

Written evidence submitted by British Destinations

The paper below was written for submission by the original 1 May deadline. When that deadline was extended to 19 June, we failed to appreciate that many organisations had already submitted responses, or that oral evidence on tourism issues would be taken during May. With hindsight we now think it appropriate to submit the original response, the bulk of which remains extant. We have added additional comment to the end of the documents to highlight any major developments, new views or changes to those expressed as at 1 May.

Introduction. British Destinations is a trades association for UK destination-based tourism. Membership includes Cities, towns, rural holiday areas and a significant number of seaside resorts towns of different types and sizes. The unifying factor is that they are long established popular destinations and the visitor economy is often a, if not the, major local social and economic driver.

We welcome the opportunity to submit evidence to the DCMS Select Committee on the effectiveness of the DCMS and its agency's responses to covid-19. Our comments are confined to tourism, the visitor economy and to DCMS, VisitBritain (VB), the UK's international marketing body, and within that, VisitEngland (VE), the VB department now mainly responsible for managing international tourism activity once in country. We are not specifically commenting on the many other areas of DCMS's responsibility, nor on those areas (and agencies) within that like, heritage, sports, arts and culture, the activities of which form an integral but often secondary, by purpose, part of England's tourism product offer.

Tourism is a complex area, consisting of three main complementary and in part competing components: international inbound, UK domestic outbound (both by default overnight) and UK domestic day trips and overnight tourism, all which can be further subdivided by purpose into leisure, business and visiting friends and relations (VFR). By strict definition "tourists" visit and stay overnight and "visitors" visit only for part of the day, returning either to their UK residences or more distant holiday accommodation. In practice in the UK the terms tourism/tourist and visit/visitor are used interchangeably. We increasingly use the, equally poorly understood, term "visitor economy", defined by the ONS as: "a fluid overarching term that refers to the area within which visitor activities and primary and secondary consequences upon the economy take place". Most popular, recognisable destinations are in our view, visitor economies. A visitor economy combines both day and staying visits and the additional leisure activities of local residents within retail hospitality etc. which by necessity is normally ignored within the separately presented, value and volume estimates for UK tourism staying and day visits.

UK Domestic tourism (day trips and staying) account for c 80% by value and volume of all annual tourism activity undertaken within the UK and is by far the most wide spread and socially and economically ingrained of the industry's activities, much of it being vested in a multitude of SME and micro businesses. The individually often higher average value but much lower volume international market, at c 20% of UK tourism, is secondary to many of our membership's interest; not least because London still accounts for c 50% of that 20% and much of the other 50% is focused on relatively few international "honeypot" locations, for example, Edinburgh, Bath, Stratford, or parts of the Lake District.

The 80/20 percent domestic to international tourism ratio is a UK average. With so much of the 20% focused on (central) London and other hotspots, the local ratio for domestic tourism in many cases and places is 95% ,or more, for most destinations and can approach c100% for many individual businesses within them. Obviously, there will be some businesses large and small for whom the international tourist is absolutely critical, regardless of their location, but for the bulk of the

“provincial” tourism industry, the international market still represents a “nice to have”, not the core, bread and butter business or the difference between success and failure.

There are notable exceptions to any general rule, including for example a very significant language school trade in the English South Coast resorts, hosting mainly European school visits in spring and the school holiday periods, or strong German and Dutch self-drive, touring markets. Meanwhile, the domestic tourism infrastructure and much of its product it supports is technically capable of serving either the domestic or international market, notwithstanding the vagaries of culture, quality, taste and price sensitivities. To a significant degree the immediate issues we face are not specifically about what markets our products current servers or could serve but whether sufficient product will now survive the economic impacts of Covid-19 to appeal to, attract and fulfil any future short, medium and longer-term demand from potential domestic and international visitor and/or provide an attractive, viable alternative to an outbound domestic short-break or longer international holiday.

The domestic outbound market is to our mind a separate entity and in many ways a direct, or indirect, competitor with the domestic market for custom and for the disposable leisure spending which accompanies it. Despite, a number of high profile and costly collapses in recent years within it the outbound industry remains a major UK employer and major generator of revenue for the UK economy, largely from UK carriers and airport earnings. However, the activity also contributes to negative economic import/export spending that in total now exceeds domestic spend on domestic tourism and now outweighs the revenue generated by inbound international tourism. The outbound market is vested in relatively few large international travel companies and airlines that jointly and separately have a strong, well-funded voice, as compared to domestic tourism which is vested in some large, notable national or international companies but mainly in a multitude of SME and micro businesses, spread across England and the rest of the UK, with a consequentially dispersed and diluted voice. We don't feel the need to comment in support of the outbound domestic market's interests, nor do we think it likely that they will comment in support of our domestic tourism interests, especially in the dire and therefore more directly competitive circumstance we all now face.

Impacts and implications. The lockdown has been nothing short of catastrophic for much of all three main component parts. The “tourism industry” has experienced numerous other major crises from: foot and mouth, to 9/11 and other terrorist attacks both overseas and at home. We have endured other more minor human and animal pandemic threats, natural disaster from major UK floods and the Icelandic volcanic eruptions and have navigated the longest and deepest recession, until now, from 2008 onwards. Each crisis has affected different part of the industry differently, with elements of tourism continuing to the immediate benefit of one or more of those sectors not directly impacted. Covid-19 is unique in that it is universal, the equivalent of having every passed crisis taking place concurrently in every single host and donor nation, worldwide. On this occasion there are almost no compensating advantages and limited prospect of there being any.

Not even during the world wars, did we see the almost complete closure of every part of UK tourism, leisure and the wider visitor economy. Moreover, the timing of the current lockdown, its potential length and possible continuing restrictions that may be needed over a potentially protracted period of controlled relaxation couldn't have come at a worse time of year for the traditional domestic tourism industry, much of which is highly seasonal. The lockdown commenced just as the industry emerged from the lean, off peak winter period. It is now starting to eat into the key shoulder month leading up to the end of June and is showing every prospect of potentially crippling the critical peak summer holiday months of July to September and even the final shoulder month of October, before we again hit the winter months.

The nature of the domestic and to a lesser degree inbound international tourism market is seasonal, driven by natural (mainly weather) and institutional (mainly public and school holiday related)

seasonality. The majority of the business will make much, if not all, their income during the shoulder months (March to June and October) and the peak period (July to September). It is not uncommon for a third or more of turnover and profit to be generated in a two-month summer school holiday window (late July to early September). The shoulder month activities are generally heavily influenced by the Easter and October (general two weeks) and the early and late May Bank holiday periods (long weekends). Thus, while the initial 3 week lockdown might reasonably be presumed to represent a loss of 3/52nd of the trading year, for most businesses in tourism and leisure the inclusion of the two week Easter holiday means that the impact has been considerably greater and all the more so since this year's late Easter coincided with a run of particularly good weather. Some leisure and tourism business, including indoor and particularly outdoor attractions and open-air events, are totally seasonal, physically closing during the off peak and fringes of the shoulder months. Those accommodation and other visitor facing businesses that do trade out of peak season will often do so by heavily discounting prices to stimulate sufficient demand to cover fixed cost and, thus, tick over until the new "tourist season" begins again. The alternative of offering off peak holiday's and an off-peak experience (weather and availability of other supporting product) at high season prices is unlikely to be an attractive proposition.

The further extension of the lockdown by at least a further three weeks and the growing realisation that a return to business as usual will be neither automatic or immediate is creating great anxiety. If the UK domestic tourism industry in general and those more highly season components like rural tourism areas, heritage towns and Cities and seaside resorts are unable to trade normally during some of the remaining shoulder month up to the end of June and, critically, during the peak months of July to September then many of their SME and micro businesses within them will simply not generate enough income to carry them through the lean off peak months from November to February and they will not be in a position to start recovery proper from March 2021 onwards. The future of many larger businesses, including some major national and international chains, is also far from assured. Their size and scale, give them certain advantages as compared to SME and micro businesses but it also generates eye watering fixed costs and creates potential insoluble difficulties.

Unless lockdown can be lifted by July 2020 and something approaching normality can be achieved from then onwards, much of the UK's tourism and leisure industry will require continued support until at least March 2021, or they will fail at some point before this date. We are marginally less concerned about the major Cities which are generally less seasonal in the nature of their product and market profiles. We are, however, mindful that the nature of much of that City product, from the dominance of public transport, to the typical activities that attract during the winter months, lends itself rather less well to social distancing. The core Cities may be better placed than other more traditionally destinations should a relaxation start well into or beyond the end of the peak months in the year, but much depends on the degree to which we are then allowed to travel and to gather in larger numbers and what, if any, social distancing measures are going to be maintained within non-essential, social and leisure environments.

Not unreasonably many if not all businesses in the tourism industry are structured to accommodate inherent seasonality. Restaurants, bars and hotels are designed and/or operate to business models that accommodate paying guests in the numbers expected during the peak periods to maximise income and then tailored accordingly to absorb the known ebbs and flow thereafter. Thus, going forward to this coming summer if a hotel, bar or restaurant is restricted to say anything less than 70% of its full capacity during its normal peak trading periods, they will not generate the income needed to fund and offset the lean months that follow. Indeed, they may well find that opening under restrictions effectively replicates their off-peak lean periods making it questionable whether opening under restrictions is financially viable and therefore advisable?

Much will depend on timing, the nature of future restrictions and critically what continuing financial support and other employment protection will remain in place during any period of restricted

trading. For example, a long extension and gradual tapering of the furloughing of staff, further access to grants and greater access to flexible, affordable loans. Regrettably, for many, tourism businesses loans are a very unattractive option, especially given their inherent inability to generate strong returns throughout the full trading year. In a business model where debt is routinely accumulated during winter months to be paid off during the coming peak season, the acquisition of further debt, even on the most generous of terms, may not simply be undesirable but also largely unsustainable.

Many tourism businesses use the off-peak period to carry out maintenance and major improvements. Often this investment is funded by debt on the premise that it will be repaid from new and additional business and profit generated of the back of the improvements made, over the coming year or years. We are aware of numerous businesses of all sizes and types who have essentially done the right thing by undertaking major developments over the previous winter months and had or were about launch new or upgraded products for or from the Easter 2020 holidays. These businesses face additional stresses because their often, substantial investments are now neither earning or servicing their own debt and now have limited opportunity to start doing so this year. Looking forward we can also foresee considerable difficulties around future, often much needed, redevelopment and investment. This is an industry that demands that businesses regular invest and renew if it as a whole and they as individual businesses are to compete and thrive. We believe that many of the businesses who have recently invested are ironically now among the most vulnerable to failure. We also think it highly unlikely that many tourism businesses and, in particular, those in most need of investment and redevelopment will be in a position to do anything for some years to come. In parallel we also wonder what impacts covid-19 will be on much needed public infrastructure, public realm and public, private sector development projects across many of the popular urban and rural destinations. At this stage it is too early to predict but probably not too early to speculate that there will be an impact on major public/private sector development projects and that it is likely to be significant and potential long lasting. If this correct it will not aid the recovery prospects for popular destinations or the individual businesses within them. Within the immediate recovery planning Government need to start to give thought to how to sustain and support future investment in both product and place making within both individual tourism businesses and within popular destinations.

Given the situation both domestically and internationally it seems likely that an immediate recovery within tourism and the visitor economy will be led, in the first instance, domestically, rather than by international inbound or indeed by outbound domestic international travellers. Inevitably, any continued curtailment of outbound domestic travel will be portrayed as an advantage for the domestic tourism industry. We would caution against the popular view of domestic tourism as purely binary choice: you either holiday at home or you holiday abroad. Therefore, all of those who would have holidayed at home this coming year and next will, continue to do so and many of those that might have holidayed abroad and now can't will also holiday at home, to the huge advantage of the domestic market. Undeniably at some point as restriction are relaxed, some domestic and some otherwise outbound travel will take place in the UK but the combined effect cannot be presumed to be a major increase in domestic demand across all markets for all products. There are simply too many other complex and conflicting factors in play to make this popular assumption a certainty, especially around issues of economic shock, suppress demand and lost or restricted supply.

The impacts of covid-19 are multifaceted and will run deep ranging from a natural desire to priorities visiting friends and relatives (VFR is a low value activity), through to a potential reluctance to mix in public places. Many individuals and parts of society may have been entirely shielded from financial impacts during the pandemic and should have the money to undertake discretionary tourism and leisure activities. However, we also know many other have not been protected at all, or their circumstance mean that the protection has been limited, including we believe many with younger families and the lower paid, who form an important segment within the peak, school holiday

summer trade. Moreover, whilst many may still technically afford the costs of undertake leisure and tourism activities, post lockdown, many might not afford the time, or have the necessary opportunities to do so. For example, families, may simply have missed the narrow school summer holiday window of opportunity, or businesses just starting to return toward normality may be reluctant to allow large numbers of workers to take a traditional summer break.

Conversely, even in the most organised and normal of years, demand in the c 10- week school summer holiday period, regularly threatens to outstrip the carrying capacity, of the domestic and popular domestic international outbound destinations combined. There are only so many people who can comfortably holiday in the UK in that relatively short summer holiday period and that is before any, as yet ill-defined, restrictions on carrying capacity on individual businesses and on the public space joining them up in to destinations are applied. It is conceivable that we have more tourists and visitors than businesses can service and yet, because of restriction on trading capacity, still find that many businesses and the wider visitor economies fail to return sufficient profit to sustain them.

All of this assumes that the bulk of industry has survived the initial impact of lockdown, that they can afford to restock, reemploy or find new trained staff and can then afford to operate under whatever conditions are temporarily applied, and all in sufficient numbers to adequately service whatever the level of public demand they face at the time. There are a multitude of interrelating social, economic, institutional, physical and behavioural factors that will impact on recovery. Most are currently unknowns or untested and indeed, given the unprecedented circumstances, many could well remain as unknowns, until we have deal with them. Some destination may well, for example, be besieged by visitor simply happy to visit public space and not spend? This would not necessarily contribute anything to the much-needed economic recovery. It could well become an unfunded management and control problem, much as we have witnessed during the early advisory social distancing period and off and on throughout formal lockdown, where physically discouraging visitor from visiting becomes the issue, not how best to extract economic benefit from them. Few destinations have either the level of practical experience or the public resources to plan, manage and effectively enforce, continued mass social distancing in public places and certainly not without the willing consent and full cooperation of the public, en masse. Restraining and redirecting demand, may initially be a more important function for destination managers and national tourism bodies than the more obvious role of promoting and stimulating day visits and or overnight tourism via enhanced marketing, which is traditionally been the standard post crisis recovery tool.

Towards recovery. Tourism and the wider visitor economy were hit hard, fast and deeply, firstly and relatively early on from loss of international visitor, by the advisory comments on social distancing and then subsequently by lockdown and forced official closures. Government's reaction to that was wide ranging and unprecedented in nature. The aim appears to have been to avoid, wherever possible, business failures and the loss of associated employment. The measures taken and subsequently amended and added to, have to a large degree avoided immediate mass business failures in the tourism sectors. Government, DCMS and their advisory bodies should be congratulated for this. Having overcome the initial impacts we are concerned that if the seasonal nature of the much of the industry's trading year is not full recognised and addressed by either a rapid return to near normality or the protracted provision of business support isn't agreed, then the measure to date will simply serve to forestall, rather than avoid the inevitable failure and closure of a significant proportion of businesses and the loss of a very large number of full and part-time jobs. For the industry as a whole this could mean that we have insufficient product available in many popular destinations from which to mount as sustainable recovery, whenever the time is right to start doing so. This is an industry that is used to adjusting to variation of supply and demand over

time. Sudden, deep shock and the potential loss of multiple business that individually and jointly help generate trade for all businesses in the locality is totally new experience for us all.

Destinations attract largely because they are attractive, vibrant places and as such they will not be able to serve their primary function if they are blighted by a noticeable number of temporary or, worse still, permanently closed shops, restaurants, pubs, accommodation providers, theatres attractions etc. Similarly, they will be less attractive if their established events programmes have had to be cancelled, as many (almost all) are being through financial necessity for the rest of this year. In many cases the revenue from one year secures the event(s) for the next and therefore future major event programmes may be in jeopardy. It is also worth noting that the issue of the long term negative impact of derelict or poor quality property usage on tourism is well known in many seaside resort town, which until recently struggled for a 25 year plus period with the problems associated with slow decline of former guest house accommodation in central commercial areas slipping directly in to very poor quality HMO usage; a negative cycle which is still having to be addressed in some resort towns. It is not simply closed business that can detract; poor quality, or inappropriate alternative usages can be as bad, if not worse, in terms of damaging the tourism appeal and once a negative spiral is establish, it can be difficult to near impossible to address. If a variety of tourism businesses are going to fail, as seem increasingly likely, destinations many need additional powers and targeted resource to intervene and ensure that product quality and ambience is maintained, at least within the core visitor areas.

DCMS, VB and VE within VB have limited access to direct financial and legislative levers of influence, on the immediate socio-economic impacts of Covid-19. Their primary powers and directly influence relates to marketing and product development, neither of which have been key during immediate shockwave and aftermath of lockdown and the forced closure of the majority of tourism related businesses. What they have done is listened to the industry and as far as we can assess effectively communicate our concerns to those departments who do have direct influence on financial and legislative matters. They have also ensured that critical information has been made available to spread through the somewhat disjointed and patchy network of tourism organisation and bodies within England. If we have a criticism it is that since the loss of Visit England as a separate independent national board the strategic management, policy and tactical operational functions for domestic and the management of international visitor, whilst in England, has been diluted or lost. VB and VE within it are essentially an international marketing body and they very good at fulfilling that role. However, tourism in England, needs consistent, strategic national management and coordination across all areas, as well as benefiting from world class, international national marketing of the UK.

This has not had a significant impact, so far, but it may have once we turn to long term recovery and begin to look at a plethora of strategic and operational policies issues which VB and VE are not resourced or formally tasked to address. At some point the international market will reopen and presumably VB/VE's primary role will revert toward that. To whom does English tourism turn for leadership and direction on issue as diverse as whether bathing beaches should be opened, public space opened or closed, public parking encouraged or discouraged, gatherings promoted or discouraged and so on? Who will advise both government and the industry on social distancing within tourism establishment and balance the public health and wellbeing issues against the practicalities of delivery a practical and financially viable service? Who will balance the competing needs of domestic tourism against domestic outbound travel? Without proactive two-way communication and national guidelines potentially confusing local variation and interpretation will develop and tourist who are seldom local will fall foul of that variation and associated uncertainty. VB and VE in these unprecedented circumstances and in the absence of an immediate international marketing role have risen to some of these new challenges, but they shouldn't have had to, as ideally the role should have already been vested and resourced within VE and much that has had to be created to cope with Convid-19 arguably could or should have already existed?

Among the challenges DCMS and VB/VE have attempted to address is the increasingly fragmented and financially vulnerable local destination management structures. VB/VE have been able to seek and obtain permission via DCMS to repurpose some uncommitted Discover England international marketing and product development money to help ensure that some of the largely private sector funded Destination Management Organisations (DMOs) unexpectedly deprived of annual membership fee, sponsorship or other discretionary funding have been able to retain key staff and not in effect closed down during the crisis. Had this been allowed to happen it would deprive local business of the leadership and management structures that will be required to help manage and coordinate local responses to the crisis and the recovery thereafter. We are not privy to the take up or, as yet, the degree of success of this scheme. There are, however, many more DMOs that are facilitated by or structured around local government and most are equally reliant on similar commercial activities. Local Government has largely been excluded from employment support schemes. The financial health and continued wellbeing of these bodies can't just be assumed because they are within the public sector. Going forward any additional funding pressure on local authorities will fall disproportionately upon non-statutory services like tourism and leisure. Even if structures survive, deployable resources to coordinate, promote and support recovery may be in short supply. The DMO network, whether public, private or a public private sector based, needs to be revitalised and placed on a firm, sustainable foundation, in order to coordinate and deliver locally, the strategies developed nationally by a reconstituted VE.

What we need now. The industry needs clear indications from Government, either directly or through DCMS and VB and VE of what the time frame and nature of any relaxation of lockdown is likely to be and the likely range of restrictions and social distancing policy that may be applied to different types of business. At the time of writing this direction is being requested by all sectors and different types of industry. As indicated throughout this response the tourism industry has a particular need and urgency to understand the likely timing and shape of the recovery as they as a whole have a narrowing window of opportunity to achieve a recovery during the summer months or face further bleak prospects during the generally lean tourism winter months. We don't expect DCMS or VB and VE to extract a special answer for tourism alone but we do expect them to make the business, economic and employment case for tourism, whether that is for early and effective relaxation by no later than early July, and/or by making a compelling case for significant extended support to carry much of the industry through to March 2021, when thereafter the industry could realistically begin to look to start recovering unaided during a full summer season.

Going forward. What key strategic lesson might be learnt from covid-19? It may be rather too early to identify the majority of detailed lessons but at a high level we would suggest that covid-19 has already exposed the true scale and relative importance of the domestic tourism market, its significance in its own right, its ubiquitous nature and its role in providing much of interchangeable infrastructure for international inbound tourism. As an organisation we led the unsuccessful industry campaign to reverse proposals to disband VE as an independent national tourist board charged with and resourced to managing all aspects of both domestic tourism and international tourism once inside England. We stand by our view that as a department within VB, tasked largely only with managing international product development within England, VE is not structured to provide the necessary leadership, policy and strategy direction, nor does it have the resource, nor as a consequence necessarily all the connections to seamlessly communicate and influence local tourism through a coordinated but independent network of destination management (as opposed to marketing) organisations. VB's clear remit is to market Britain abroad and to manage the strategies and policies relating to the international rather than the domestic market. In this crisis and the absence of any realistic opportunity to attract international visitors, it has changed tack and risen to the challenge of supporting the domestic market. However, unless there is a significant change in Government strategy, VB and VE within it will return to their primary international marketing purposes. We would hope that DCMS and Government would now recognise that there is a significant strategy and

policy role for the domestic tourism market that at the very least should be carried out by VE as an enhanced department within VB or better still, as the last independent Government review of VB and VE firmly recommended, as a separate independent Tourist Board for England, working along a VB as the international marketing body for the UK.

We would also hope that the long-established treasury view that domestic tourism is an economic displacement activity and therefore not worthy of publicly funded support could be overturned. In essence the treasury isn't simply saying that spending public money to encourage UK residents to holiday in x location in UK as opposed to y location isn't justified, they are actual of view that money not spent in destination x would otherwise be spent somewhere else in the economy on a non-tourism activity and is therefore publicly facilitated or funded intervention is unjustified (although the other Home Nations happily do it). This ignores the scale of tourism activity, the elastic nature of leisure spending and indeed the reality that the most realistic alternative to a UK holiday is a holiday abroad. We would urge any Government genuinely set on levelling up the UK/English economy to look at domestic tourism, not as a displacement activity but rather as an economic redistributor; a targetable tool that can directly influence the transfer of monies, increasingly earned in major urban area, to more remote and economically isolated communities, notably including many rural and coastal locations, that for good practical reasons are already far more dependent on the visitor economy. Making those visitor economies more productive by stimulating demand through targeted support (investment in place and product and not necessarily in marketing) may be a far more efficient means of "levelling up", than trying to replace tourism, for which they already have a natural advantage, with something else for which many popular destinations are often physically unsuitable (big sheds in the Lake District, distribution at the periphery of the transport network, etc.). In a post-covid-19, moving to net zero carbon world, domestic tourism offers many advantages in both terms of the UK economy and public health and social wellbeing.

We would welcome the opportunity to expand on the comments contained in this response in oral evidence. Given the fluid and fast-moving nature of the current situation we would like to update the inquiry on when the critical information on the timing and the nature of any relaxation is known and it then become clearer what the known rather than predicted issues for domestic tourism may be.

Additional notes as at 19 June 20. A lot has happened in the last 6 weeks but the key issues and views have not changed to any significant degree, indeed things that we thought may happen have, and potential concerns have become genuine issues.

The critical issue of seasonality and the narrow window of opportunity to trade at full capacity before the opportunity is lost along with significant numbers of businesses and jobs has been recognised, as has the importance of the domestic industry and the need for the domestic market to lead the recovery. VB has written to government proposing a domestic led recovery and outlining how VB/VE might support that. Recognition has not necessarily led to solutions that answer the issue of getting sufficient businesses operating in the visitor economy in time and critically at a scale that will generate the necessary income in the available window of opportunity, essentially during July to early September then tapering through to the October half term.

We have been given reopening dates for non-essential retail and some limited relaxation for open areas and latterly zoos and safari parks. The opening of retail with little or no hospitality to support it means that the visitor economy isn't yet functioning and to a degree retail reopening in destination is yet to have much impact. We have also had a not before date of 4 July for some hospitality businesses, although it is far from clear which. Guidance and which businesses or parts of businesses may open when and critically under what restriction is still awaited. We believe the delay in issuing the guidance will add to the number of businesses deciding to delay or not open at all this year.

The key issue that has emerged since 1 May is the 2m social distancing rule, that typically reduces hospitality businesses to a 30% capacity. Many in travel, tourism and hospitality are seeking a reduction to 1.5 or 1m. A 2m distance rule would make it impossible for some businesses to open and make trade unviable for a significant number. Ongoing discussions on the potential to allow food and beverage business more freedom to trade in outside areas initially and/or to increase the numbers of covers once indoor spaces are opened are helpful but are largely reliant on the proximity to available space and largely reliant on the vagaries of the UK climate. We have a limited largely seasonal café culture in the UK for good practical reason.

We also now know that existing furloughing whilst it has been extended at its current rate until the end of August, it will then taper and in all likelihood end by the time our industry hits its off-peak period. Many smaller business that have been, in receipt of grants and other support appear to be playing a waiting game. Hospitality as a whole are working to a, not before, reopening date of 4 July with many assuming a mid-July or later opening date, for their particular trade. We think that once the timing and nature of the hospitality industry's reopening is made clear many will then make the decision whether to close down or to reopen and at that stage what staff to retain (or in some cases rehire). Some mainly larger hotel chains have already started to reduce staff numbers in anticipation of reduced levels of trade on reopening.

Meanwhile, many larger businesses notably amongst them in both group travel (coaching) and hotel sectors have mothballed their businesses or have been forced to close entirely, making large numbers of furloughed staff redundant. Having taken one or other of these steps it seems unlikely that these businesses will be looking to reopen, or have their assets bought and reopen anytime soon. International and domestic group travel and the typical business models of many larger hotels are often closely linked. Since 1 May we have become increasingly aware of the unseen or unsung positive symbiotic relationships between seemingly very different parts our industry.

Perhaps rather naively the reopening was originally seen as a concurrent phased process where all business would resume trading together. This is clearly not going to be the case with retail (now allowed to reopen on 15 June) and elements of hospitality opening not before 4 July with other elements following on later. However, it isn't simply all about when businesses are allowed to open but if and when, thereafter each business feel the balance between fixed cost and potential revenue warrants it. This generates significant issues for the individual businesses concerned but also in a destination it will have profound implications for all other business directly or indirectly involved in that symbiotic relationship. For example, if there are fewer hotel guests then there may be fewer customers seeking meals at independent restaurants. If there are fewer local restaurants or restaurant covers, staying at a hotel in a destination may be less attractive, or indeed in practice staying at rural B&B a real problem if there is nowhere to eat? Until we have both guidance and practical experience of the new reality in each destination, it very difficult if not impossible to understand with any certainty how recovery at individual business or, especially, at a wider destination level will proceed. Simply marketing in the hope of attracting the temporarily lost trade to a full functioning but underutilised industry, as we have done in response to every other previous crisis might not be the sole answer.

The unexpected changes of travel restriction in England and the resulting influx of day visitors to rural areas and popular coastal destinations in May has also highlighted other potential issues. Encourage by exceptionally good weather the numbers involved overwhelm local services many of which remained restricted or closed for staffing and /or public health reasons. At that point only a few takeaway and essential shops were open. The public came in large numbers, they often congregated in numbers and in places where observance of social distancing broke down. On the whole they strained restricted services and added significantly to cost to areas like public cleansing, whilst adding little or nothing to the local economy. In most instances they also alienated local residents. It is conceivable, particularly if we have prolonged good weather during the summer

months that this day trip trend may continue and combined with any staying market will continue to overwhelm the restricted supply, particularly within the hospitality industry. Managing visitors and matching demand to the limited supply may prove to be a greater issue than the traditional problem of attracting sufficient visitors to fill the available supply?

Within the emerging management issues, there are some very basic operational difficulties, for example, the provision of sufficient publicly accessible toilets. Successive Government policies have led to an increased reliance on businesses providing much of the public toilet access, indeed in many places, particularly but not exclusively in rural destinations, there is no publicly provided, public provision. On reopening and in the face of increasing visitor numbers, who will service this basic human need, if businesses are either unable or unwilling to do so? Government guidance needs to address such realities, agencies like VB/VE need to be close enough to both business and destinations to take an unbiased honest broker view from the higher strategic, to the most mundane operational issues. Destination management also needs to be sufficiently embedded in both the public and private sector interests within their locality to be able to take a proactive lead on critical strategic, policy and operational issues as they impact on the destination as a whole. That involves expertise, strong relationships and deployable resources. The trend towards disengaging local authorities from destination management in England and/or a move towards a purely marketing focus we think has been exposed by the current crisis as a serious error. People tend to visit places and the quality and management of place remains largely in the hands of local authorities, as does other key levers like licencing, planning and economic development.

Despite some welcome repurposed ERDF funding made available in England, the resources available during recovery are already strained. Going forward we foresee an increasing gap in the resources being made available to destination management from the public and private sectors and indeed from commercial activities, sponsorships and events. Good effective destination management and the coordination and support it brings to a disparate and in future potentially more desperate industry within the typical destination is likely to be far more important in the next three to five years than it has been at another time in living memory. How we sustain current DMOs and the future of destination management and within that destination marketing needs to be addressed if current and/or new bodies are to be in place to lead what is increasingly likely to be a long, slow and potentially painful recovery.

Finally, we said in our original draft that recovery would be led by the domestic industry and that included the assumption that this would not include domestic outbound leisure travel. We note with some concern that there have been significant high-profile efforts to reboot international travel, predicated in large part on the need to stimulate inbound leisure and, in particular, in and outbound business travel. We note that the reality is that much of what is actually being encouraged is a rapid return to domestic, short-haul outbound travel. Whilst recognising the economic importance of the aviation industry we would be alarmed if in the short-term UK residents were encouraged to travel en masse, together to and from popular overseas destinations. Destinations where many UK citizens circulate with other UK residents in conditions outside the UK's control and do so potentially more easily and with less robust controls than those that might be applied to holidaying at home in the UK. It would be particularly galling if the UK hospitality industry was to face further restriction because an increased R number caused by British residents traveling and holidaying with other British residents abroad. In terms of popular package holidays and popular destinations it is the infection rate in the host community alone that is important but the infection rate and course of covid-19 in the UK population. Unkindly perhaps, we are also inclined to suggest that those most keen and willing to travel abroad at the earliest opportunity may well include many of those in the UK population who are the least concerned about covid-19 and thus perhaps more likely to ignore the recommended precautions both at home and abroad? There is no hard evidence to support this, but nonetheless it is a view that we feel that should be expressed.