

Department for Culture Media and Sport Committee
Call for evidence

Impact of Covid-19 on DCMS sectors

SUMMARY

1. Usually underestimated, yet holiday parks, touring parks and campsites provide 11% of holiday trips, 16% of holiday nights and 10% of holiday spend in England.
2. Devastating impact of COVID-19 on parks:
 - 'turning off tap' on income
 - yet costs ongoing at 60%-100% of normal level
 - customers either incredibly supportive, or the opposite
 - entrepreneurs' mental health jeopardised.
3. Deep concerns and call for Government leadership to address community concerns, vigilantism and antipathy to tourism.
4. Gratitude for Government support, but gaps and inflexibility of furlough increasing likelihood of business failure.
5. If they reopen on 4 July, parks will have already lost the essential business of Easter and Whitsun so between 35% and 50% of their business income, hence a plea for Government support so businesses can survive third winter in 12 months, including:
 - extend flexible furlough to Spring 2021 for seasonal business
 - defer VAT and rates payments due in Spring 2021
 - refund NI payments for staff for period when business closed by law
 - defer all interest payments and introduce targeted capital loans
 - planning flexibility.
6. Hope for industry renaissance for those who survive to Spring 2021.
7. Call for a tourism voice in Cabinet as for too long we have been treated as a Cinderella within tourism, tourism as a Cinderella within DCMS, and DCMS as a Cinderella with Government.

INTRODUCTION

8. The British Holiday & Home Parks Association (BH&HPA) serves and represents the owners and managers of 2,165 holiday parks, touring parks and campsites (we use the word 'parks' throughout this evidence as shorthand), providing 344,261 pitches for holidaymakers.
9. The tourist accommodation we provide includes holiday caravans, chalets, pitches for touring caravans, motorhomes and tents, as well as glamping accommodation (treehouses, camping pods, safari tents, yurts, tepees ... and so much more!).

10. Usually underestimated, parks provided 11% of holiday trips, 16% of holiday nights and 10% of holiday spend in England in 2018ⁱ:

ENGLAND	Trips (m)	%	Nights (m)	%	Spend (m)	%
Touring caravan, campervan, motorhome	3.304	3.4	15.030	5.1	£500	2.6
Holiday caravan (let)	3.082	3.2	14.553	4.9	£783	4.0
Holiday caravan (privately owned)	1.470	1.5	6.503	2.2	£181	0.9
Tent	2.530	2.6	8.571	2.9	£333	1.7
Glamping	0.472	0.5	1.182	0.4	£90	0.5
TOTAL	10.858	11.2	45.839	15.5	£1,887	9.7

11. Thereby, parks contribute:

- £3.88b GVAⁱⁱ
- 126,000 FTE jobs
- support local businesses through their trade, directly and indirectly
 - direct purchases of goods and services by parks
 - shops, pubs, garages, plumber, tourist attractions rely on the custom of park holidaymakers

12. 95% park businesses are SME or micro businesses, who among them own some 70% of the pitches across the industry. Larger corporate groups own the remaining 30% of pitches with a similar business model, although economies of scale and greater reliance on central facilities and entertainment.

13. The large park group faced considerable challenges through the crisis, but this evidence focuses on the SME and micro businesses which predominate the parks industry.

14. Upon the intervention of the Welsh Secretary and on BH&HPA's recommendation, most parks had closed to save lives and protect the NHS on 22 March, before the law was changed.

15. This evidence does not take account of the potential impact of a second wave of COVID-19, a scenario which is inestimable and if before November, would mean the certain death knell of park businesses.

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

Economic

16. No income since lockdown, yet costs remain at 60-100% of normal level:

- wages since furlough impossible as parks cannot be without skills for 3 weeks at a stretch (essential maintenance, security and customer communications)
- interest payments on loans and finance, insurance premiums
- utility suppliers (slow to respond, charges not reduced to reflect lower consumption).

17. Of the holidays booked during lockdown, customers were asked not to cancel but to postpone. Between 20% and 80% required a refund, with the remainder agreeing to postpone, either to later in 2020 or to 2021. It is testament to customers' loyalty to parks businesses where 80% of customers voluntarily agreed to postpone, leaving their money with the park to support its survival. Those postponements mean summer 2020 and 2021 holidays at spring 2020 prices so will impact on cash flow through next year.

18. 207,850 households own a holiday caravan on 1,734 BH&HPA members' holiday parks. Most have paid their pitch fee for 2020. Many parks offered different goodwill measures, some including partial 2020 refunds or 2021 discounts, which impact on cash flow and the bottom line. Those without resources to make a goodwill measure face greater challenges in terms of maintaining their customers support, but we have heard of caravan owners offering to pay their 2021 pitch fee to safeguard the future of their park.

19. SME and micro-business:

- many owner-managers work 7-day weeks in the business with minimal, if any, salary
- many rely on dividends for any income
- some operate hand to mouth as they invest their time and resources to build a business (whilst keeping the bank happy)
- there is little help available to them and we have heard distressing accounts of their having no money for 'the basics', including food.

Mental health

20. BH&HPA staff are in constant contact with members, responding to queries and reaching out to those who do not contact us. We hear of their distress and provide what support we can. The strain of addressing customers' legitimate concerns, keeping the park secure and maintained, coping with financial pressures and fear of business failure have taken their toll. COVID-19's health impacts extend far beyond those who contract the virus; we fear for the mental health of some within BH&HPA membership.

Local community antipathy

21. Local community:

- in some areas, local activists are extremely hostile in the media, including some local councillors
- acts of vigilantism against parks have been reported widely.

22. Park owners are local people being vilified by their neighbours yet examples of parks' integration into their local community include:

- maintenance of footpaths
- welcoming community into swimming pools, gyms and other facilities which would otherwise be unavailable locally (but are currently closed)
- support of local charities or initiatives, from coastal paths to craft fairs and foodbanks
- nature conservation and biodiversity work (e.g. 1,740 park honeybee pledges since 2015, 360 miles of indigenous hedges recorded in 2017's challenge, 390 acres of wildflower meadows in 2018's challenge, 3,497 acres of woodland habitat in 2019's challenge. This is about the conservation of local biodiversity, the inspiration of BH&HPA's late, great President David Bellamy who we lost, sadly, last December.

23. Parks are reaching out to their communities. In addition to the above, advising vigilantes' complaints centre on parks accommodating the homeless and key workers through the crisis. They are focussing attention on the jobs and employment created both directly but more importantly, in the local businesses and for the self-employed in the community.

24. To a significant extent, parks are providing local holidays for local people, typically customers live less than 2 hours' drive from the park.

25. Damage limitation is required urgently, followed by work to 'build bridges':

- Government leadership is needed to dispel fears and address the balance
- the 'stay away' message from some politicians has been unhelpful so needs to be addressed urgently

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

Furlough and self-employed

26. Some 70% of all holiday pitches are on parks owned by micro and SME family businesses. For them, the Coronavirus Job Retention Scheme has failed. The 'all-or-nothing' inflexibility until July means:
- either essential skills are lost for three weeks at a stretch, or,
 - the business incurs ongoing costs, so hastening their demise.
27. The largest and the smallest parks are each a complex business, with an infrastructure akin to that of a village:
- electrical, gas, water and sewerage infrastructure require maintenance
 - landscaping
 - security
 - this work requires different skill sets to which the business has no access if staff are furloughed.
28. No support was provided through the self-employment scheme for park owners who rely on dividends for income (as their accountants had advised them as the most tax efficient approach).
29. No support was provided by the furlough scheme for seasonal tourism workers who started in late February/early March but had not been paid, nor reported on HMRC's RTI by the 19 March cut-off.

Grants, business rates, loans

30. The business support grants were timely and deeply appreciated by those eligible. However:
- around 33% BH&HPA member parks have Rateable Values (RV) above £51,000 therefore were not eligible
 - many members with a RV just over the £51,000 threshold believe they face business failure; these are often small-scale businesses but, as they are land-based, the RV disguises their relatively small income potential.
31. Where received, the grants are spent.
32. The Business Rates concessions were again appreciated. However, our caravan manufacturers and their suppliers are suffering the same downturn, yet they have no benefit from this concession; business failures are inevitable.
33. Issues with the business loan schemes continue:
- there are delays and inconsistency from the banks

Email from BH&HPA member, 16 **June** 2020 ‘...how badly CBILS is still going – I’ll run out of cash in the next 2 weeks, and any announcement about opening dates later this week, whichever way it goes, will I believe trigger a wave of refund requests. The banks ... are still taking their time – 2 weeks from application with full history (they have that already as my mortgage is with them), future cash flow (worst case, mitigation and repayment plan), on requesting an update I find it’s not yet passed “initial review”

I fear I may be bankrupt before this is in place, what happened to Government support?’

- the Bounce Back Loan scheme for small business is welcomed but capped at £50k, it does not resolve difficulties experienced by many park businesses with greater borrowing requirements. By way of comparison, French tourism businesses are offered bounce back-type finance of up to 25% turnover (taking the three best months 2019 trading)
- park owners dread the day when repayment becomes due; they struggle to make ends meet. Some resent the burden of increased debt incurred to protect society.

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

Three winters in 12 months

34. If they reopen on 4 July, parks will have already lost the essential business of Easter and Whitsun so between 35% and 50% of their business income.
35. Depending on how and when lockdown ends, businesses will run out of cash and go under this winter, even if the business survives until then.

Spring 2021

36. Cash is always at its lowest in Spring for seasonal tourism businesses. Those who survive the three consecutive winters, will face:
 - deferred VAT payments due in March 2021
 - business rate payments required in April 2021
 - interest payments on increased borrowings.
37. These dates need to be deferred until at least September 2021, and beyond depending on how the virus and trade develop.

Interest on finance

38. Borrowing to finance plant and equipment (from mowers to caravans) and to develop has been integral to parks’ success: a continuous cycle of innovation and improvement leading market development, so ensuring customer loyalty (and this across generations!).
39. To note:
 - parks had finance commitments incurred before the pandemic
 - for businesses still able to trade at the end of the lockdown, borrowing and repayment of increased debt will be uppermost in park owners’ minds
 - delivery by the banks is falling short of initial promise and assurances.

Sector-specific support

40. Tourism Minister, Nigel Huddleston and his team have worked tirelessly for the industry; they have a detailed understanding of our sector. However, Treasury's key measures have addressed the whole economy meaning tourism, the first and hardest hit, has not had the targeted with the help it needs (other than rates and grants). Yet:
- parks are closed by law
 - much of the business world has been able to work from home
 - many businesses have been able to furlough their team
 - the retail sector has on-line opportunities
 - our business is seasonal.
41. Tourism specific measures should include:
- re-examination of the furlough arrangements to support seasonal tourism businesses with flexibility across three winters' so through until spring 2021
 - review of interest payments for tourism businesses. By way of contract, the French Government has given tourism businesses 'breathing space' with no interest to pay on any loans/finance for 12 months (with 12 months added to the end of loan period)
 - targeted tourism loan scheme with no capital to repay for the first two years (in France, the 'Prêt Tourisme' specifically allows the purchase of holiday caravans, thereby supporting their caravan manufacturing industry)
 - refunding/cancelling National Insurance payments by tourism businesses which are closed, as the furlough scheme did not support them (see above).

SUPPORTIVE PLANNING REGIME

Extending the season

42. Parks operate in accordance with planning permissions (and site licences) which limit their season; most will be closed unable to access opportunities from the Christmas, New Year and February half-term breaks.

ENGLAND			
Length of Season	Number of BH&HPA member parks	*Extrapolating same %s to non-member parks	*Total
8 months or less	484	364	848
9 months	118	89	207
10 months	167	125	292
11 months	207	155	362
12 months	451	338	789
No data provided	105	79	184

**We have included figures from our non-member holiday parks database, extrapolating same %s as for members' parks where we hold the length-of-season data. This is probably inaccurate as non-member parks tend to be a different group (mainly micros which exhibit different characteristics) so those columns are indicative only but may be of assistance.*

43. In Scotland, the Minister has written to the Chief Planner to lend support. East Lindsey Council also recognises the value of parks and has advised that a local development order 'will, if made, authorise the use of holiday parks ... throughout the year for a temporary period of 2 years. ... it will also permit permanently some other kinds of development connected with the leisure and tourism sector, including new facilities on or serving holiday parks.'
44. We have sought similar support from the Westminster and Cardiff Governments.

Delivering innovation and development

45. Revised National Planning Policy Guidance should stipulate a presumption in favour of allowing parks to operate for longer periods and where they are able, to innovate and develop.

Time

46. Hard-won planning permissions are on hold across the parks' industry. Planning for improvements to facilities and accommodation, is usually only achieved at great expense, investment and after many years. Government should advise a presumption in favour of allowing flexibility in planning decisions to allow renewals of planning permissions based on previously submitted evidence.

School holidays

47. Welsh Government has determined there will be a two-week half term in October; such a move could also provide a welcome boost for hard-pressed English tourism businesses.
48. Careful consideration might also be given to how with social distancing meaning schools are unable to accommodate all pupils, rotas might be established to allow families to take domestic holiday in September and October, whilst there is no schooling for their children. This would have advantage for families' wellbeing and the industry.

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

Tourism should have a voice in Cabinet

49. Unlike any other economic activity, we are defined not by our business type, but by our customers' behaviour. From employment in coastal areas to soft diplomacy promoting world peace, tourism is a fundamental economic, social and environmental driver.
50. For too long the British Government has treated parks as a Cinderella within tourism, tourism as a Cinderella within DCMS, and DCMS as a Cinderella with Government.
51. Tourism should have its own voice in Cabinet.

Unregulated tourism

52. DCMS should address unregulated tourism such as 'wild camping' (unregulated use of motorhomes outside licensed parks) or online sharing economy platforms.
53. Measures to curb coronavirus transmission were delivered through the regulated tourism sector, by closing parks. In practice:
 - parks' licensing means authorities have records of the tourist provision in their area
 - parks are used to operating within the regulated environment created by their licences
 - they were able to respond to the closure order.
54. The same did not apply to the use of motorhomes for camping in lay-bys, car parks etc, nor for the unregulated sharing economy such as Airbnb.

55. There is compelling case for reviewing unregulated tourism which could undermine Government's best intentions on his crisis, but also in more normal times.

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

56. We hope that for those parks which survive, the industry may see a renaissance in domestic tourism and those who prefer their own accommodation be it in a tent or caravan. With potentially ongoing confidence issues with international travel, there may be opportunities for parks. That is our hope.

Marketing resource and messaging

57. DCMS needs to ensure the public gets the right messages:

- leadership must come from Westminster to reassure consumers and communities that domestic holidays are safe
- VisitBritain's 'We're Good to Go' initiative can make a valuable contribution but only if it receives sufficient profile
- clear messaging around relaxation of lockdown to avoid fuelling local backlash and vigilantism
- while there is some government support to business there is public perception that tourism businesses are being bailed out and this is very far from the case.

58. VisitEngland and local Destination Management Organisations will need to be funded sufficiently to ensure they support the recovery; their messaging must be guided by industry

59. We need the Tourism Sector Deal implemented urgently.

Ros Pritchard OBE, BH&HPA, June 2020

ⁱ GB Tourist Survey, VisitBritain https://www.visitbritain.org/sites/default/files/vb-corporate/40413193-260c_gb_tourist_annual_report_2018_fv-v3.pdf

ⁱⁱ UKCCA: <http://www.bhhpa.org.uk/additional/files/sc6407-00-holiday-park-econ-impact-uk-final-report.pdf>