

## Written evidence submitted by Marketing Cheshire

### 1. What has been the immediate impact of Covid-19 on the sector

#### ***Impact on the visitor economy of Cheshire & Warrington***

The visitor economy in Cheshire and Warrington is a vitally important sector, worth £3.7billion in 2018 and employing 44,000 people.

Since Covid-19 and the lockdown forced the closure of the vast majority of our tourism, retail and hospitality businesses, we have been working with the Cheshire and Warrington LEP to undertake a number of surveys to assess the impact on our sector.

Key information from the report as at 3 June 2020 (the survey remains open):

- 82% of respondents have had to close their businesses due to COVID-19
- 54% are experiencing financial difficulties

The hotel occupancy in Cheshire and Warrington for May was 11.6% compared with 76.6% in 2019. The average daily rate for May was £35.40 compared with £71.04 in 2019 and the revenue per available room was £4.09 compared with £54.40 in 2019.

On the basis that the lockdown has been in place for 3 months, we can expect that the loss in economic impact of the Visitor Economy in Cheshire and Warrington is so far £1billion for 2020 though given the almost perfect weather conditions it is likely to have been much higher.

An additional survey undertaken by Taste Cheshire, a membership organisation representing the restaurant sector, indicated that;

- 83% of businesses have received no income from trading during the lockdown
- 40% of restaurants indicated that without further government support they would not be able to re-open after the lockdown (this was prior to Furlough extension and bounce-back loan announcements.)

#### ***Impact on the Destination Management Organisation Marketing Cheshire***

Marketing Cheshire is the Destination Management Organisation responsible for Cheshire and Warrington.

The purpose of a DMO is to coordinate, facilitate and support the enormous range of individuals, organisations and businesses that are involved in creating a thriving visitor economy and develop and promote the destination in which they operate to attract visitors. The aim of a DMO is to ensure that tourism delivers economic and social benefit to all who live and work in the locality. DMOs are nearly always public-private partnerships and, where they exist, are part of the organisational infrastructure involved in place-making and place-marketing.

In 2019 we merged with the Cheshire and Warrington LEP who have been incredibly significant in supporting the visitor economy restart and recovery in the sub-region.

This support has been critical to ensure our survival during this year, having confirmed losses of Commercial income of £166,000 this quarter and project losses of £612,000 for 2020-2021

**2. How effective has the support provided by DCMS, other government departments and arms length-bodies addressed the sector needs.**

The visitor economy in Cheshire & Warrington has benefited significantly from the government measures introduced, in particular the Job retention scheme and small business grants administered through the local authorities.

Of the recent survey undertaken;

- Only one of the respondents advised they were not aware of government financial support schemes in place
- The most successful scheme has been the £10,000 small business grant scheme with 36 out of 40 businesses being successful with their applications
- The table below details of the 61 businesses, which schemes the businesses are aware of, how many applied for each scheme, and how many received funding for each scheme.

Name of Scheme	No. of Businesses aware of each scheme	No. of Businesses applied for each scheme	No. of Businesses received funding for each scheme
Coronavirus Business Interruption Loan Scheme	44	11	2
Coronavirus Large Business Interruption Loan Scheme	20	1	0
Coronavirus Job Retention Scheme	41	23	14
COVID-19 Corporate Finance Facility	10	0	0
Deferral of VAT payments	45	16	11
Extension to file your accounts	29	2	1
Commercial tenancy protection	12	0	0
£10,000 Small Business Grant	54	40	36
Retail, Hospitality and Leisure Grant	24	15	9
Self-Employed Income Support Scheme	32	14	4
Bounce Back Loan Scheme	3	1	1
Not aware / not applied / not received	1		
<b>TOTAL</b>	<b>315</b>	<b>130</b>	<b>78</b>

The discretionary grant schemes administered by the councils have been focused on the visitor economy and we have been engaged in developing the process to ensure those businesses who need it most would be eligible.

Marketing Cheshire has benefited from the DMO resilience fund, enabling us to retain two members of staff and repurpose their work on supporting the visitor economy businesses in Cheshire and Warrington. As part of this we have;

- Liaised with 1140 businesses (including shops, eateries, attractions and accommodation providers) contacted to share 2 x surveys to ask how businesses are coping with COVID-19 crisis and provide general information on funding available

- Provided communications support for the retail and hospitality grants and small business grants
- Held a series of meetings and sub sector online forums, to support the reopening of the sector.
- All pre-registered attendees received a follow up email after each session with presentations attached, link to webinar to listen again or share, along with useful information on government updates, Growth Hub support and Marketing

This outlines the critical role Marketing Cheshire and other Destination Management Companies across the sector have played in providing solutions to support Government’s public health messages and provide sector leadership, for example through our communications to businesses, sector forums, sharing guidance, promoting the availability of CBILs, etc. The committee needs to recognise that without DMOs the Government would lose delivery skills and ability to reach many small businesses.

We have been working closely with Visitbritain on the development of the Industry Standard. Support for DMOs such as Marketing Cheshire and the sector we represent has been particularly apparent through the regular communication of our DCMS contact David Martin who has been in touch regularly and keen to support wherever possible.

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

The social distancing requirements and seasonal nature of the visitor economy will massively affect the ability of the sector to recover within the year.

Chester Zoo reopened on the 15<sup>th</sup> June at a maximum capacity of 3,000 visitors compared with a normal per day visitor total of 20,000. This will have a significant impact on revenue levels, whilst costs are still high at circa £1.6million a month.

Clarity on whether the social distancing is going to move from 2 metres to 1 metre is required urgently. To illustrate the problem and example would be a restaurant with a weekly turnover of £20,000. Restaurants work on a breakdown of turnover, when they are operating effectively, as follows circa, 33% labour, 33% cost of goods 23% fixed costs leaving 10% Gross profit.

£20,000 Per week turnover		£10,000 per week turnover with 2 metre spacing	
Wages	£6,600	Wages	£3,300
Stock	£6,600	Stock	£3,300
Fixed Costs	£4,600	Fixed	£4,600
<b>Total</b>	<b>£17,800</b>	<b>Total</b>	<b>£11,200</b>
Gross Profit.	£2,200	Weekly Loss.	£1,200

By going to 1 metre spaces the table configuration means 75% of turnover is then possible and the figures look like this

£15,000 per week turnover

Wages	£4950
Stock	£4950
Fixed Costs	£4,600
Total Costs	£14,500
Gross profit	£500

We have not yet seen the impact on jobs in the industry though it is expected that there will be job losses in what is a predominantly younger workforce. Attractions will not be able to recruit their seasonal staff due to reduced visitor numbers. In addition, we expect that there will be significant impacts of the reduction in events and festivals, weddings and conferences – all of which are critical to a thriving visitor economy.

The focus by Visitbritain on the development of an industry standard and domestic campaign is welcome and will reassure customers that they are able to visit, but we need alongside that to support the industry with a well-funded local/regional led re-start and recovery approach that takes into account local business needs and markets. The DMO delivery network is well placed to deliver a more localised approach.

Some thoughts on how government can continue to support the sector

- Further extension of furlough scheme to support those businesses re-opening
- Review of the 2m social distancing rule
- Support for the events, conferencing and wedding industry
- Consideration of initiatives to lengthen the season – through additional bank holidays
- A potential additional business rates break or a review of VAT
- A detailed visitor economy recovery plan which emphasises the critical role DMOs play in supporting the industry and bringing visitors back to our areas

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

Some visitor economy businesses have set up initiatives to try and generate some revenue for example delivery services or by providing key worker accommodation. Others have played a critical role in their communities providing food or accommodation for their local homeless population. Visitor economy businesses are much more than businesses for visitors but play a vitally important role in shaping both places and people.

In Chester, visitor economy businesses have pulled together to create a new Destination Chester network with the aim of cohesively presenting the destination. This is alongside the local authority and the BID and has resulted in a new sense of purpose.

Businesses have benefited from the leadership and dissemination of information by Marketing Cheshire, and our partnership with the Cheshire and Warrington LEP has ensured that our business will survive this year and we know this is not the case across the country.

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

The tourism sector deal is a significant step forward for our industry and needs to be developed now into a deliverable strategy and plan which will support the recovery of our sector.

We support the call for a whole-scale review of the DMO landscape and visitor economy support, in particular to assess the interrelation between the visitor economy and the wider economy and the role DMOs can undertake to deliver a wider brief.

At Marketing Cheshire, we have been doing lots of sub-sector work. We have been doing much more with retail and culture than we may have done previously. We need to assess how Visitor Economy cuts across multiple government departments as well as DCMS such as BEIS, DEFRA, DfT, MHCLG and the Cabinet office to think more broadly and about place-making and place-marketing beyond the visitor economy, and the role the visitor economy plays in creating places where people want to live, study and invest.

This will ensure that the visitor economy is considered as part of the fabric of our places and its support and delivery mechanisms more robust to withstand any future challenges.