

Cabinet



Date of meeting:	08 December 2020
Title of Report:	Update on current status of tourism and hospitality sector due to COVID19
Lead Member:	Councillor Tudor Evans OBE (Leader)
Lead Strategic Director:	Anthony Payne (Strategic Director for Place)
Author:	Amanda Lumley, Executive Director, Destination Plymouth
Contact Email:	Amanda.lumley@plymouth.gov.uk
Your Reference:	ALu 01.12.20
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

The purpose of this report is to update Cabinet members on the significant impacts of the COVID19 pandemic on the tourism and hospitality (visitor economy) sector over the past 10 months.

The growth of tourism and the visitor economy has been a great success story for the city with over 25% growth in the last 8 years. From just under 4 million visitors to 5.4 million in 2018 spending over £337 million annually and supporting nearly 8,000 jobs, over 7% of the city's employment.

Visitor numbers for 2018 were very positive having risen 5% from 5.1 million to 5.4 million with spend increasing from £332 million to £337 million a 2% increase. This reflects very strong growth in the day visitor market (6%), however, overseas and UK staying visit numbers are static which reflects the lack of growth in our serviced accommodation offer. Within the region, we have outperformed every other destination in Devon.

On 10th March 2020, Destination Plymouth brought a report to cabinet alongside a new 'refreshed' Visitor Plan and vision for the sector from 2020 to 2030. The plan was recommended to cabinet as recommended by the Brexit, Infrastructure and Legislative Change OSC at its meeting held on 15 January 2020.

“The new plan will enable Plymouth’s residents to benefit from the visitor economy, supporting quality job retention and creation; whilst also enabling Plymothians to take full advantage of the city’s rich history, heritage and unique environment, by promoting opportunities for education, health and wellbeing, and pride.”

On March 23rd, the country was forced to shut down for 12 weeks and the world completely changed overnight. The visitor economy has been one of the hardest hit sectors and has effectively gone into economic shock losing in excess of 50% of annual visitor spend in the city.

Recommendations and Reasons

It is proposed that members of the cabinet support the following recommendations:

1. Recognise the current difficulties facing the sector and note the contents of this report
2. Acknowledge the work that Destination Plymouth is doing working closely in partnership with PCC and wider city stakeholders to support the sector and the Visitor Plan to 2030
3. Support key sector 'asks' to government as detailed in the report

Alternative options considered and rejected

Delivery of the existing Visitor Plan to 2020 has significantly grown the city's visitor economy over the past 10 years, which now represents nearly 8,000 jobs, 7% of employment in the city. The visitor sector is growing in an environment where some more traditional employment sectors are reducing and is therefore of significant importance to the local community. The 2020 plan has acted as a key catalyst and which will now be continued with the adoption of the new Visitor Plan 2030 in March this year. Given changes to the marketplace, the importance of maximising the Mayflower 400 legacy and emerging aspirations for the first national marine park, it is considered essential that work continues to support the new Visitor Plan.

Not supporting recovery in the sector and further activation of the new Visitor Plan could potentially affect the city's ability to position itself as a destination not just to visit but also to invest in and to live. This could have significant impacts on the city's overarching growth strategy, the Plymouth Plan, to 2032.

Relevance to the Corporate Plan and/or the Plymouth Plan

Plymouth is Britain's Ocean City and the visitor economy is a major contributor to our economic growth, local community and vibrant waterfront city. The Visitor Plan aims to address growing city priorities, in particular economic growth, jobs, skills and sustainability. The Scrutiny review approach embeds our values; it is democratic, responsible, fair and co-operative.

Implications for the Medium Term Financial Plan and Resource Implications:

Destination Plymouth Ltd. was incorporated in June 2010 as a private/public sector partnership and arm's length company of Plymouth City council. Destination Plymouth Ltd currently receives revenue funding from PCC annually up to the financial year-end Mar 2021. This is part of the £2.25 million commitment to Mayflower 400 up to end March 2021 and is included within existing revenue budgets.

Over the past three years, Destination Plymouth Ltd has helped to leverage over £7.7 million income through grants alone for specific projects related to the visitor plan and Mayflower 400.

No further implications are anticipated for the MTFs at this stage, resource implications are limited to member and officer time.

Carbon Footprint (Environmental) Implications:

The new Visitor Plan 2030 has ten strategic ambitions one of which is 'We will become one of the UK's first carbon neutral destinations by 2030 supporting our city vision'.

A key area of work going forward will be to work closely with Plymouth City Council and businesses in the tourism, retail and hospitality sector to identify what the current carbon footprint is for the visitor sector as well as developing solutions to reduce it over the next ten years. The aim will be to become best in class delivering sustainable solutions that not only reduce carbon emissions but also drive down costs and provide wider benefits to our visitor sector businesses.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.

The Visitor Recovery Plan and Visitor Plan 2030 may include recommendations that relate to the above.

Appendices

*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Update on current status of tourism and hospitality sector due to COVID19							
B	Equalities Impact Assessment (if applicable)							

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7
Visitor Plan 2020 to 2030							
Devon and Plymouth COVID losses report							
Plymouth tourism and retail survey Oct 2020							

Sign off:

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Originating Senior Leadership Team member: Anthony Payne (Strategic Director for Place)

Please confirm the Strategic Director(s) has agreed the report? Yes

Date agreed: 03/12/2020

Cabinet Member approval: Approved via e-mail. Councillor Pete Smith (Deputy Leader)

Date approved: 03/12/2020

APPENDIX A.

1.0 Current situation

i. National Context

Tourism and hospitality is one of the UK's largest, most diverse and interconnected sectors of the UK economy, generating high levels of revenue and employment across all parts of the country. Taking into account direct and indirect impacts (including aspects like the supply chain), **tourism in England** contributes £106 billion to the **British** economy (GDP) and supports 2.6 million jobs. Looking at direct impacts only, **tourism** still contributes £48 billion, supporting 1.4 million jobs.

It is acknowledged as being one of the sectors of the UK economy most affected by the Coronavirus outbreak. With regards to domestic tourism, VisitBritain's forecast (29th July) is that expenditure during 2020 will decline by £44.8bn (49%) to £46.8bn with domestic overnight tourism being down by £12.1bn and day visitor expenditure down by £32.7bn.

Combined, VisitBritain is forecasting that tourism revenue **will decrease by £68.8bn**, which equates to a **loss of over 1,000,000 FTE tourism-related jobs**.

ii. Regional Context

The South West visitor economy in Cornwall and IoS, Devon, Somerset and Dorset (the Great South West – GSW) is the largest single visitor region outside of London in the UK, **attracting 17 million staying visitors**, with an estimated economic impact of **£11.3 billion**, with direct **employment of 210,000 people**.

In September 2020, a business impact survey took place to measure the impact of Covid-19 across the tourism sector. The purpose of the survey was to collect more hard evidence regarding the impact of Coronavirus and crucially what support businesses need for their future survival and growth.

The Great South West impact survey shows for the period January-July 2020:

- The average change in business turnover is **-56%**.
- As a consequence, it is estimated that approx. **£2.2 billion** of anticipated tourism business turnover will be lost in the Great South West region (Jan-July 2020).
- If the **supply chain** is also considered, it is estimated a further loss of **£486m** is lost to the GSW economy.
- 5% of businesses remain closed; 33% of businesses are now open, but are actually operating at 75% capacity or less (including 15% operating at 50% capacity or less).
- Only **30% of businesses** anticipate they will survive beyond summer 2021.

(Source: South West Research Company Sept 2020)

iii. Plymouth context

Visitor numbers for 2018 were very positive having risen 5% from 5.1 million to 5.4 million with spend increasing from £332 million to £337 million a 2% increase. This reflects very strong growth in the day visitor market (6%), however, overseas and UK staying visit numbers are static which reflects the lack of growth in our serviced accommodation offer. Within the region, we have outperformed every other destination in Devon. The **sector employs just under 8,000 people** in the city not including the extensive supply chain.

Current statistics up to the end of October 2020 demonstrate the following forecast impacts on the visitor economy in Devon and Plymouth set out in the table below. To the end of September it

estimates that Plymouth will have lost in the region of **£146,580,053** million of visitor spend (**46%** of the annual. We have not yet got the figures for October or November but given the lockdown in November, this is only likely to get worse.

DEVON	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
All spend	£149,113,722	£140,632,088	£239,277,817	£220,407,689	£238,220,651	£319,563,875	£384,731,521	£239,561,430	£137,924,980	£123,890,584	£107,233,293	£2,300,557,651
% of year	6%	6%	10%	9%	10%	13%	16%	10%	6%	5%	4%	94%
Value lost	£11,000,000	£101,000,000	£233,000,000	£216,000,000	£225,000,000	£166,000,000	£71,000,000	£41,000,000				£1,064,000,000
% of usual month	7%	72%	97%	98%	94%	52%	18%	17%				46%
PLYMOUTH	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Totals
All spend	£20,543,646	£19,375,117	£32,965,704	£30,365,935	£32,820,056	£44,026,848	£53,005,103	£33,004,777	£19,002,154	£17,068,612	£14,773,709	£316,951,661
% of year	6%	6%	10%	9%	10%	13%	16%	10%	6%	5%	4%	94%
Value lost	£1,515,488	£13,914,938	£32,100,798	£29,758,680	£30,998,625	£22,870,097	£9,781,788	£5,648,638				£146,589,053
% of usual month	7%	72%	97%	98%	94%	52%	18%	17%				46%
Plymouth estimates assume the same seasonality and impacts as the county												
Plymouth full year visitor spend	£337,955,000											

A 'snap' survey undertaken just before October half term across Destination Plymouth members and the levy payers of the two BID areas showed the following key findings:

- Approximately 28% of respondents had staff on furlough
- 45% of these businesses said they would probably make these staff redundant at the end of the furlough period
- Nearly 50% of businesses who responded were less than 30% full for October half term
- 76% said they were less than 30% full in November and December
- 60% of those surveyed felt that business would not return to anywhere near normal until after July 2021

There are approximately **1655 businesses** classified as visitor economy businesses in Plymouth of which 78% are classed as micro businesses employing under 9 people. There is no doubt that the furlough scheme, grants, business rates relief and VAT reduction to 5% have played an important role in supporting these businesses to date, many would simply not have survived for this long without this support. However, more needs to be done or they will fail in the early part of next year.

Many hospitality businesses take a high percentage of their business in the run up to Christmas (up to **50% in Oct to Dec**) and given the COVID19 lockdown in November, this will have severely affected their ability to now cash flow over the winter. This is also true of many of the tourism attractions, charter boats, guides and other businesses, which rely on over **50% of their income between June and September** annually. Many of these businesses will require extensive additional support over the next 12 months in order to be able to cash flow their businesses without failing. When asked in the GSW research survey in September businesses prioritised the following, as support that they believe will help them to survive over the winter and in to next year:

- An extension to the %5 reduced VAT rate to December 2021
- Business rates relief extended to March 2022
- Help for cash flow through extension of CIBIL and BIBL re-payment periods (up to 10 years)
- Support for the heritage, museums, attractions and charities sector by increasing the % of gift aid they can re-claim
- Our zoos, aquaria and animal attractions are requesting that the DEFRA emergency funding is extended until Dec 2021

In the same survey, **only 30% of businesses** surveyed believe they **will survive** through to the end of summer 2021. The sector is in a state of extreme economic shock and not only has this affected business directly but it has also affected the supply chain significantly. This includes fishing, meat and

local food growers and producers, support businesses including the events industry, cleaning companies, and much more. It has not yet been possible to calculate the impacts of this wider secondary and tertiary spend so far but it is already showing across the city and wider region.

In addition, many of the Destination Marketing organisations nationally and regionally have been significantly affected by loss of income at a time when businesses most need their support. Many good 'commercially based' DMO's have closed after their income streams disappeared overnight and were not eligible for government grant funding save in only a few cases. Plymouth is fortunate to have Destination Plymouth, which has been providing support, advice and guidance along with the Business Improvement Districts to businesses one to one. In addition Destination Plymouth has worked closely with PCC's marketing and events teams to deliver regular local communications, regional and national marketing campaigns and has led lobbying into government the with GSW partners. The **DMO funding** model in many places has **effectively broken** and many regions across the UK are asking for a **wholesale government review** of the structure and **funding of DMO's** which play such a crucial role in promoting, supporting, managing and working in partnership to drive and grow the sector. It is only now when the sector is closed and the supply chains affected that many regions as well as government are starting to realise the huge impacts nationally to local economies but also our health, social and community wellbeing.

iv. **Approach to recovery**

In May 2020, Destination Plymouth prepared a first draft recovery plan and the final version was shared with the economic development team and wider stakeholders across the city in July. This recovery plan forms one of the key sector pillars in the City's 'Resurgam' recovery programme. At the same time, Destination Plymouth worked closely with colleagues at the HOSWLEP and wider Great South West Tourism Partnership to write and develop a wider regional plan, which would support the rest of the Devon and Somerset region.

The recovery plan was based around a simple three-phase approach:

Short term (up to 6 months – Dec 20) Acute/Research:

a) Strategic:

Lobby government to continue to provide support for sector, partnership working, develop Plymouth (Resurgam), HOSWLEP, GSW recovery plans, bidding for DEF/VE/Recovery funding, review capital projects and prioritise

b) Business support including:

Sign posting to government grants, loans and furlough schemes, business too good to fail, account mgmt.

c) Restarting visitor sector including:

Risk assessments for re-opening, training, certification schemes, webinars etc.

d) Communications including:

Public reassurance, business information and intelligence, re-positioning the visitor offer and developing content, late summer campaign to reassure visitors (day/UK visitor target)

e) Intelligence gathering:

Online/face-to-face surveys, BDRC perception surveys, Cambridge data, implement T stats,

Mid-term (6 to 12 months – Jan 21 to Dec 21) Recover:

a) Strategic:

Partnership working to develop Tourism Zone concept, bidding process for Tourism Zone funding, continue lobbying for extended support for businesses

Prioritise capital projects and assemble funding/feasibility

b) Continued business support:

Ongoing account management and signposting, possibly direct support for businesses too good to fail

c) Ongoing training and certification support:

Extension of quality/accreditation programme (consider Green Tourism Scheme), digital skills assessments/training provision

d) Communications:

Continue to reassure public, develop spring/summer marketing campaigns, re-start cruise/international activity

e) Intelligence gathering:

As above

Longer term (12 to 36 months – Dec 21 to Dec 23) Return/Restabilise:

a) Strategic: Assuming tourism zone bidding process successful start to implement. Capital projects in Visitor Plan 2030 up and running

b) Continued business support: as above

c) Ongoing training and certification support: as above

d) Communications: bid for more marketing funding to develop UK domestic market short term

e) Intelligence gathering: as above

To date the following has been achieved working with PCC and the wider partners:

All of the outputs in **phase 1 (acute/react phase)** including:

- Development of HOWLEP tourism recovery plan
- GSW regional research survey completed September 2020
- Allocation of grant funding across sector businesses by PCC during 1st and 2nd lockdown
- Successful bid for marketing funding for GSW region from government for Enjoy Summer Safely campaign £350,000
- Successful bid into Discover England Fund for ‘Connections’ project £158,000
- Twice weekly lobbying directly into DCMS and Visit England
- MP briefings locally, regionally and with Tourism Minister November 12th
- Successfully re-opening the sector working with multiple agencies twice after lockdowns
- Secured Sail GP, British Art show and recovered a strong events programme for 2021 to attract UK domestic and regional visitors

We will now start to move into **phase 2, which is the ‘Recovery’ phase** over the next 12 months:

Key priorities include:

- Setting up a specific portal for the hospitality, retail and tourism sector on the new ‘Skills Launchpad’ as a one stop point of contact for employers and employees to provide advice, jobs and training support

- Continue to work in partnership with PCC Economic Development team and wider city partners as a key strand of the ‘Resurgam’ recovery plan
- Continuing to lobby government for ongoing financial support for the sector (see government ‘asks’ below)
- Bidding for additional marketing funding to maximise the opportunity in the UK domestic market over the next 12 months
- Development of a strong marketing plan commencing early Spring 2021 to encourage ‘off peak’ visits
- Re-phasing and ‘re-imagining’ the Mayflower 400 programme to continue to have maximum impact through to summer 2021

v. **About ‘The Great South West Tourism Partnership’**

The Great South West Tourism Partnership (GSWTP) is an inclusive, equitable alliance that brings together the strength, knowledge and expertise of the leading DMO and tourism organisations in the Greater South West Area. These include:

Devon	Dorset
Somerset	Cornwall
Isles of Scilly	Exeter
Plymouth	Torbay
Bournemouth, Christchurch, Poole	
Exmoor	Dartmoor

This partnership has existed informally in different forms for many years delivering value to the region. During the COVID-19 crisis, the GSWTP group has come together like never before to the benefit of the tourism and the visitor economy, including providing business support to the individual businesses, co-ordinated regional marketing campaigns, collaborative impact surveys and joint lobbying to Government for industry support. The GSWTP is not a formally constituted organisation and is formed of organisations from a range of backgrounds including, commercial, not for profit business, Local authority and Business Improvement Districts. This group recognises the strength and value of focusing on our common goals, aspirations and vision for the region and is the first step in building a stronger, more productive, resilient and valuable Tourism and hospitality network for the Great South West region.

vi. **Approach to recovery**

Over the past 6 months The Great South West partnership has been proactively working to a recovery action plan in order to help businesses initially through the first ‘reactive’ phase of the pandemic. All the different partner organisations including DMO’s, BIDS, Associations, private companies and Local Authorities have been aligned behind providing support, guidance, signposting, advice and marketing activities to enable businesses to survive over the summer.

Alongside this urgent immediate action, we have also been developing thinking around a longer-term recovery plan and potential Tourism Zone programme to enable the sector to move forwards as we start to stabilise post 2021. We have asked the government to confirm when they will move forward the Tourism Zone process and what they anticipate this will be so we are able to develop our plans accordingly and submit a Tourism Zone bid.

The Tourism Zone bid will not only support the key pillars of the 'Tourism Sector deal' agreed with government in 2017 as part of the industrial strategy process but will also support key delivery objectives including productivity and zero carbon for Plymouth and the wider region of the Heart of the Southwest, Cornwall and IOS and Dorset LEP's.

In addition to this supporting our tourism and hospitality sector into recovery will significantly impact on unemployment **growing back job opportunities** quickly for those who are most in need in our **most heavily impacted and diverse communities**.

vii. Asks to Government

In order to support some of the key aims for the region and the partners the Great South West Partnership representatives are asking for support from the government. These 'asks' were put forward to the Tourism Minister Nigel Huddleston MP in a Great South West Tourism Partnership meeting on November 12th.

Financial:

1. Maintain the 5% VAT reduction rate to December 2021
2. Continue business rates relief to March 2022
3. Extension of the Zoo/Aquaria Support beyond March 31 2021 for 6 months
4. An amendment to the Gift Aid % from 25% to 33% to support charities
5. Consideration of repayable 'cash flow' funding to support businesses over winter/Spring 20/21
6. Ask banks to extend CIBIL re-payment terms from 6 to 10 years
7. Support to be offered to businesses who have suffered direct cancellations as a result of last-minute lockdown restrictions
8. The following businesses to be included in the mandatory grant support scheme:

Coach operators, boat operators, language schools, inbound tour operators and direct supply chain including fishing and farming producers

Structural:

9. The Government review the structure and funding of all DMO's nationally for the long term and in conjunction with Tourism Sector Deal ambitions.
10. Provide seed funding and a timeline to support development of Great South West Tourism Zone action plans to help sector recovery and longer term growth

Destination Plymouth is now asking Plymouth City Council to support these 'asks' to government and to acknowledge the work that Destination Plymouth in partnership is doing to help the sector towards recovery over the next three to five years.