent consumer research⁵ shows that 45% of consumers feel impacted financially by the crisis, and 16% have been hit hard. Many have taken reduced pay, are on furlough, or are having to dip into savings. The over 65s have been less affected financially, although some may have seen falls in their pension pots. Younger age groups have been hit the hardest.

4. What Recovery Might Look Like When It Comes

While the current crisis is clearly having a dramatic impact on the UK tourism and hospitality sector, all indicators point to an eventual market recovery. Going on holiday, seeing friends and family and having a day out are all high on people's wish lists for when restrictions are lifted². Once the crisis is over people will want to travel again. While Britons look set to skip their summer holiday, people are keen to book staycation breaks from the autumn if they can.

All commentators expect domestic travel to recover more quickly than overseas travel. Fewer domestic trips have been cancelled and the majority of those cancelling UK trips intend to rebook once things return to normal⁶. Only a minority expect this to be before the summer. Day trips and staycations are likely to recover quickest and may see strong growth in the medium term, once normal trading resumes.

The scientific evidence shows that COVID-19 spreads more easily indoors than outdoors. Restrictions on holidays and short breaks in the outdoors are likely to be lifted sooner therefore, suggesting that rural destinations and accommodation businesses may come out of the crisis more quickly than those in urban locations. People are likely to initially avoid city breaks and trips to crowded places, such as seaside resorts.

Inbound tourism is likely to take longer to return. Short-haul demand looks set to recover first, with demand from long-haul countries taking longer to rebuild.

⁵ Tracking Consumer Sentiment on the Impact of COVID-19, BVA BRDC/ Alligator Digital, April 9 2020

⁶ Holiday Trends 2020

Business travel looks likely to be slower to return, with many companies placing restrictions on travel budgets and looking to do business as cost effectively during the likely impending economic recession. The massive shift to doing business online during the lockdown may have a significant lasting impact on business travel if it continues once restrictions are lifted.

The conference and exhibitions market is likely to take some time to recover. Industry professionals do not expect the business events market to return to any semblance of normality for at least 12 months⁷. The increase in Zoom conference calls during the lockdown may become the norm going forward, dramatically reducing demand for face-to-face meetings and conferences as a result.

The indications at this stage point to a likely phased lifting of restrictions. Hospitality businesses will need to adapt to a 'new normal', with social distancing measures, extra cleaning regimes, the wearing of face masks, and possible restrictions on guest numbers. Hotels may be allowed to reopen their bedrooms ahead of their bars and restaurants. It may be difficult for some hospitality businesses to restart profitable operations under these circumstances. Reopening may not be viable if operating losses are likely to be more than the costs of keeping hotels closed.

5. The Long-Term Impact on Consumer Behaviour

Euromonitor predicts that the COVID-19 pandemic will bring about lasting changes in consumer attitudes and behaviours. Consumers, including older demographics will do more things online. Social media use has increased. Health and wellbeing will be much higher on people's agendas. People will want to get outdoors more and connect with nature and the environment. People will value spending time with family and friends more highly. The pandemic will accelerate a shift to a cashless society. The environmental bonus of the crisis may bring tackling climate change into sharper focus. These trends will further accelerate the trend towards online researching and booking of holidays and breaks. They could also change the types of destination, accommodation and holiday experiences that consumers are looking for in the future.

⁷ COVID-19: Business Events Recovery Sentiment Survey, Davis Tanner, April 2020

6. Winners and Losers

It is clear that there are going to be winners and losers in terms of destinations and accommodation businesses that will be less or more adversely affected by the crisis and likely to recover more quickly or slowly.

In terms of potential 'winners':

- Rural destinations and non-serviced accommodation businesses (holiday cottages, touring caravan and camping sites, holiday lodge parks, glamping sites and holiday parks) are likely to recover the quickest as they have greater potential to offer safe, socially-distanced holidays and breaks. They should also benefit from the anticipated growth in staycations and the increased interest in outdoor holidays, nature and the environment that is likely to have been stimulated by people having spent time enjoying the outdoors as part of their daily life during the lockdown.
- Accommodation that offers health and wellbeing experiences should benefit from the focus that many people have had on their fitness and mental health while they have been staying at home.
- While they have been badly affected, serviced apartments have not seen such sharp drops in occupancy as hotels, largely because of their trading in the corporate extended stay and relocations markets.
- Small lifestyle businesses with lower overheads are likely to be more resilient and able to bounce back more quickly once confidence returns.
- Tourism and hospitality businesses with strong environmental sustainability credentials may benefit from the heightened consumer awareness of the benefits of addressing climate change and reducing carbon footprints.
- Accommodation businesses that can cater for family and friend get togethers, such as large holiday cottages, rural hostels, caravan and camping sites and glamping sites, may be able to bounce back quickly once restrictions on social gatherings are lifted.

From Survival to Recovery

An Assessment of the Prospects for the UK Hotel & Visitor Accommodation Industry 2020-2022

In terms of potential 'losers':

- With their high wage and operating costs, hotels have been particularly badly affected and are likely to emerge from the crisis more slowly than other types of accommodation.
- Coastal resorts are particularly under threat. Research from the Centre for Towns⁸ clearly shows that coastal towns have been disproportionately affected by the lockdown, with a quarter of all workers in closed sectors. Resorts such as Newquay, St Ives, Skegness, Llandudno, Rhyl, Whitby, Minehead, Mablethorpe, and Cleveleys, with 40-56% of employment in shut down sectors, were highlighted as being especially affected. Resorts look set to lose their entire season's business. Hotels and guest houses in seaside locations could be under threat of closure as a result. Some resort DMOs fear that they could lose as much as 25-50% of their accommodation stock, leaving the spectre of boarded up accommodation businesses along seafronts.
- Destinations and hotels that rely heavily on the coach holiday market are likely to see a slower recovery given that many of these customers fall into the vulnerable over 70s age group. Seaside resorts and hotels will be particularly hard hit by the loss and slow recovery of this market.
- Geographically Londoners have been the hardest hit financially⁹, so those destinations, hotels and accommodation businesses that rely on this market for day and short break visitors may be more adversely affected and slower to recover.
- Destinations and hospitality businesses that rely on major events and sporting fixtures to drive high-rated demand are losing out on the revenue boost that they provide. This has particularly affected London, with the cancellation of major events such as the London Marathon, Chelsea Flower Show and Wimbledon. Other cities such as Liverpool and Edinburgh have lost out with the cancellation of the Grand National and Edinburgh Festival, while cities such as Manchester, Liverpool and Newcastle are missing out on the strong weekend football demand that they attract. Yorkshire will not be getting the huge boost that it receives from the Tour de Yorkshire. Many more destinations and tourism businesses will lose out if summer events are cancelled.

⁸ The Effect of the Covid-19 Pandemic on Our Towns and Cities, Centre for Towns, April 23 2020

⁹ Tracking Consumer Sentiment on the Impact of COVID-19, BVA BRDC/ Alligator Digital, April 9 2020

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- Destinations such as London, Manchester, Birmingham, Liverpool, Glasgow, Brighton, Bournemouth, Blackpool, Harrogate and Telford that have a strong conference, exhibition and business events market look set to lose out with a much slower recovery anticipated in these markets.
- Destinations such as London, Bath, Salisbury, Oxford, Cambridge, York, Stratford-upon-Avon and Edinburgh that are heavily reliant on international visitors are also likely to take longer to recover. Luxury hotels that cater for international guests will also see a much slower return to normal trading.
- With their greater reliance on business and conference tourism, major events, sporting fixtures, stag and hen parties and nightlife visitors, cities are likely to see a slower recovery.
- Wedding venues and country house hotels with a strong weddings trade are losing huge amounts of money from cancelled weddings and may be faced with very slow recovery in this market if social distancing measures remain in place for a long time.
- The cruise holiday market has been dramatically affected. UK cruise operators have suspended their operations until the end of May, June and in some cases the end of July. With the age profile of many cruise guests and the negative coverage that the industry had in the early stages of the crisis from coronavirus outbreaks on cruise ships, it looks likely that the cruise industry is going to take a long time to recover. This will have a significant impact on Southampton and will affect other cruise ports such as Dover, Liverpool and Edinburgh.
- Airport hotels have been dramatically affected by the suspension of air travel and will struggle to rebuild trade until international flights resume. Hotels in ferry ports will similarly struggle until international ferry travel starts again.
- City hostels that rely on the overseas backpacker market may take longer to recover and may find it harder to implement social distancing measures safely.

7. The Impact on Hotel & Visitor Accommodation Investment

The impact of the current crisis on hotel and visitor accommodation investment to some extent varies according to the business model adopted to fund, develop and operate hotels and other forms of visitor accommodation, together with arrangements that can be negotiated with lenders and landlords which will vary on a site by site/case by case basis.

Certainly, as hospitality businesses are forced into drawing on their financial reserves or increasing their debt to survive, their ability to invest in improving their existing product will be significantly reduced. It seems likely that few hotels and visitor accommodation businesses will invest in significant capital projects until there is much greater certainty and confidence about the market in the medium to longer term. Those that had been progressing investment projects are likely to have deferred them, and may eventually cancel them if market conditions take a long time to get back to normal. Marriott Hotels, for example, has deferred all hotel renovation project until further notice. A survey of Essex tourism businesses¹⁰ found that 75% of responding businesses have deferred or cancelled investments, developments and renovations work.

While there have to date been few COVID-19 hospitality business insolvencies, depending on how long the crisis lasts, how quickly recovery comes, and how far the government maintains financial support for the sector, huge numbers of hotels and visitor accommodation businesses could come onto the market if their current owners are forced into administration. While this could create opportunities for investors to acquire hospitality properties at lower valuations, it could leave the UK with many closed hospitality businesses, potentially blighting destinations for years to come. This could be a particular problem in seaside resorts if their seafronts are left with boarded up hotels and guest houses.

¹⁰ Visit Essex Covid-19 Online Business Survey, Destination Research, April 2020

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In terms of hotels currently under construction at the time of lockdown, where these are fully funded, developers and operators have indicated these are continuing, albeit with some delay given the new work regulations and social distancing requirements. In some cases, however, the slower pace of development has meant it is no longer cost effective to complete construction. All are concerned about opening new hotels at a time of low demand and social distancing requirements likely to mean operating at limited capacity. For these reasons also, some projects are on hold, both in terms of hotels and developments such as holiday lodge parks, and whilst they hope to restart when restrictions are lifted, they are clearly under continual review, with the first priority for funding always being the liquidity of the existing business.

Consented and planned schemes that haven't started are facing challenges in terms of two key drivers: finance and contractors. Securing lending for new schemes is delayed as banks are focusing on supporting existing borrowers. Getting realistic valuations in the current climate, and the need for supporting market feasibility studies which cannot happen with lockdown, are also holding schemes back from being progressed. Contractor availability and the impact on development cost is also felt to be an issue. Some developers and operators are using this enforced pause to work on the design and planning of schemes so that they can be in a position to move sites forward post-crisis, but with furloughed staff and planning and other staff working from home, this has also delayed action.

Many indicate that development schemes will continue to be under review given the current uncertainties, with the likelihood they will need to re-think and re-prioritise planned schemes. Whilst hotel and visitor accommodation investment partners and lenders might currently be being helpful and expressing potential interest in picking schemes up in the future, it is hard to predict the outcome that the pressure that the shutdown is putting on reserves and hence on investment strategies, with much depending on the state of the balance sheet when businesses re-emerge and start trading again.

With reduced demand, weaker performance, and the prospect possibly of widespread hotel closures it looks likely to take a long time to get back to the point where new hotel development can be supported again. Work has halted on the construction of new hotels and many future hotel projects have been put on hold. Talk of new hotel development certainly seems premature at the present time. Having said this, hotel planning applications are still being approved and there has been some press coverage of hotel developers saying that they will press ahead with new hotel schemes as soon as they can.

With stronger prospects for a quicker recovery in rural destinations and non-serviced markets, investment in rural accommodation could restart more quickly.

8. Towards Recovery Strategies

Destinations and tourism and hospitality companies need to be planning now for how to attract customers back once they are allowed to reopen. This includes thinking about which of their markets are likely to return soonest and devising marketing and communications strategies to quickly stimulate demand from these markets. In the recovery period the focus will initially need to be on helping destinations, hotels and accommodation businesses to quickly rebuild their trade.

A positive from the crisis is that it provides tourism destinations and businesses with the opportunity to reflect and recalibrate their forward strategies. This could be in terms of more focused marketing plans, addressing quality issues, and improving environmental sustainability. The crisis may give a greater impetus and urgency to addressing some of the structural changes that are needed to high streets and seaside resorts.

Our analysis points to two key areas that government, local authorities and DMOs need to focus on over the 6 to 12 months as part of their strategies for supporting the recovery of the tourism and hospitality sector:

a. Managing the Crisis and Mitigating Its Impact

Including the following measures:

- Job retention funding
- Financial support for company liquidity including grants and loans to help cover payments to creditors, ongoing fixed operating costs, and possibly rent and loan payments where negotiations with landlords and lenders have failed
- Advising hospitality businesses on managing cancellations and refunds and encouraging re-bookings
- Crisis management advice e.g. through webinars

b. Planning for Re-opening and Initial Bounce Back

Including the following measures:

- Advice on safe re-opening
- Supporting businesses in developing their recovery marketing plans in terms of:
 - Marketing advice and training;
 - Facilitation of, and financial assistance for marketing consultancy support;
 - Financial support for digital marketing infrastructure e.g. website renewal, commissioning professional photography.
- Financial stimulus to support refurbishment work during the lockdown and measures to improve environmental sustainability and disabled access
- Destination recovery marketing strategies targeted at markets that will bounce back quickly including:
 - Maintaining engagement with existing and previously interested visitors through CRM and social media activity;
 - Focusing on the domestic market first, and in particular markets that are likely to return soonest e.g. outdoor activity and adventure seekers, family and friend get togethers;
 - Value added promotions rather than purely price-driven campaigns that could damage a return to higher-rated business;
 - Campaigns that encourage last minute travel.
- Events strategies that focus on supporting deferred events and new events in the recovery phase, once it is safe to hold events again

In terms of timescales, with a return to normal trading conditions not looking likely in 2020 and possibly not until well into 2021 or even 2022, government, local authorities, DMOs and tourism and hospitality businesses need to be planning for a longer phase of lockdown, re-opening and initial recovery than they have perhaps been doing thus far.

In the longer-term government, local authorities and DMOs will also need to put in place clear strategies for supporting the regrowth and future development of the tourism and hospitality sector, however it seems premature to be looking at these issues when so much uncertainty remains. The focus at this stage needs to be on survival and recovery.

9. The Need for Government Support to Continue

While there is little evidence so far of hospitality business failures as a result of COVID-19, largely as a result of the financial support that the UK government has been able to provide, many businesses are struggling to see a way forward without continued government assistance. In the KAM Media survey of hospitality companies two thirds of those polled indicated that they did not believe that they could survive a prolonged lockdown without far reaching support from government. Many of the tourism and hospitality businesses that responded to the Essex and Sefton business surveys indicated that they will only be able to survive another 3-4 months if the current lockdown restrictions continue. Support is needed on fixed costs, rents and loan payments and it is becoming clear that hospitality businesses will need a much longer extension of the Coronavirus Job Retention Scheme given that they will not emerge from the lockdown and social distancing measures for some time to come.

With normal trading looking unlikely to return until some time in 2021 or 2022, government support for the hospitality sector will need to be maintained as lockdown restrictions are eased, at least until the end of 2020, if significant business closures and job losses in the sector are to be avoided. UKHospitality is asking for the Coronavirus Job Retention Scheme to be maintained for hospitality businesses for as long as closure is mandated, and in some form during the initial reopening period when turnover levels are likely to be substantially reduced. Financial support to help boost demand, e.g. a VAT cut for the hospitality sector, would also be very helpful.

Funding will also be needed to support national and destination-level tourism recovery marketing programmes to help the tourism and hospitality industry to bounce back quickly.

In the longer-term financial assistance is also likely to be needed to support investment in accommodation business upgrading and perhaps to kick-start the development of new hotels and visitor accommodation businesses.

Without continuing government support thousands of tourism and hospitality jobs and large parts of the country's tourism product are at risk. The challenge going forward will be whether the government can maintain the levels of support that it has been providing to the industry, and if it can't how the support that it can provide needs to be targeted to ensure that the tourism and hospitality industry has the best possible chance of recovering once the crisis is eventually over. This needs some long-term thinking and scenario planning for the recovery and regrowth phases, and could require some very difficult decisions ahead.

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Our analysis suggests that seaside resorts are particularly under threat of long-term damage which some may take years to recover from. There is an urgent need for further research into the impact of the pandemic on seaside resorts and consideration of government support measures to mitigate lasting damage to coastal economies.

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Paper 3

Tourism Sector Deal & Tourism Action Plan Update

Publication	Published					
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Agenda Item:	?					
Item Subject:	Tourism Sector Deal and Tourism Action Plan Update					
Author:	Mary Powell					
For:	Discussion	X	Decision		Information	X

1 Summary

- 1.1. It is understood from the Tourism Minister that the Tourism Sector Deal is still very much on the table albeit delayed. So whilst work is taking place at a slightly slower pace than previously we are still working on it. The Tourism Sector Deal and the Local Industrial Strategy together create a unique opportunity for the Greater Lincolnshire tourism industry to expand and develop over the next five years. At the centre of this would be a bid for the county to be recognised as one of the national Tourism Zones, opening up funding and promotional opportunities.

The Action Plan is designed to provide strategic direction for local businesses and public and voluntary bodies to ensure that opportunities are maximised and the benefits are shared across the area.

To identify key issues, consultations are being undertaken with a range of organisations and workshops held with tourism operators. Two workshops out of the six planned were held in February and March, one was held virtually and the other three were postponed.

Questionnaire surveys were then developed rather than meeting due to the Coronavirus lockdown. The consultant Colin Blundel does however need to have 1:1's with some of the key players and as some of these people have been redeployed, furloughed or are generally very busy this has not been possible in many cases. It is fair to say that having a finished document for further consultation by the end of June will be delayed. However if the pace is a little slower than intended, we are still on schedule to have a Tourism Action Plan mid to late summer. Colin Blundel's details are at the end of this report and I would urge you to get in touch with him or ask him to call you if you have not managed to be involved in any of the consultations to date. The Tourism Action Plan is being designed as a tool that will help us to apply for future funds - investment into getting it right will be very much worth the effort. The Tourism Action Plan includes aims and objectives and a SWOT analysis, it will have five visitor themes and five delivery tools:

Visitor Themes

- Sustainable tourism
- Extending the tourist season
- Enhancing the product
- Increasing productivity
- Improving local infrastructure

Delivery Tools

- Skills training
- Marketing
- Customer insight
- Local business environment
- Partnership working

Paper 3

Tourism Sector Deal & Tourism Action Plan Update

The VEB might find it useful to know the feedback from the workshops that did take place as we were delighted with how the tourism businesses engaged with the Tourism Sector Deal and were very proactive in putting forward their ideas for what they felt were the opportunities for Lincolnshire's visitor economy.

The first workshop was on the 27 February in North Lincolnshire, good turnout, everyone very positive and after the presentation attendees sat at four big tables for discussions. We asked them to discuss what they saw as the key challenges and opportunities for Lincolnshire's Visitor Economy. Key points as follows:

- Lincolnshire plc - the example of Yorkshire and how they speak with one voice, ditto Jersey
- Product knowledge of Greater Lincolnshire within the industry not good enough as we're all so tribal and don't think like a visitor
- Cycling came out strongly as a theme to pursue
- Broadband massive issue for many
- Signage not good enough
- Planning issues
- Connectivity in every sense - also identified that the industry needed to share more
- Know our audiences so we can target more
- Look to the future in skills (5-10 years) - felt that probably some businesses had gained knowledge on the skills situation but there was no medium to share so others could benefit/learn from each other
- More marketing and PR - Quite a lot of talk re digital v paper - yes we need to have digital info, but our visitors still love a piece of paper in their hands!

The second workshop on the 10 March was at the Petwood Hotel and was combined with the leaflet swap. Attendance was excellent and the discussion was via an open question and answer session.

- Investment into cycling and walking infrastructure, as well as promotion. Water Rail Way - excellent project, but maintenance and marketing poor; Motorhomes with bikes restricted due to height barriers on many car parks; complete, maintain and promote the new Coastal Footpath; Viking Way and connections with businesses - look to North Coast 500 as a good example, but mindful of continuing maintenance and promotion through partnerships.
- Out of county promotion - Yorkshire excellent example - referencing coordinated event presence in particular and food promotion (Welcome to Yorkshire/Deliciously Yorkshire).
- Areas that could be better promoted: market towns; Lincolnshire gardens; 'Hound Pound' - providing pet-friendly facilities in 'one Lincolnshire' package; Aviation Heritage - strongly felt that excellent work had been done in this area and LCC had cut funding; Mix of marketing material including print - visitors still ask for leaflets/maps
- Better product/facilities - Donna Nook; Lido facilities like Woodhall Spa; Accessibility and suitability for elderly
- Transport importance and facilitating more coach and bus provider support. Call Connect not helpful for visitors and focus needs to be on better rural transport
- Harnessing the 'visitor voice' by coordinating/standardising reviews/feedback
- More industry networking events like this one!

The third workshop was changed to a virtual one and as it happened just after lock-down inevitably the focus of discussion was Covid-19 rather than the future.

Paper 3

Tourism Sector Deal & Tourism Action Plan Update

2 Recommendations

- 2.1 The VEB note the progress made to date under difficult circumstances. It maybe that we consult on our first draft which may still have gaps and prepare for perhaps more changes and additions than is usual at that stage. We should look at the document as a workhorse which will support us in achieving a great future for Lincolnshire's visitor economy.

Contact details for Colin Blundel Tel: 07747 533170 colin@theplanningcompany.co.uk
Visit the Action Plan Facebook page at <https://www.facebook.com/Lincolnshire-Tourism-Action-Plan-2020>