

Written evidence submitted by North Norfolk District Council

DCMS SELECT COMMITTEE – CALL FOR EVIDENCE

IMPACT OF COVID-19 ON TOURISM SECTOR

Response prepared by Steve Blatch, Chief Executive

Background / context:

North Norfolk has a strong and diverse tourist economy with 45 miles of coastline, taking in almost 50% of the Norfolk Coast Area of Outstanding Natural Beauty and the upper reaches of the famed Norfolk and Suffolk Broads network. The District has a population of over 100,000 people, living mainly in the towns of Cromer, Fakenham, Holt, North Walsham, Sheringham, Stalham and Wells-next-the-Sea.

The District has a traditional family beach holiday and Broads boating holiday offer, but has been increasingly successful in recent years in extending its appeal and season with strong demand built in the autumn season through bookings associated with the hugely successful Thursford Christmas Spectacular Show and the District's niche retail offer. The North Norfolk Coast is also an important area for birdwatching, as well as walking and cycling, with these activities forming part of an increasingly strong and diverse visitor offer.

With its breath-taking expanses of fields and shores, to the quiet of its country lanes and elegance of its market towns, North Norfolk is a landscape which has been shaped, but not tamed, by history. Large numbers of visitors are attracted all year to the main coastal towns of Cromer, Sheringham and Wells-next-the-Sea. These towns have grown, over the centuries, from small, isolated fishing communities into bustling seaside resorts. Many of North Norfolk's beaches have been awarded Blue Flag status for their cleanliness, facilities and management, with the district boasting six Blue Flags and one Seaside Award along its 45-mile coastline.

North Norfolk has a strong accommodation offer including self-catering holiday homes, chalet/park homes, caravan and camping sites, hire boats, independent quality boutique hotel offer and no national hotel chains.

Its wealth of attractions gives North Norfolk an enduring holiday appeal. It has all manner of museums and collections, entertainment and activities. There are grand mansions, National Trust properties, multiple sites of landscape character and wildlife value along with the iconic Cromer Pier. The district's living history in itself is also a powerful attraction with a fantastic array of medieval churches, ancient buildings, quiet pubs, craft centres, steam railways and Deep History Coast trails along its coastline.

Statistics:

North Norfolk is heavily dependent on the visitor economy, which in 2018 comprised 29% of the District's employment and generating £511m from 9.6m trips. Through marketing and investment in infrastructure, visitor numbers are increasing through the year but spring and summer still account for the majority of trips and spend. The visitor economy is critical to the

sustainability of retail and hospitality businesses in and around the district's seven market and resort towns.

Significantly, the strong visitor economy is also increasingly supporting the development of a strong artisan food and drink manufacturing sector, based on local crab and seafood, but also taking in other foods including cheeses, specialist meat and pies, cakes and desserts and a wide range of alcoholic and non-alcoholic drinks. Some of these products are sold through local pubs and restaurants, independent delicatessens, farm shops; farmers' markets and food fayres but increasingly such specialist food businesses are also serving distant markets via online mail order strategies, supporting jobs in the wider economy. Similarly, there are an increasing number of artists and craftsmen operating from studios which sell their wares locally through galleries and gift shops and then through online channels.

Q 1 - What has been the immediate impact of Covid-19 on the sector?

Tourism is considered to be one of the hardest hit sectors by the pandemic with a collapse both in demand and supply. The sector has experienced a rapid and sharp drop in demand and a surge in job losses putting many SME businesses at risk. Businesses all along the supply chain in the sector immediately faced major cashflow issues and many SMEs and micro-businesses having very limited reserves or overdrafts.

Covid-19 has hit this region's economy hard. Coming in March at the very beginning of the 2020 visitor season, Covid-19 has impacted hard upon business confidence when normally businesses would emerge from the lean winter months and be preparing for the busy summer months ahead. With the early part of the 2020 season lost to trade and continued uncertainty about when businesses can re-open and levels of confidence amongst visitors there is a very real concern that many tourism businesses will essentially be operating through three 'winter seasons'.

Non-delivery of some of the district's scheduled major events will also have a huge impact on industry businesses such as the 1940's weekend in Sheringham, Holt Festival, Cromer Carnival, Holkham Country Fayre and numerous music concerts and other festivals.

When the furloughing scheme was announced this brought much relief although businesses faced challenges on making payments initially before being reimbursed.

Mental health issues were created for owners struggling to keep businesses from closing and meeting obligations to staff and suppliers. Laid off staff also experienced mental health issues caused by difficulty in paying for mortgages, rent, food, heat etc and in coping with childcare while trying to work. Many are anxious and stressed over redundancies already taking place in the sector and the security of their jobs.

In responding to the Covid-19 crisis the Council's priority actions have been to:

- Protect the safety of customers and employees as they return to businesses in our town centres, resorts and attractions
- Develop a campaign to: reassure local people that measures are in place to assuage public health concerns; support local businesses in their efforts to re-commence trading; and promote the destination to visitors beyond this summer
- Support those experiencing economic hardship as a result of impact on the local economy

- Evaluate the opportunities, environmental gains and benefits to the rural economy of the changed patterns of movement and new ways of working and identify investment needed to propagate this

North Norfolk District Council has taken a proactive approach to track the effects of Coronavirus on the tourism industry. This is a rapidly changing situation and it is important to monitor developments.

The Council therefore commissioned two business surveys in North Norfolk to evaluate the immediate and ongoing impact of Covid-19 on the tourism sector.

Survey 1:

The first being a telephone survey undertaken in April 2020 to a number of key sector businesses including hotels, entertainment, holiday parks, pubs and restaurants, leisure boat hire, animal parks, stately homes and estates, steam railways, nature parks, holiday cottages. Such businesses included:

- The Banningham Crown (inn)
- Beechwood Hotel and Restaurant, North Walsham
- Blakeney Cottage Company (cottage rental)
- Broads Tours, Potter Heigham (Day boat hire and boat trips)
- Byfords, Holt (Store, Café, and B&B/hotel)
- Cromer Pier and Pavilion Theatre
- Fakenham Racecourse (thoroughbred horse racing venue)
- The Grove, Cromer (hotel, restaurant, self-catering units and glamping site)
- The Harper, Langham (Bijou Collection)
- Holkham Hall and Estate (Holkham Hall, Holkham Beach, Holkham National Nature Reserve and The Victorian Inn)
- How Hill, Ludham
- Maretts Chariots, Aylmerton (coach operator)
- National Trust (Blickling and Felbrigg Estates)
- North Norfolk Railway, Sheringham (The Poppy Line heritage railway)
- Pensthorpe Natural Park, Fakenham (nature reserve and woodland conservation park, with interactive trails and eco play areas)
- Sanders Coaches, Holt
- Thursford, near Fakenham (Christmas Spectacular show, Santa's Magical Journey experience and the Steam Museum Collection)
- Virginia Court Hotel, Cromer
- Walsingham Estate (Walsingham Abbey, Anglican Shrine of Our Lady, Shirehall Museum and farm shop)
- Woodland Holiday Park, Trimingham
- Wroxham Barns, Hoveton (leisure and shopping complex with boutiques, craft studios, a junior farm, funfair and restaurant)

Findings:

One of the over-riding messages coming out of the businesses contacted, particularly visitor attraction businesses, is that they are facing a 'three-winter' scenario that will take many years to recover from (if they do indeed survive) and have limited investment in their product and offering.

Survey 2:

The second survey undertaken was an online Business Survey based on a 'have your say' online platform style survey. The report evaluated the immediate and ongoing impacts of Covid-19 to tourism businesses in North Norfolk and formed part of a wider industry survey across the East of England region.

From the 128 businesses that took part in the survey, the largest respondent groups were accommodation providers and tourism attractions/experience providers. A large majority of businesses closed temporarily and just under half furloughed some of their staff and as a result of these measures, and at the time of undertaking the survey, very few reported permanent business closures.

Findings:

Staff and employment changes:

- Almost two in five (39%) report a decrease in staff numbers due to Covid-19
- Two in five (40%) had to make changes to staffing levels due to the pandemic
- In most cases staff changes affected 80% of the workforce.

Impact on bookings and performance:

- Cancellations and requests for refunds of existing bookings pose a major threat to businesses due to a severe reduction in projected income and cash flow. Over half have experienced widespread booking cancellations. A third report that most of their customers requested a refund.
- The postponement of existing bookings gives businesses more certainty about future income. However, a third reported that most of their existing bookings prior to Covid-19 have been postponed to a future date.
- Most changes to bookings stretch up to September 2020 (more than half were for up to June 2020)
- Over half reported trade losses of up to 80% and for 44% losses are even higher. For most, this equates to turnover losses of between £10k and £50k.
- Despite the predicted losses, business survival rate is generally optimistic should Coronavirus restrictions be removed by the end of June. But two in five have stated they are unlikely to survive should restrictions were to stay until the end of the year.
- Should recovery start straight away, about half of businesses would need up to three months to get back to normal levels of trading, with almost a quarter requiring at least 6 months before they get back to business as usual.

Business management and support:

- Immediate effect of Covid-19 includes deferring or cancelling planned investments, developments and renovations and reducing expense levels to prevent unnecessary spending.
- Half of the businesses in the survey reported that these financial considerations together with the measures announced by the Government have helped reduce any concerns they had about the future of their business and the visitor economy.
- Key Government support includes urgent access to grants (not just loans), underwriting insurance costs for business interruption for at least three months and long-term relief on

business rates, PAYE and VAT. Going forward, it will be beneficial if furloughed staff to be able to work in assisting preparing your business for recovery.

- The lack of income due to temporary closure means that three quarters are unable to cover the ongoing fixed costs. A further challenge looking ahead will be the inability for many to sustain their business through the closed season.
- Significant proportions of businesses have been able to access any of these Government support initiatives (e.g. Small Business Grant Fund and the Job Retention).
- Almost two in five expect to survive after the introduction of business rates. However, half are unsure about it.
- Three quarters believe that promoting the area would help build consumer confidence. Almost two thirds would also welcome additional government support for their business.

Further opinions:

Impact on staggered reopening on businesses:

- Depending on social distancing rules the staggered reopening could affect some type of business more than others:
 - Devastating effects for pubs, bars, restaurants and cafés as well as the retail industry
 - Some non-serviced accommodation likely to be able to accommodate changes and attract visitors
- Dependency on secondary spend means that in reality staggered reopening may end up affecting the whole industry.
- Staggered reopening to work if financial and fiscal support remains in place over winter.

Approximately 70% of business activity in the tourism sector happens between April and October. Reopening to visitors in a safe manner to ensure businesses can benefit from the summer season will be imperative to the recovery and to ensure resilience through the low season.

As lock down is relaxed and businesses begin to reopen, we must position ourselves to recover in a way that will be fit for a very different tourism and hospitality landscape and we must take advantage of any opportunities that arise.

North Norfolk has also had to respond to other challenges. Warm weather has led to the increase in day visitor numbers to the North Norfolk coastal towns and villages putting pressures on the council to re-open its toilets, public toilets and open spaces.

Traffic issues have been exacerbated in rural tourist hotspots with constrained parking, few controls, negligent driving, speeding and dangerous parking. Drivers are coming into conflict with police and are opting to park irresponsibly and take tickets.

The sudden increase in visitors is also causing tension in local communities with confrontations between residents and suspected visitors, including second home owners who have travelled to the area to 'lock-down'. Destination Management Organisations indicate residents are attempting to report people in camper or caravans. Residents are fearful of the spread of Coronavirus in their communities which could be increased by the increase in visitors to the area.

Ultimately, it's the destinations, venues and businesses that are fundamental to our tourism, hospitality and culture offer. These are what we must support to recover from the Covid-19 crisis.

Q.2 - How effectively has the support provided by DCMS, other Government departments and arms-length bodies addressed the sector's needs?

In order to set about a resurgence of our visitor economy, collaboration will be vital.

Many businesses have seen the benefits of the Government's Furlough Scheme and many hope that the scheme can continue moving forward, especially for businesses that are not yet able to open up.

Business Grant Scheme – the Council has paid out over £51.6m of original grant monies to approximately 5,000 businesses.

Business Rate Relief has been crucial for businesses.

Discretionary Grant Scheme – NNDC has been awarded £2.76m to help other businesses, mainly in the hospitality and tourism sector who were not able to access business grant monies. This has been crucial in helping businesses in the sector with cash flow and in keeping staff rather than making immediate redundancies.

Market Towns - Reopening High Streets Safely project – NNDC received a population based allocation of £93,332 from this additional fund from the MHCLG to help put in place social distancing management measures in our town centres. The Council is working with the County Council and local town centre representatives to agree measures so that businesses can safely begin to reopen in the weeks ahead. The Council continues to provide business support and advice to our many businesses across the district. Updated Government workplace guidance for food outlets and offices has also been welcomed.

Government financial packages have been welcomed but more intervention is needed if segments of the sector are to get through the winter and be viable in 2021.

Visit North Norfolk, with financial support from North Norfolk District Council and the VisitBritain Resilience Fund to retain the Brand Manager in post during the lockdown months (as opposed to using the JRS) to not only create a recovery strategy and plan but to also enable Visit North Norfolk to provide local business support in the following ways:

- Daily contact with North Norfolk businesses reporting on government and industry updates, funding opportunities and guidance
- Individual north Norfolk hospitality business support with advice sought from the TIER group and National Coastal Tourism Academy
- Business auditing and surveying to provide information on how businesses are affected and resource required to survive/reopen
- Government and industry updates cascaded down to north Norfolk businesses via Visit North Norfolk from VisitBritain/VisitEngland
- The provision and updating of the VisitEngland Business Advice Hub for DMOs and businesses

- The engagement from VisitEngland with DMOs around the country for information sharing
- VisitEngland's free business support webinars
- The engagement and updates from the National Coastal Tourism Academy and calls/information sharing with coastal DMOs
- The two-way funnelling of information from a local North Norfolk perspective to DCMS which was vital for our businesses to relay their concerns and real-life live situation from a local voice to a national level
- The pandemic has highlighted that collaboration and information has been key and will be vital ongoing. Working together rather than individually will bolster will have a long term positive effect on both the national and local and visitor economy.

Q.3 - What will the likely long-term impacts of Covid-19 be on the sector, and what support is needed to deal with those?

Overseas tourism is unlikely to recover quickly, and staycations represent a real chance for domestic destinations. DMOs / LAs will be competing against each other nationally for the same share of market, yet funding will be tighter. A more level playing field of funding will help, in particular, coastal communities have a larger share of voice in a saturated market. Increased marketing spend and greater collaboration/information sharing will be helpful and a better use of resource.

A priority for the sector, post-pandemic, is to invest in boosting productivity, encourage innovation and enhance digital skills. Skills training for businesses will be key in a post-pandemic world to help them thrive and expand their offering such as digital development. Innovation funds for businesses to help adapt e.g. provide remote food ordering in restaurants via an app, help high streets develop an online offering to supplement in-store offering. Also about Broadband and mobile infrastructure which is poor across North Norfolk.

The longer the crisis goes on, the number of businesses that won't reopen increases.

The sector survey has highlighted new opportunities and priorities for North Norfolk and the region that could aid recovery and support the long-term sustainability and resilience of the sector. There is an opportunity to lead the way in environmentally-friendly tourism that also promotes and supports local businesses and supply lines to keep value in the local economy. We should use the reset to change consumer behaviour to consider wider questions like sustainability, over-tourism, and the social and wellbeing benefits of supporting local businesses, producers and environments.

We also need to develop our year-round visitor economy and mitigate the current reliance on Easter-September. This should be a key objective, using our natural and built capital and the fact the area has the best overall climate in the UK. Understanding global and national trends and developing our product to meet new and emerging customer demands is a necessity.

We need to work together across a partnership of DMOs, Local Authorities, the New Anglia Growth Hub as well as business representatives and trade bodies. This coalition will ensure every business has access to the help and support they need. We need to restore confidence and provide a safe experience for businesses, residents, workers and visitors. We need to develop new models of collaborating and networking so that our organisations and businesses can share experiences, learn from one another and explore mutual opportunities.

Specific operational difficulties anticipated when looking to re-open businesses and Government assistance and guidance required (identified in our business surveys):

Government guidance to increase consumer confidence•

- Social distancing rules and availability of PPE equipment
- Potential conflict between visitors, business owners and local residents.
- Spreading the message that it's all safe and giving the confidence to the customer that they can restart leisure activities
- Clarity over food premises opening, licensed outdoor spaces, takeaways etc.

Safety of staff

- Staff confidence in coming back to being with general public
- Need for ongoing deep cleaning of facilities (additional financial burden)
- Advice on cleaning protocols -Housekeeping, laundry and cleaning with minimum risk of possible infection.
- Wider Coronavirus testing

Suppliers

- Availability of a supplier network (cleaning maintenance services, etc)
- Stock availability
- Increased competition with other tourism business

Ongoing support with cash flow to fund operational costs

- A support package for the year ahead to reduce financial struggle.
- Having enough money to pay the bills and fixed costs before reopening.

Q.4 - What lessons can be learnt from how DCMS, arms-length bodies and the sector have dealt with Covid-19?

Mixed messages from Government about lifting lockdown. Prime Minister's statement of the 10th May allowing people to travel unlimited distance for exercise/wellbeing has created real tension and pressures on rural and coastal communities with parking and public toilets closed and no advance planning to open up quickly in response to large number of visitors. Many in those communities are elderly and were fearful of visitors bringing the virus to an area which thankfully has low levels of infection.

Clarity over eligibility in accessing grants. Holiday letting agents letting furnished accommodation but where grants were paid the property owners and bed and breakfast's paying Council Tax addressed through Discretionary Scheme.

Guidance and opening dates being left to the last minute has left uncertainty with the tourism sector as they cannot plan for opening. Businesses are putting time and effort into processes that might change and have started to take bookings for opening dates but again these may be changed with late notice. Most of the sector are finding this hard to plan for and put into their business models.

Q.5 - How might the sector evolve after Covid-19, and how can DCMS support such innovation to deal with future challenges?

Many of our district's businesses have shown great agility and innovation and been able to adapt under the current restrictions i.e. pubs and restaurants are doing takeaways, some with apps for customers to make their bookings; some businesses and attractions have offered virtual tours online and some events are also going digital including food festivals, and carnival activities.

Examples of innovation and adaptability across the sector highlight the need, as suggested in the Tourism Business Survey, for more networking, better communication, peer-to-peer learning and cooperation as well as better use of digitisation and technology to build resilience and harness new opportunities-

The impact of the crisis is being felt through the entire visitor economy. Reopening and rebuilding destinations will require a joined-up approach. Our collaborative recovery plan recognises that getting the visitor economy back on its feet cannot be achieved by one partner alone - we have always been more successful when we work together.

The crisis is an opportunity to drive innovation and improve productivity, as well as boost the region's profile as a destination.

Whilst the pandemic has posed huge challenges to visitor economy businesses, this period of disruption has been a strong driver of collaboration, creativity, and innovation. The measures we put in place today will shape the visitor economy of tomorrow. This why it is critical for us to collectively use this opportunity to consider some of the longer-term actions we need to take to rebuild our destinations, develop a year-round visitor economy, and encourage innovation and the transition to a low carbon visitor economy.

As the Government gradually relaxes the lockdown, businesses in North Norfolk need to have clear advice and a coordinated message. Intelligence from the sector demonstrates the concerns of business about the implications of social distancing on business operations. Partners need to work together to ensure the business community has access to the right support and information.

The following comments and key priorities were identified from our business surveys:

- An urgent inquiry is required into the measures that businesses in the vital Hospitality and Tourism sectors of the UK's economy will need in order to successfully reopen, recover and thrive in the aftermath of the COVID-19 crisis.

Regulatory actions and policy

- Ensure full support is provided by banks (loans and overdrafts) and insurance companies

Support with Health and Safety concerns

- Help with paying suppliers
- Mental health support
- Availability of PPE equipment
- Clear guidance on social distancing rules

- Effective monitoring of Covid-19 infections, health checks and procedures

Tourism promotion

- Increased marketing to promote the area and to reduce seasonality
- Government endorsement of tourism and hospitality - Staycation marketing, 'we are open for business'
- Government to encourage the public not to postpone UK holidays
- Mitigate potential anti-tourist sentiment by local residents (in need of safety and assurance)

Further or continued financial measures needed from Government in the recovery period when restrictions begin to lift:

Changes to Business Charges

- Abolish or reduce level of VAT for tourism businesses for at least 6-12 months - probably at 5%
- Tax and business rate relief / temporary stop
- Council tax relief
- Reduced waste collection charges

Other financial support

- Boosting the advertising budgets of DMOs and VisitEngland etc.
- Massive overhaul of business rates – business rates reduced or suspended for at least 3 years

Extend Grant Schemes

- Extra grants for positive communication and marketing
- Significant extension of £10K grant for retail, hospitality and leisure to continued survival Grants to cover loss of income (rather than loans)
- Extend the 80% Self Employment Grant until December 2020
- Loans converted to grants

Job retention

- Continuation of the furlough arrangement so we can re-employ staff gradually
- Increase the length of the Job Retention Scheme

Additionally, greater forewarning of changes in regulations or guidance would be welcome. National communications are needed that reach all visiting cohorts regardless of place or origin. This must balance the need to attract tourists with the challenges of accommodating demand and of spreading visits beyond the regular season.

Local economic intelligence is considered critical as two recent research studies have suggested the North Norfolk economy will face significant impact and challenge as a result of the pandemic moving forward, to which the Council and a range of partners will need to respond with one study predicting that the North Norfolk economy might see a 39% decline in economic output as a result of Coronavirus and another which identifies North Norfolk District as the 14th highest local authority area at risk of job losses due to Coronavirus with 31% of jobs at risk due to the area's dependence on the tourism and hospitality sector.

Tourism generates cultural, economic and social value and it is certain that tourism activity will recover, but it depends on the professionals in the sector acquiring the capacity to align themselves with this new conception of the world and transmit values of security, freedom, authenticity, trust and respect of life and the planet. (*The Tourism Industry and the impact of Covid-19 – Scenarios and Proposals by Antonio Santos del Valle – April 2020*)

This is the scale of our challenge.