

Written evidence submitted by Thanet District Council

Response to DCMS call for evidence

Setting the scene

The District of Thanet includes the coastal towns of Margate, Ramsgate, Broadstairs and surrounding village areas and is located in East Kent.

Thanet is a unique and vibrant coastal area, with an attractive environment and a number of unique features. There are 20 miles of coastline with beautiful sandy beaches and bays, many of which have been awarded European Blue Flag status. Much of the coast is also recognised for its internationally important habitats, including coastal chalk and significant populations of coastal birds. Like many coastal destinations the local business economy is largely made up of micro and small businesses.

The tourism sector has grown substantially over the last few years, compared to other parts of the South East and England, and there has also been significant growth in the creative sector. However, Thanet also has some economic challenges to deal with, for example, Thanet's business parks have taken time to develop, and are predominantly filled with small employers and sole traders.

The Council has been working alongside other South East Coastal Authorities in developing a coastal prospectus to inform the South East Local Enterprise Partnership's (SELEP) Industrial Strategy and central government. The prospectus looks at the disproportionate levels of deprivation, unemployment, low skills, mental health issues, poor public realm etc there is in many of the South East's coastal towns, compared to the wider South East and nationally. It also identifies where the coastal local authorities, working with government and SELEP could make a real difference. This work needs to continue and be used as a building block to support the opportunities for growth that have been identified to ensure the impact of the pandemic is not as great, as it is likely to be in our coastal communities.

What has been the immediate impact of Covid-19 on the sector?

The Cambridge Model Economic Impact Study 2017 shows the volume and value of tourism to Thanet and is the most recent research we have of this nature. The tourism economy in Thanet which was growing prior to the Covid-19 crisis, **is worth £320 million** annually to the Thanet economy, welcoming **4.2 million visitors** to the area each year, and **supporting 7,950 jobs, which is 20% of the local workforce.**

The United Nations World Tourism Organisation has identified that international tourism numbers could drop between 60-80% in 2020, compared to 2019. Tourism is considered one of the hardest hit sectors by the COVID-19 outbreak. The sector is experiencing a rapid and sharp drop in demand and a surge in job losses at global level, putting many SMEs at risk, which Thanet is predominately made up from.

The entertainment and leisure industry is facing months of low to zero income, which could put some venues at risk of closure, especially when they are reliant on the summer season to support the whole year. Young people have been identified as being among those most likely to be economically affected by COVID-19. Dreamland, in Margate, is a significant employer of young people in the district and they have concerns around unavoidable job losses in the sector. Even once they can re-open, there are concerns around public reticence about public gatherings, loss of brand awareness, and a reduction in advance purchase of tickets and memberships. There will also need to be substantial additional investment in H&S procedures, training, signage, insurance and surveillance on any new safety standards brought into effect, for instance a new industry Kitemark.

English language schools play a significant role in the visitor economy in Thanet, creating jobs, and supporting a large number of host families. The impact of the pandemic on this part of the visitor economy will not go unnoticed. In 2013 the total business turnover associated with study visits to the district was estimated £47.8 million, and approximately £6.3million was paid to an estimated 2,800 host families in the district. Students total spend in Thanet was an estimated £33.6 million, equating to an average daily spend of £67.95 per day, per student, including their tuition fees. These visits also supported around 1000 jobs in 2013.

Turner Contemporary is a visual arts organisation based in Margate. They are one of the major employers in the town, where unemployment remains high and Margate Central is in the top 10% of most deprived Wards in the Country.. Since opening in 2011 they have welcomed over 3.5 million visits and are a significant contributor to the social and economic regeneration of the town, and wider district. Approximately 60% of Turner Contemporary's funds come from fundraising and earned income . Earned income has been lost as their retail outlet, cafe, and venue hire businesses are closed, and their ability to fundraise has curtailed. Since closing their doors to the public on 18th March they have had to furlough the majority of their staff, and have already projected over 70,000 lost visits, prior to the summer period. Future exhibitions and events have been moved, or cancelled, incurring costs, and the operational challenges of social distancing mean that opening could be delayed until 2021. Whilst the Turner Contemporary have welcomed emergency funding support from ACE to help address the short term impact, they have concerns for the medium to longer term and the future viability.

The Historic England survey on the impact of Covid-19 shows that the most vulnerable of the respondents are either craftspeople / smaller crafts-based businesses or professional services such as architects / surveyors / engineers etc. Over 40% of these businesses forecast their businesses failing within three months even if the current Government support scheme delivers. These two groups are very pessimistic over their survival beyond six months. These groups have in common the relatively high fixed costs of their office/workshop/studio accommodation compared with many sole traders. Small consultancies are slightly less vulnerable, while both faith-based organisations and Trusts with heritage purposes face the future with somewhat greater confidence.

Resort Studios is a mixed media creative industries workspace in Cliftonville West, they have around 40 practitioners/businesses on site and have recently surveyed their members to identify the impact of the pandemic. 90% of their members responded and identified that:

- 50% have had 80-100% drop in income
- 70% have had 50-100% drop in income
- Over the next six months, 50% of members will individually lose between £5k-10k of income
- Many of their members rely on the hospitality and leisure industries to boost their income

The creative industries and the tourism and hospitality sector provide a cyclical economy in Margate/Thanet which are heavily reliant on each other.

The Historic England survey was designed to complement the National Lottery Heritage Fund current survey which shows that the impact of the pandemic is universal with 98% of organisations being impacted within the first three weeks and the remaining 2% expecting some impact in the future. Coronavirus is expected to impact on organisational survival with 82% of organisations reporting high or moderate risk to the long-term viability of their organisation. Financial reserves are limited with 46% of organisations able to survive for no more than six months. Flexible support is needed, with greater flexibility for existing grants/projects being requested from The National Lottery Heritage Fund and partners (75%), as well as emergency funding (53%).

Within the heritage sector, alongside uncertainty and general loss of income, like many sectors, it is faced with stagnated projects, cancelled events (including income generating), loss of volunteers and grant application opportunities closed until further notice.

Festivals and events in Broadstairs for instance are major contributors to the local, and county economy and their loss will be noticeable. Organisers of the Broadstairs Food Festival claim that the future of the festival is uncertain. The current crisis is particularly critical for cultural and creative sectors due to the sudden and massive loss of revenue opportunities, especially for the more fragile organisations with limited reserves. As the food festival has neither employees nor business premises, it falls between all the funding sources, leaving 2020 costs to be met from scant reserves which are now depleted. Today, more than ever, the importance of culture and creativity for society is clear with its recognised contributions to mental health and well-being. Looking to the future, social distancing, and advisory restrictions on those at risk will govern and limit festival and event activity this year. As a CIC the Broadstairs Food Festival relies on a large pool of volunteers to stage their events. As for all sectors, steps must be taken to ensure, and reassure, that the correct systems are in place to allow them to contribute. Loss of income and exhausted reserves may impact recovery in 2021, as might the survival of the smaller producers who participate in the event.

How effectively has the support provided by DCMS, other Government departments and arms-length bodies addressed the sector's needs?

Support offered in this unprecedented time has been appreciated. The furlough scheme has helped businesses support employees in the short term and provide a buffer, but many feel it has not eliminated the need for redundancies. Information on how public gatherings and leisure businesses might be able to tackle COVID-19 post lockdown has been scant.

Visit Kent carried out a Covid-19 Business Impact Survey in May, and Thanet businesses made up a considerable number of the responses. The survey asked businesses about which financial schemes they have or are planning to access. The findings show that the most popular scheme was Business Rates Relief with 52% of businesses selecting this, followed by the Coronavirus Job Retention Scheme (50%) and cash grants (48%). Cash grants were most commonly selected by smaller businesses (1-4 people), and accommodation providers, whereas a larger percentage of attractions had, or planned to access the Coronavirus Job Retention Scheme.

Visit England Destination support has been much wider than normal which has been positive for the sector, with regular support calls, E News and business hub.

Channels of communication have been excellent and the layer approach to information sharing has worked very well. This has been the case for both information cascading from central government as well as from a grass roots level upwards within the sector. For instance, gaps in funding available to local businesses has been fed back to Visit Kent and into TIER. We are hopeful that this emerges as a positive taken from the crisis and continues beyond the recovery.

NCTA has been extremely valuable from a coastal destination perspective, raising similar issues, challenges and communication.

NLHF and HE support seems to have sensibly targeted immediate needs around staff costs, protecting crucial assets and heritage at risk and in HE's case some project activities which address the pandemic or can be delivered during the pandemic addressing HE objectives. However, it still remains a very bureaucratic and competitive process.

What will the likely long-term impacts of Covid-19 be on the sector, and what support is needed to deal with those?

We expect to see a significant loss of investment in coastal destinations, particularly the accommodation sector, as well as loss of businesses. We know that at least 7% of coastal businesses have already permanently closed and others have lost a huge amount of business. Thanet's coastal towns already face challenges relating to seasonality which as a local authority we work tirelessly to address. The reality is that the impact of businesses losing a whole season's trade will be detrimental to these businesses and their survival. It is essential that assistance is provided to businesses to recoup some of these financial losses. Some considerations and suggestions have included an additional bank holiday in October, extending the season into the autumn and promoting domestic travel. One of the real challenges for the tourism sector is the uncertainty. For instance, if businesses can open beyond October to extend the season, will 'staycations' and domestic travel be popular enough to sustain the opening of these businesses? Will businesses attempt to increase their prices on accommodation for example in order to recoup their losses, and will this in turn lead to pricing out the market? This is all unknown.

Consumer confidence needs to be addressed in order to encourage domestic travel when the time's right. Around 17% of the British public are currently intending to holiday in the UK

this year, this is comparably low to our European counterparts. Clear guidance is needed from the Central Government which then needs to be followed up with specific detail for businesses within the sector. There needs to be one clear message coming from Visit England, for instance the Kitemark being discussed for safety and cleanliness which will help businesses respond and also restore consumer confidence. Businesses will need to adapt to behaviour changes of the public. Smaller businesses and charities will be forced to adapt, but in many cases without the funds and resources available. In a Pathways to Recovery Consultation carried out by Visit Kent, businesses also need clear guidelines on the issue of liability for businesses regarding social distancing measures and the public.

The tourism sector is supported by a volunteer workforce, and many of these volunteers fall into the at risk groups, or may even be shielding during the pandemic, and afterwards. In Thanet our Visitor Information services rely heavily on volunteers to operate, as do our attractions. Our two larger attractions in the area (Dreamland and Turner Contemporary) are complemented by many smaller attractions. These are either volunteer led, or supported by volunteers, posing challenges in re-opening.

More lobbying is needed for seaside destinations. Whilst statistically cities have been more affected by the crisis, the long-term impact on coastal communities could be greater. The impact of Covid-19 has been compounded due to the seasonality issues facing these businesses, which will affect their ability to recover as quickly, if at all.

The Pathways to Recovery Consultation by Visit Kent showed that businesses felt that continuation of financial support is needed, particularly given seasonality. The key themes that emerged were an extension and/or flexibility of the furloughing scheme to provide support until business are fully operational again, allowing them to partially operate, with part-time staff for instance. There were concerns around businesses not wanting to lose valuable staff, or institutional knowledge during the rebuild stage as the consumer demand is predicted to build gradually. Partial re-opening would be a sensible option for some businesses, but more difficult for others. For instance hotels noted that to start trading again with anything less than 70% occupancy levels means operating at a loss. Some venues simply won't be able to accommodate social distancing measures. Loans and grants have been welcomed by many businesses, new loans/grants, or continuations would be welcomed to help the rebuild, particularly if severe social distancing measures remain in place. Rejected insurance claims and businesses who are over the £51k business rates threshold are two areas of concern as these businesses slip through the net of government funding, and cannot afford to take on more debt. There are businesses within the district that have fallen through the net of support due to their rateable value. A number of these businesses have significantly invested in the district in providing accommodation particularly independent boutique hotels in recent years, and have been part of the economic success of the visitor economy (and regeneration of the districts towns). They are at real risk of not being able to reopen as they are unable to access any financial support other than loans, when they have already taken on significant debt and are still relatively new businesses.

The need for support for self-employed was also raised to mitigate loss of earnings as well as financial support for essential PPE.

- Seasonal business will be the worst hit, and with the lucrative Easter and Summer period effectively written off in 2020 with no opportunity for businesses to recover this autumn or winter
- Revisions to capacity or movement in attractions will adversely affect long term business plans
- Loss of customers, in particular those most vulnerable who despite the end of lockdown will choose to not attend mass gatherings.
- Knock on negative impact on local business reliant on large scale attractions to bring in visitors and inspire secondary spend
- Coastal areas in particular will experience economic difficulty – the Gov is already sensitive to the issues coastal towns face and the need to support them

What lessons can be learnt from how DCMS, arms-length bodies and the sector have dealt with Covid-19?

The way that the sector has been surveyed and listened to has been great and this, along with the improved communication through the layers from local business level to central government and back needs to continue.

National messaging via a Visit England campaign is needed to help boost domestic markets, that layers down to destinations. Visit England should remain supportive in promoting all destinations regardless of their budget or their profile. Whilst open space will inevitably become a pull factor for tourism, Visit England will need to be minded to promote all destinations on a level playing field to help local economies beyond the West Coast of England and Scotland for instance, who are notorious for their wide open space.

The emergency funding packages and advice made available has been widely accessed and appreciated. It will be important to understand which businesses etc. within the sector have fallen through the cracks and why.

The information to the public seems to have been very focused on short term actions and 'getting through the peak', as opposed to communicating the long term impact. Businesses across the country are preparing for the worst and planning accordingly to ensure they can survive long term.

How might the sector evolve after Covid-19, and how can DCMS support such innovation to deal with future challenges?

The move to online and digital operation underlines the importance in continuing to develop this area, digital skills funding to support businesses with this is welcome.

Flexibility and resilience as echoed in current surveys remains critical and organisations should be supported to adapt and operate flexibly. The sector has demonstrated resilience, flexibility and innovation and funding should continue to support this.

Visitor revenue which so many organisations rely on is clearly not enough therefore organisations need to be encouraged/supported to diversify or expand their offer to other sustainable sources of income. In Thanet's case, to develop their vision to deliver all year

round experiences which will generate income from visitors and locals and help reduce seasonality.

DCMS could provide clear guidance on protocols for cultural and public spaces, buildings, tourism sites as and when visitors are allowed to return to these spaces.

Trust local leadership, insight and knowledge and work with local authorities and local organisations to feed information from the ground up, rather than a top down approach.

Continue to understand and collate evidence for how the heritage and culture sectors provide both social and economic benefits and how they might have helped or supported people during the pandemic to continue to make the case for their continued existence and support.

- Further support needed to allow seasonal businesses more flexibility?
- Flexible working structures to become the norm
- Support from transport providers and reduced ticket costs to attract people back.
- More beach facilities including showers and toilets to improve sanitation of guests entering the attraction.