

Written evidence submitted by Cumbria LEP, Cumbria Tourism

Cumbria response to DCMS call for evidence of impact of Covid 19 on the county's Visitor Economy

1. Cumbria Visitor Economy - background and context

The county's visitor economy contributed £3b in 2018, supporting 65,000 jobs, equivalent to 26% of Cumbria's working age population, and the visitor economy has seen revenue growth of 10.3% between 2009 – 2018.

Recent years had seen increased international visitor appeal, multi million pound private sector investments, a new airport and significant Government investment, and a second UNESCO World Heritage Site status confirmed. Cumbria was beginning to seize this golden opportunity to significantly raise its profile as a sustainable world class destination and increase the year round value of tourism to the whole county. At 1% growth would add £30m to the economy and further benefit the cultural and social offer for those who already live as well as those we seek to attract live, work, study and invest here.

2. Immediate Impact of COVID-19 on the industry

The impact has been immediate and catastrophic for the county's tourism industry. This crisis has come at the worst possible time for the industry – coming out of a winter (and poor start to year) and businesses unable to make money in the traditionally busy time of the year – a time which for many businesses, sees them through the next winter.

Government intervention has been welcome, particularly the Job Retention Scheme and Business Grants. However, there are too many people who have not been able to access support. Access to CBILS has been fraught for many and there is deep resentment regarding the insurance system.

So far we estimate loss of more than 50% over 2020 of visitors value – that's £1.5bn.

The claimant count for the Lake District National Park has quadrupled since March and South Lakeland, the area that accounts for 50% of the county's tourism economy, has seen the second highest percentage increase in the claimant rate.

Even if businesses can survive in the short term, grants and loans are just covering essential costs, they are not replacing profits.

Other Cumbria Tourism business survey headlines include:

- Assuming a date of early July, 31% of businesses expect to fully reopen. Others will partially reopen, with some facilities limited, limited numbers, limited hours/days – or a combination of those. **One in ten tourism businesses in Cumbria will not be reopening at that time.**
- Average opening capacity will be around 60%. For many major businesses it is just 30%
- 75% of businesses will not be recruiting additional staff; 44% plan to keep some staff on furlough. **25% expect to make redundancies** and 25% are planning wage reductions
- Expected staffing levels are at 70% usual
- Biggest concerns are consumer confidence, falls in demand, lack of bookings/enquiries; increased costs (already a significant issue pre-Covid 19) are a worry for 75% of businesses

We are just 2 weeks away from the Government's target date of when the industry can start to reopen and we urgently need the timetable of what can open when as well as government guidance for companies to work to. It is only with this certainty that businesses can finalise plans and we can confidently market to customers.

3. Covid-19 Tourism Impact and Forecasting for Cumbria

The tourism sector was the first to go into lockdown and will effectively be the last to come out – 4 months of lost business at peak season.

Additional costs and the impact of social distancing rules on capacity mean that many businesses will struggle to open viably.

The current claimant counts are staggering. Workers in the tourism-driven economies of the Lake District are at the highest risk of being left jobless, according to research by the Royal Society of Arts and Manufacturing

According to Cumbria Tourism's Survey the worst is yet to come. Whilst 78% are confident they will be able to survive the next three months, this changes to just under half confident in surviving the next six months, and only a third confident about surviving the next year or two.

Nobody expects there to be an immediate bounce-back in terms of visitor numbers when lockdown ends. Our own visitor sentiment shows that only half feel confident to return.

Changes in many households' financial circumstances, and changed visitor behaviour is likely to compound the problem.

It is crucial that there is sustained long-term support to assist tourism businesses throughout the recovery process – particularly the fallow winter months. Many will not survive unless funding packages and support are improved.

Further flexibility is needed to save the many smaller businesses, the heart of our industry, who currently fall through the cracks and are ineligible for grants and other support. Supply chain businesses relying wholly or mainly upon the tourism sector must also be protected.

We are at major risk of major damaging change the fabric of our place and communities. It is vital that we work together to safeguard this industry so that it can provide growth and jobs for the county's economy. Never has there been a time when it has been more evident just how much the visitor economy underpins the wider economy and its communities.

4. Lessons learned for DCMS/Government

Government intervention has been significant and welcome, particularly the Job Retention Scheme and Business Grants. However, the impact on the Tourism and Hospitality Sector is immense, with many businesses falling through the gaps of the Government's help schemes.

The industry in a place like Cumbria is made up of thousands of small businesses and an important supply chain without whom the industry fails. Much of the supply chain has fallen through the gaps, alongside those paying Council Tax rather than Business Rates or those set up as Limited Companies, those many businesses that do not have premises.

Many turned to their insurance companies but largely insurance companies have not felt able to pay out despite businesses being covered for Business Interruption and/or Notifiable Diseases.

The CBLIS scheme has not been implemented by the majority of Banks in the way the Government had intended with many of the banks being too restrictive in terms of the loan requirements.

Access to the available funding has also been slower than anticipated, created unnecessary pressure.

Distribution of monies in two tiers for eg town centre recoveries has not encouraged a countywide strategic approach and missed opportunities for greater effectiveness and efficiency.

Positively, there is greater recognition about the important economic and softer contributions tourism has on place.

The joined up approach to managing the destination from LEP, LAs, DMOs, National Park, has been welcomed and this is something for us to build upon.

The 'support local' feel that emerged during lockdown is an opportunity to harness as is the health and wellbeing of the outdoors.

In order to support recovery a well-developed, coordinated, clear and funded approach is required. This is required to support resident and business confidence as well as visitor confidence.

The regional Destination Management Organisations (DMOs) are best placed to coordinate and provide business support and recovery for the sector but there is no coherent DMO structure or funding model. In the case of Cumbria, the DMO is funded through its own commercial enterprises. Those commercial income opportunities have dried up and therefore we have had to furlough 70% of staff, hampering our ability to deliver the volume of specialist support and recovery coordination required. DCMS must look at a fairer and consistent model of DMO funding to allow the industry experts to use their skills and knowledge to most effectively support businesses and business need.

5.How might the sector evolve

There is no one size fits all for this sector.

A light has been shone on the industry and the value it brings to places – not just to visit but also to live, work, study and invest. There are many interdependencies that support all these groups so let's take a more holistic approach led by government.

We saw lots of innovation during the crisis so we must build on that through training and support to drive productivity.

We have seen new audiences and wish to retain this and create a more accessible destination.

Currently there is currently a don't use public transport message and we need to quickly find ways to provide confidence to use public transport and we also need to see investment in sustainable transport connectivity and solutions.

We saw the capabilities of home working. Digital connectivity can hamper this opportunity in rural areas and impact on business delivery and development so more investment is needed here.

To date the government focus for tourism has been on stimulating international demand but building on the new found appreciation of local and supporting carbon reduction values let's see greater investment in increasing the frequency of domestic holidays.

The Sector Deal priorities remain largely relevant and we need to see these being implemented.

We require a review of the national framework for tourism management that enables an effective and efficient DMO structure that is able to effectively support the visitor economy and place, drive up productivity and help claw back the jobs that have been and will be lost as a result of Covid-

Government allocation of monies should reflect visitor influx (and not just be based on resident population) eg cycling and walking allocation

19 June 2020