

Written evidence submitted by Ian Winson (Chair at The Professional Charter Association)

Economic impact of coronavirus

Call for evidence The Marine Charter Industry

Monday 11th May 2020

Dear Sir or Madam

I report to you as the chair of The Professional Charter Association which is an independent not for profit company set up in 1991 by a small group of professional boat charter skippers and owners whose principal activity is that of skippered charter in UK domestic and overseas waters for both the private and corporate sectors. We now have members throughout the UK and Europe.

The Association's aims are:

- To promote and protect the interests of its members;
- To ensure the safety of passengers and crews on board member vessels at all times;
- To ensure that the interests of the charterer are upheld;
- To ensure that member vessels are equipped and maintained to the highest standards and operated within or exceeding national, local and harbour regulations.

We are the Independent Voice of The Boat Charter Industry.

Our industry is heavily legislated by The Maritime and Coastguard Agency (MCA) and all our members are highly qualified people working in an industry that generally relies on seasonal business which usually commences around Easter through to the end of Autumn. The majority are classed as self-employed and run very small businesses with very high overheads relating to their charter vessels, inspection and licensing regimes and safety equipment. Our members fall into many descriptions, Ltd Companies, Sale Traders and Self-employed.

All have annual fees for berthing these vessels, which is in the £ thousands and also commercial business insurance is very high. These costs exist every year whether they can work or not. The vessels require constant maintenance even if laid up especially during the pandemic.

Following the UK public being told to avoid all non-essential travel, our businesses has seen overnight, quite literally, the end of boating charters and training.

As a result of the COVID_19 pandemic sweeping the UK and the world, our members have followed government guidelines and ceased operating. None of them can work from home and due to the self-isolation rules, means no operator will be able work whilst this situation remains. This is a major concern as we are being told the distancing rules will exist for this year. (Whole season without income)

Since the onset of restrictions, we find that the majority of companies ceased to operate. Some with commercial contracts with offshore support have been able to run part services, but this a very small number, maybe 1-2%.

We have been reviewing all government guidelines on financial assistance available to the self-employed and businesses. We discover that the majority of our members are not be eligible for any government financial support. This leaves a very large sector of the marine industry being unable to support their own families and their businesses are now in hibernation and many may not survive this period. Their annual income comes from the season March to September. Every location is now closed and every major event for 2020 is being or has been cancelled. Bookings taken before the start of this National Emergency are having to be refunded.

The Job Protection Scheme and Self-employment income Support Scheme is only able to be used by a minority leaving the majority without support. Any changes to the schemes whilst closing down MUST take into account that our season finishes is September and without income for over a year, those businesses and staff will be left without financial support.

Most of our members do not operate from business premises using home offices to keep costs down. This means that without a rateable commercial property we are not able to claim any financial support. Those that have business premises are within Marina complexes and as such pay business rates to those Marina Companies which prevents them claiming support presently under business support. We also pay very high rents to keep boats at these marinas, but we have been excluded from any grant processes.

We are key sector leisure businesses along with the tourist trade who use self-employed staff occasionally as increase workloads arrive in summer months. Other self-employed sectors have been guaranteed 80% grants/loans to cover this time period whilst this sector receives no help. The Corona Virus Business Interruption Loans have a 12month interest free period, but this will not assist our members who will receive no income until maybe next April if they are still able to operate and have not closed their businesses. As an example, I personally have today applied on Government website for the new Self Employed Income Scheme and the website rejected my application after adding my UTR and NI number. (Not Eligible)

I am aware a large number of our members believe that their businesses will not exist next year if the current condition apply without support from Government or Local Authorities. I urgently seek your support for our members.

- All financial loans are failing our members, this is owing to the limited times we operate in the peak season. The majority have all not applied for loans due to placing them in greater debt and being unable to repay any extra monies. One bank application state *"We ask you to think carefully about*

whether the business can afford the product applied for and to be open in your dealings with us. "

Any business owner in a seasonal business such as ours could greatly risk the risk of bankruptcy taking a loan due to not taking any income and unlikely to this year. Next year starts about Easter!

Many members have applied for grants and been rejected by local authorities despite the government directives on 2/5/20 to use discretion. The paper regulation states "Local authorities may choose to make payments to other businesses based on local economic need. The allocation of funding will be at the discretion of local authorities". Local Authorities are ignoring this direction despite being challenged by the FSB, British Marine and our operators. The majority of our members businesses support the local economic needs by employing many locals and being part the Tourist and Leisure industry which is huge on the coast.

In relation to government intervention we are screaming out for help to direct Local Authorities to give grants to secure our members businesses whilst closed and setting up for next year's operations and therefore allow them to survive.

The challenges facing our industry can only be described as gigantic! Whilst social distancing exists the majority of our members cannot operate safely and therefore this will continue for the remainder of the year, thus preventing them earning any money to pay bills and live. The shock to the industry will be catastrophic. These could be permanent causing closure of many of our members businesses who have been running for over 20 years successfully.

We saw a slight downturn on business during the 2008 recession and some parts were slow to gain momentum again, but we have survived due to being able to operate, this virus has stopped us operating and cannot be compared to the recession.

I have been communicating with as many members as possible to outline what support has been made available but as outline a large number, some 80-85% are as described falling through the financial support already offered by the government.

I outline a few cases as follows: -

1. An operator who runs a boat training school and boat charter business has had to remove their vessels from the water as they are unable to pay this year's harbour fees. The owner a director pays themselves £1000 a month from the business, so minimal wage, National Insurance and has a mortgage at £800 a month and one child. There is no other income. Their season is like all of us.
The costs are Harbour Fees and moorings at £4000 plus VAT each season and in winter months storage in a barn at £2000 which has continued into the season. Insurance is £7000 a year. To maintain the business is about £7000. Since the closure of operations, they have already run up £8000 on credit

cards. The company is liaising with all local authorities for help. The estimates are start-up fees now will be £15,000 to open after closure.

2. An operator on the South Coast is self-employed sole trader and has stopped business in the tourist area of Dorset and presently has paid Office Rent on a marina so get no rateable value to claim, a sum of £4811. His vessels in the marina have just charged for this season starting 1st April £17,200. These are marinas that closed, and their staff furloughed. This operator has no income now and will be in the same position at the start of next season if he can operate.
3. An operator in Scotland has one vessel he charters and has an office rented off a Marina and again is not accepted for financial support. He pays himself monies when he can afford to do so from profits/takings
4. Lastly as an example a boat operator who is self-employed sole trader with a vessel in a marina which has already charged £6000 for the year, Insurance at £2000, maintenance to ensure vessel is legal under MCA legislation at £2000. This again shows a yearly taking of about £25000 and a small income when needed as his office is at home using a marina as operating base. Without work that early settlement of these fees before the UK Government closed businesses down will mean a £10,000 cost to restart again next season with no income this season!

The Marina fees mention in above example are in general for smaller craft, those with larger vessels are seeing their fees between £10,000 and £20,000 per annum just to have a base to start from. These fees are also not being reduced to assist our members in this very difficult time. For companies with multiply vessels these fees/charges are times the number per vessel. Whilst our boats are in a marina, we are required to pay annual berthing fees in advance (berthing fees vary according to size and length of each vessel but usually amount to £10,000 plus per annum) – there is no choice. Marina owners are not offering any reductions in berthing fees or payment holidays, which means these businesses are already significantly financial penalised.

All these operators along with all are members cannot work and this came at the end of a closed winter period and finances were already very light and they needed to work to secure their businesses for next year.

Our concerns relating to no support measures being in place do not consider any fixed or variable costs and those available to others are calculated purely on profits. Our marine charter industry is mainly all self-employed and have significant overheads as outlined above. Any scheme offered should be based upon turnover rather than net profit as presently schemes discriminate against our members.

This is the same around the UK as reported by our members. Any loans taken will unlikely secure the businesses as they will be unable to repay them. The only way forward for these hard-working people is a grant to allow them to continue operating.

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We understand the massive support already offered to employees and some companies, but our sector is completely void of any financial support. They are all successful businesses, and none have claimed any previous government support or allowances.

The economic impact of this coronavirus outbreak will be catastrophic for our industry. Social distancing prevents our members from working and this is likely to remain in place for this season of work. Therefore, these businesses will have had no income since about October 2019 through to April 2021. Any staff employed would be dismissed due to costs and very likely businesses will close. We did support Retail, Hospitality, Leisure and tourist trades.

This is now the time to aid these people and their companies, they are unable under recent financial packages to Furlough, Obtain grants or any other government support.

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