

## Structure

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## Executive Summary

Across four work streams, this paper outlines a series of recommendations, developed in consultation with the industry, which would help the tourism industry recover from coronavirus.

### *On timelines, the industry needs:*

- A standards-led approach which allows businesses and destinations to assess their ability to reopen under clear criteria.
- Clear guidance to consumers about what it is safe to do and when – and reassurance that travel is socially responsible and encouraged
- As much notice as possible of the reopening date so that businesses can prepare.
- Recognition that domestic will be much faster to recover than international or business travel, with longer term financial support needed for the industry.

### *To help staff back to work and keep them and visitors safe, the industry needs:*

- Extension of the furlough scheme in recognition that many sites will not be able to operate economically under continued social distancing, the seasonal nature of tourism and its dependence on customer demand.
- Development and recognition of a 'stay safe' charter mark.
- Access to apprenticeship levy money to fund retraining in social distancing measures such as hygiene and adapted operating requirements.
- Clear guidance on how best to protect staff and customers through adaptations to sites and use of PPE.
- Consideration of the other parts of the economy needed for people to return to work, such as public transport and schools.

### *To make doing business easier in the recovery, industry needs:*

- A rent holiday for the tenants and landlords of restaurants and other premises.
- Relaxation of planning restrictions that limit the opening season for some businesses, or limit where food and drink can be served/consumed.
- Amendments to the Package Travel Regulation so that a 'package' must include transport to incentivise domestic trips.

- Recognition that now is not the time to impose additional burdens or tax obligations on the visitor economy.
- Consideration of an additional bank holiday, or moving the later May bank holiday to October half term to stimulate demand when it is possible to travel.
- International work by government to try and build global consensus on how international businesses need to operate.

*To secure the long term health of the visitor economy, industry needs:*

- Acceleration and expansion of the 'tourism zones' proposed in the Sector Deal to support tourism's contribution to the recovery, as part of the government's ongoing ambition to 'level up' poorer parts of the country.
- Seed funding of the Tourism Data Hub to build information that will support the recovery, especially for SMEs.
- To use the crisis as an opportunity to drive innovation and improve productivity and boost the UK's profile as a destination.
- Encouragement for travellers to holiday at home with a major marketing campaign focused on domestic travel.
- International visitor visas to be extended automatically to make it easier for them to take visits postponed due to the pandemic.
- To use the reset in consumer behaviour forced by lockdown to consider wider questions like sustainability and longer term consumer behaviour.

## Introduction

At the start of 2020 British tourism numbers were in rude health. The sector is worth £127bn to the economy annually, is the third largest service export, supports around 3 million jobs across all local authorities and accounts for 200,000 SMEs, as well as many multinationals and tech businesses. It has been a strong source of growth for the UK economy in recent years. Off the back of a strong 2019, VisitBritain had been forecasting inbound tourism to grow by 2.9% to 39.7m visits and for spending to grow by 6.6% to £26.6bn, setting new records in each case.

Tourism became the industry that was hit first and hardest by Covid-19 with cash flow drying up overnight and customers cancelling for months ahead and asking for refunds. The Covid-19 outbreak is unprecedented in its impact on the industry, with a collapse both in demand and supply. It will take some time, and ongoing support from national, regional and local government, to get an industry central to the national recovery back on its feet, starting with domestic tourism.

VisitBritain has carried out a rapid and extensive consultation across the sector with major industry players who were instrumental in the design of the Tourism Sector Deal, including representatives of Destination Management Organisations (DMOs), businesses, trade bodies and more. We are grateful for the time taken by everyone to share their thoughts and in many cases their own research with us.

After setting out the impact so far and our current economic modelling on the likely impact of continued lockdown or social distancing, this paper proposes actions for government across four work streams:

1. Timelines: Understanding the lead-in times needed for businesses to get up and running, helping to accurately phase the lockdown withdrawal.
2. People: Considering what policies need to be in place to best protect jobs, retain skills, and keep our colleagues and customers safe, as restrictions are lifted.
3. Regulation: Establish what pressures can be lifted to aid the recovery of businesses, and adapt to new ways of working and travelling.
4. Long term future: Using the Sector Deal outcomes to prepare the sector for a new era of travel and to support in the levelling up of communities across the UK - through data sharing, product development, and reducing the outbound deficit.

## Economic impact and forecasts

**Value of tourism:** Tourism is a vital contributor to the economy and has been one of the sectors hit hardest by lockdown, with losses in the £billions. Our worst case forecasts for both domestic and international visit numbers and spending are now best case outcomes.

- In ordinary times, tourism is worth £127bn/year, and was predicted to grow 3.8% a year to 2025 – BTA/Deloitte analysis shows that it accounts for 10% of all jobs.
- Disruption from Covid-19 started to be felt by tourism businesses as early as January 2020.
- VB/VE analysis suggests a 10-week lockdown to the end of May will result in £22.1bn in lost domestic spending in Britain; lockdown until the end of June will lose £30.6bn; until the end of July will lose £38.8bn.
- International tourism was a major success story until this crisis, up 33% since 2010; at the time of the Tourism Sector Deal, VB forecast 23% more visitors by 2025. Given the scale of the disruption, this now looks unlikely.
- Inbound flight arrivals were down 73% in March. Assuming international visitors return from August onwards (and that now looks optimistic), we forecast a 54% decline in visits to 17.8m and 55% in spend to £11.6bn (a loss vs the pre-Covid-19 forecast of 21.9m visits and £15.1bn).
- The Exchequer could lose at least £5.8bn in revenue from inbound spending alone (including APD, VAT, visa fees and tax from businesses reliant on inbound) this year.
- This gap has to be filled in part by promoting domestic tourism. Domestic tourism accounts for 78% of total tourism spend and for most businesses and destinations it is the domestic visitor that ensures economic survival.
- **Business Events have seen significant impact with cancellation levels of 55% in Q2&3. The forecast total loss across the entirety of the events industry could be £58bn this year.**

**Losses to business:** The impact on businesses has been significant, immediate and unevenly spread across the country. Its seasonal nature - 70 per cent of business activity in tourism happens between April and October – has exacerbated the impact.

- Disruption beginning in January hit tourism businesses at their lowest cash point in the year – many rely on reserves built up during the lean winter months to get through until the next visitor season.
- VE survey data shows that across the UK, 94% of industry – rising to 98% in the South West – has been hit by cancellations.
- A fifth of businesses have already lost bookings up to the autumn, so a clear and early signal to consumers about whether they can take their planned summer holidays is crucial.
- Coastal towns have been disproportionately affected according to Centre for Towns analysis – for example, 56% of employees in Newquay and 55% in Skegness are in sectors which are shut down, with effects that will spread well beyond the closed premises.
- **Outdoor events have lost the majority of the 2020 season, with cancellations including 76% of all music events, 68.4% of arts events and 63% of fairs.**
- 67% of English tourism businesses had no insurance cover for loss of business from Covid-19, suggesting that we will see many fail in the coming months if they cannot operate this summer.
- Oxford Economics forecast it will not be until 2023/24 that inbound tourist volumes will recover to their pre-Covid-19 level.

**Consumer sentiment:** Uncertainty about when the lockdown will end means that it is important to monitor and understand customer sentiment, but some early trends are emerging amongst Britons.

- VFR (Visiting Friends and Relatives) category of trips will be first to recover as people see the loved ones they have been separated from, with people preferring coastal and rural destinations.

- Older people and families are more likely to want to travel, but also the most nervous about the risk, meaning that reassuring them of destination/attraction safety will be crucial.
- According to VB surveys, one third of British consumers think life will return to something approaching normal in August. Industry will need government support to reassure them what it is safe to do and when it is responsible to travel.
- The majority of consumers think planned holidays will not go ahead – only 36% think domestic trips booked for July-September will still happen.
- Rural and coastal holidays are the most popular option, given that social distancing is easier outside, with the South West and Scotland top of mind.
- Few people cancelling overseas holidays currently intend to replace them with a British one, so they need to be persuaded to consider a domestic trip.
- ALVA research shows that people's willingness to return to attractions is tempered with concern about their ability to manage crowds and nervousness about a second wave of infection. 76% of people would feel anxious or uncomfortable using indoor attractions or amenities.
- Google data shared with VB shows that Brits will prefer to travel in their own cars rather than on public transport.
- British consumers will be looking for flexibility from business, citing deals and discounts, money back guarantees, and free cancellations as incentives to encourage them to book a trip in the next year, suggesting that they expect some continuing uncertainty.

**International visitors' readiness to travel:** International sentiment is similarly changing fast at the moment, with those further along in the pandemic process more likely to be considering holidays.

- We should be realistic about the appetite for international leisure travel: China's government is actively telling its people not to travel abroad, Italy is attempting to prop up its domestic market and markets like Japan and Americans are historically more risk averse.
- Given that over 77% of our international visitors arrive by air, the reopening of international air routes will have a big impact on the speed with which this sector can recover. Ryanair is already saying that it does not expect its flights to return to 2019 levels until 2022, while confidence is at record lows among UKInbound members, 40% of whom think they may not survive the next six months.
- VB has arranged data sharing with Google to track international consumer behaviour and will build on this with partner data to build a complete picture of international sentiment in order to help industry plan.

## Timelines

*Understanding the lead-in times needed for businesses to get up and running, helping to accurately phase the lockdown withdrawal.*

As a consumer facing industry, we all recognise that public safety and confidence is crucial to reopening successfully – and the British public is more supportive than other countries of maintaining the lockdown as long as is needed to protect the NHS and save lives. Once the lockdown ends, the government has indicated that a phased approach to recovery is likely. If the lockdown ended at the start of June, we could expect to see:

- Initial visits for VFR, local day trips particularly to outdoor sites and attractions. Some outdoor attractions would be ready to open quickly
- Rural and coastal destinations would be the most popular, with stronger demand for self-catering accommodation and people travelling by car. Restaurant businesses which can work with social distancing might reopen at 30-40% capacity with hotels at 10-15%,
- Some outdoor events re-start (public spectacles and displays, drive-to and drive through) and some event venues re-open.
- Autumn-winter 2020: return of some international travel, reopening of some theatres, exhibition and conference venues, and indoor attractions that need to make major changes to their operations, hospitality businesses build to 70% capacity, some seasonal event activity (Halloween, Christmas Fairs and New Year events), return to around 74% of business events.
- 2021: assumed end of social distancing measures and reopening of small/indoor venues which could not operate safely/economically at reduced capacity.
- Spring-Summer 2021: outdoor events resume.

Clearly the tourism industry needs a long term plan and programme of support stretching well into 2021.

### ***The industry needs:***

#### **A standards-led approach which allows businesses and destinations to assess their ability to reopen under clear criteria.**

- Rather than a blanket approach that, for example, bans all pubs and restaurants from opening until later in the year, government should take an approach which sets out clear safe operating principles and allows businesses to assess their own ability to comply both safely and economically.
- Tourism relies on a wide range of product to make a destination appealing – if self-catering cottages can operate but there are no restaurants to eat in locally or attractions to visit, then a domestic trip will be less appealing and that visitor spend less likely. Cities were particularly concerned that a number of different types of businesses – hotels, restaurants, attractions, bars, public transport – would need to be open to attract visitors to city breaks
- However, this approach would recognise that larger or outdoor businesses (eg zoos, gardens, larger restaurants, some pubs) may be likely to reopen earlier than smaller, indoor businesses (eg historic houses, tea rooms).
- This would also allow the flexibility for the events industry to find creative ways of operating some smaller meetings and events safely before larger scale organised gatherings can be resumed. In an industry where health and safety regulations and the welfare and safe management of attendees are well established, early opportunities to stage conferences and exhibitions to test best practice, risk assessment, social distancing and adherence to public health requirements would be welcome.
- There needs to be a consistent national message on reopening, not multiple local authorities interpreting rules differently, so that customers travelling to different parts of the country can have the same expectations of the types of services available.

- Advance booking is being embraced more widely; this enables visitor flow to be controlled in line with a potential track/trace/test strategy.

**Clear guidance to consumers about what it is safe to do and when – and reassurance that travel is socially responsible and encouraged.**

- 14% of Brits will book a holiday as soon as lockdown lifts, 65% will book between weeks or months – but 21% will wait until a vaccine is available.
- Clear guidance would alleviate the challenges faced by businesses ahead of lockdown where mixed messaging from government in early March meant that destinations like zoos/country parks/pubs were not on the closure list (but the public were unsure whether visits were advised).
- Consumers will also need reassuring that it is acceptable to travel to their holiday destinations, and there are no restrictions on how far they are able to go, particularly to areas like coastal towns which desperately need their spending to recover.

**As much notice as possible of the reopening date so that businesses can prepare.**

- Many businesses estimate that it will take them 2-4 weeks to prepare to reopen. The tasks that they will need to complete could include, depending on the type of business:
  - Physical changes to operate safely such as removing chairs and tables, installing signage and barriers to manage safe entry and exit to premises.
  - Re-establishing their food and beverage supplies at a time when thousands of other businesses will be trying to do the same, putting a surge pressure on the supply chain in a similar way seen in grocery retail at the start of lockdown. For example, pubs will need to arrange for out of date beer to be uplifted from their cellars as well as the delivery of new beer.
  - Ordering necessary PPE supplies if required (again at a time when thousands of other businesses will be doing the same thing).
  - Deep cleaning every part of their operations in order to meet health and safety standards after a long period of closure and to reduce the risk of infection.
  - Implementing advance booking systems in order to manage visitor numbers, in many cases for the first time (eg National Trust is likely to require booking times for all visitors).
  - Installing adapted facilities – eg outdoor food service and additional toilet capacity – for sites which may no longer be able to allow access to indoor ones.
  - Bringing staff back off furlough to make the above happen, as well as retraining staff in new protocols.
- Many event businesses (across the whole sector) would require a longer notice period of 8-12 weeks. This is in order to accommodate content development and production planning, as well as the marketing and communications campaigns required to attract attendees.

**Recognition that domestic will be much faster to recover than international or business travel with longer term financial support needed for the industry.**

- The global spread of the pandemic means that many destinations are not currently viable for outbound British tourists (eg Spain, our most popular outbound market, has a stricter lockdown than the UK), offering an opportunity to encourage more people to holiday at home in the coming months and years. Conversely many businesses which depend on international visitors are unlikely to see their customers return before late 2020 at the earliest.
- Unfortunately, our research indicates most people who have had to cancel a foreign holiday are not currently planning to replace it with a British one; a national marketing campaign to raise awareness of Britain's amazing offer is needed to change this.

## International comparisons

All destinations think the domestic tourism market will return first, followed by neighbouring markets at a later stage (potentially aided by bilateral agreements).

- China started by reopening a limited number of outdoor sites (e.g. parts of the Great Wall) with a cap on visitor numbers at around 30% of usual capacity.
- France has a roadmap allowing travel agencies to resume business on 1 May, gastronomy businesses from 15 May and accommodation from 29 May for private overnight stays, and other tourism businesses and attractions as long as they can ensure the required hygiene and social distancing protocol for the safety of staff and customers.
- In Italy, visits to friends and relatives within the same region will be possible again from 4 May 2020, gastronomic businesses are allowed to offer take-away meals, and facemasks will be mandatory on public transport. Museums and attractions will be allowed to re-open on 18 May with the same conditions imposed as for supermarkets. Cafés and restaurants are expected to have to wait until June.
- Some destinations have opted for or are considering stimulus as well as marketing campaigns to kick start the domestic tourism market:
  - Iceland: adult residents will receive a combined ISK1.5bn (£8.4m) worth of travel vouchers valid for domestic travel from the government, in cooperation with the Icelandic Travel Industry Association.
  - Italy: a domestic campaign will be rolled out and financial stimulus is being considered. Some regional governments have also reacted with stimulus schemes like Sicily: €50m (£44m) to subsidise plane tickets, accommodation and entry fees.
- Inbound marketing campaigns are likely to follow when cross-border travel can resume, probably from late 2020. Competition is expected to be fierce with everyone going after consumers at a similar time and the extra budgets which have already been committed to or are bid for by national tourist boards reflect the scale of the task:
  - Additional funding given to NTBs for this task so far includes Switzerland: CHF40m/£33m; Hong Kong: HK\$400m/£43m; Philippines £14.6m; Australia fire & COVID response >AUD60m/£31m; Singapore SG\$22m/£12.5m. Tourism Ireland has reportedly asked for an additional €20m/£17.5m.

## People

*Considering what policies need to be in place to best protect jobs, retain skills, and keep our colleagues safe, as restrictions are lifted.*

Tourism employs 3.3 million people, including 380,000 seasonal staff who would ordinarily be coming up to their busiest time of year.

- The ONS found that food and accommodation providers had furloughed 80% of their staff.
- Coastal regions and the south west have been most affected by the shut down – Centre for Towns analysis shows that 56.2% of employees in Newquay and 54.7% in Skegness are in sectors which are currently closed (other most affected towns include St Ives, Minehead, Aberystwyth and Whitby, all coastal).

### ***The industry needs:***

**Extension of the furlough scheme in recognition that many sites will not be able to operate economically under continued social distancing, the seasonal nature of tourism and its dependence on customer demand, and recognition of a ‘stay safe’ charter mark.**

- A phased ‘intelligent furlough’ scheme, permitting partial furlough payments, would be welcome where partial opening at lower capacity or occupancy requires fewer hours, but where enabling staff still to come to work ensures that they remain skilled.
- Tourism is highly seasonal – businesses which have lost Easter need some of the peak summer season. If businesses cannot reopen safely and economically until the autumn, they may not be able to reopen until 2021. Without continued furloughing to reflect this seasonality, there will be many job losses – for example, VisitCornwall estimate 25-40,000 job losses in the county if tourism cannot reopen until the autumn.
- Many smaller venues like restaurants and indoor venues (eg heritage sites) are unlikely to be able to maintain a 2m distance between people. They will not therefore be able to reopen safely while social distancing remains in place and will need continued support for furloughed staff if they are to reopen at all.
- Venues and services which are highly dependent on international visitors or Business Visits and Events (BVE) are unlikely to see those customers return before 2021. For international visitors, this could include tour operators, some retail, some visitor sites (eg Titanic Belfast and the Roman Baths, Bath) and some accommodation. An extension to furlough needs to recognise this dependence on a normally lucrative international and business focused market and support their staff through this.
- As we set out in the timelines section, the industry wants the government to take a principles- rather than sector-led approach to reopening. Protocols for safe operating can then be developed with the trade bodies covering issues like staff and customer safety, managing demand through eg advance booking, required layout and distancing, safe entry and exit. Businesses should then be able to assess themselves against those protocols.
- VE is working with a number of industry bodies to develop a ‘stay safe’ charter mark for businesses to build consumer confidence.
- The risk of a second wave of the pandemic means that statutory sick pay from day one will need to remain in place to protect those who fall ill later in the year and their household who may need to isolate.

**Access to apprenticeship levy money to fund retraining in social distancing measures such as hygiene and adapted operating requirements.**

- The shutdown means that businesses will find it difficult to spend their apprenticeship levy money as required this year. Significant retraining of staff is likely to be needed in order to reflect changes to operation under social distancing measures.

- This could take the form of a temporary redirection by the ESFA (Education Skills Funding Agency) of a percentage of apprenticeship levy funds to help businesses prepare for operating in a very different landscape.
- This could, for example, fund an online training module in new industry professional standards to stay safe which would certify that a worker knows safe operating procedures and how to mitigate risk to themselves and customers. This would give confidence to employees that their co-workers have all been trained to a safe standard, and to customers that they can trust hospitality staff as the sector reopens.

**Clear guidance on how best to protect staff and customers through adaptations to sites and extent of PPE.**

- Staff and businesses will want assurances from government about adaptations to ways of working (eg effective cleaning, installing screens) which will keep them safe and reassure them that they can go back to work safely.
- For example, any recommendation on the use of PPE, like gloves and facemasks, needs to be set out as soon as possible to allow businesses to build up stocks.
- These very visible adaptations can be helpful to remind both staff and customers about the importance of continuing to observe hygiene and social distancing. ALVA research suggests that 61% of visitors would feel more comfortable as a result.
- Airlines, airports, meeting venues, conference and exhibition centres, festivals and fairs and theme parks are among the businesses which have made contingency plans for temperature checks on all customers. Managing customer response to these kinds of requests will be easier if there is clear government guidance to follow – and for airports, this needs to be done with international agreement.

**Consideration of the other parts of the economy needed for people to return to work, such as public transport and schools.**

- Workers need to be able to travel to work safely, and visitors need to know how best to travel for leisure when they are allowed to do so, so the approach to social distancing on public transport needs to be clarified as quickly as possible.
- Businesses like hotel operators tell us that buses are the most important means of travelling to work for their staff, so must be safe and perceived to be so.
- Many workers cannot return to work until their children return to school, so clarity on the timetable for schools to open is vital.

**International examples:**

- In France, social charges (equivalent of eg NICS, apprenticeship levy) are suspended for three months for tourism businesses, with possible further extensions. In the medium term, Atout France sees the new hygiene & safety criteria become part of other labels they award in order to protect consumers and staff.
- Turismo de Portugal has a “Clean & Safe” stamp of approval to distinguish tourist activities which are compliant with hygiene and cleaning requirements.
- Singapore’s SG Clean campaign follows their learnings from their response to the SARS crisis and includes temperature and health checks for staff. Singapore provides salary support of up to 70% of fixed monthly salaries capped at SG\$2k per month per employee for up to 6 months and offers wage support to licenced self-employed tourist guides. It has also waived fees for multi-language proficiency test and area tourist guide.
- Austria communicates the new guidelines for members of staff, businesses and consumers for gastronomy via a microsite “safe hospitality”.
- Under the CARES act the US made it a condition for airline carriers and air service contractors not to cut pay for staff and to keep them on through to the end of September 2020 to qualify for a share of the US\$32bn in grants to afford payroll costs. The CARES act

also provides e.g. a temporary tax credit against employer payroll taxes worth 50% of wages (up to \$10k of qualified wages per employee per quarter) paid in 2020 by a qualified employer.

## Regulation

*Establish what pressures can be lifted to aid the recovery of businesses, and adapt to new ways of working and travelling.*

The extraordinary circumstances of the pandemic require some extraordinary measures to allow the tourism and wider leisure industry to adapt to our changed circumstances. Steps that the government has already taken including business rates holidays have been helpful, and some additional changes would continue to support businesses as they reopen.

### ***The industry needs:***

#### **A rent holiday or other intervention to support the tenants and landlords of restaurants and other premises.**

- Whilst businesses are closed, government has covered the majority of staff costs; however, rent is an ongoing expense. Many landlords have felt unable to offer a rent holiday to their tenants.
- Prominent restaurateurs like Yotam Ottolenghi and Michel Roux Jr have backed the National Time Out campaign, which calls for a nine month rent deferral until Q1 2021. By allowing landlord to extend each corresponding lease by 9 months and delay the next 9 months of their loan repayments, this would bridge the cash flow gap from three quarters of no rent. Campaigners call it “a simple solution, allowing businesses to work through the next 9 months towards a bounce back, without the need for another taxpayer handout.”
- The Government could intervene to provide the framework for a binding agreement within parties for how the deferred rent is to be covered, sharing costs between landlord, lessee, banks/investors and the state.
- A furloughed space grant scheme has been proposed by the British Property Federation and British Retail Consortium, under which the government would cover a proportion of the fixed costs of business, tapered to reflect the fall in business turnover.
- Given the importance of a wide food and drink offer to the visitor economy, interventions of this nature could help preserve the diverse range of product which makes so many British destinations so appealing.

#### **Relaxation of planning restrictions that limit the season under which some organisations to operate, or where food and drink can be served/consumed.**

- Many restaurants have successfully adapted to offer delivery and takeaway services for the first time under lockdown, allowing them to retain customer loyalty and keep staff employed. The emergency changes to planning regulations which allowed this without application should continue until all social distancing has been lifted, in order to recognise the small premises which will not be able to reopen their dining rooms safely/economically.
- Where usual cafes and tea rooms near beaches and other outdoor spaces will not be able to open, making it easier and faster for them to set up the infrastructure to serve takeaway food would make them more welcoming to customers. The same could apply for outside dining on pavements and in town and city squares.
- **In addition, a rapid review should take place of permissions and planning regulations associated with temporary structures which might be required to extend access in order to accommodate health screening, additional toilet facilities, social distancing routing and wider paths or gateways.**
- Permissions and licences often limit the season for sites like holiday parks and campsites (42.8% of holiday parks can open for less than 8 months a year), while there are other limits

on holiday lets. These limits mean they will be unable to pick up expected demand for domestic holidays later this year and early next; they may not be allowed to open over Christmas and New Year or for February half-term holidays.

- Many local and community events are subject to annual licence payments; these payments could be suspended and a more agile and reactive planning and permissions approach taken to encourage people to hold more events.
- Ministerial guidance to local authorities could encourage them to fast track planning permissions related to the visitor economy in order to enable organisations to adapt to the limits social distancing will place on their operations.
- Local authorities would usually apply charges for changes to planning permissions; given the collapse in revenue these businesses have already experienced this year, an amendment to the regulations to provide a temporary exemption from the requirement to pay fees would help.

#### **Amendments to the Package Travel Regulation so that a 'package' must include transport to incentivise domestic trips.**

- The EU Package Travel Regulation (predominantly intended to protect travellers with tour operators from being stranded overseas) imposes additional red tape on the domestic industry. By defining a package as any two of 'transport', 'accommodation' or 'other tourism service', if a B&B, guesthouse or hotel in the UK offers a product to their customers that combines, for example, a weekend stay with tickets to a local attraction, a meal in a local pub or an activity such as a round of golf or watercolour lessons, this is deemed to be selling "Package Travel" and the B&B operator is deemed to be a Tour Operator. This makes them legally responsible for anything that happens to the customer at the attraction and requires them to be bonded.
- This prevents local businesses and attractions from working together to offer product that could be very appealing to visitors: domestic holiday packages only account for 3.9% of the domestic tourism market compared to around 40% of the outbound market.
- Tourism Alliance research estimates that this could boost the domestic industry by £2.2bn and create 40,000 new jobs.

#### **Recognition that now is not the time to impose additional burdens or tax obligations on the visitor economy.**

- Tourism taxes have been much discussed over recent years; we hope that the government will recognise that any charges which discourage visitor spending would be counterproductive at this time.
- Long running campaigns to reduce tourism VAT to a more competitive level (the UK has among the highest visitor taxes in the world) and to reduce Air Passenger Duty continue. A 12-month holiday from APD might be considered to make Britain more competitive or lifting it from domestic flights to encourage people to travel to some of the less accessible areas of the UK.
- In the longer term, the re-evaluation of the economy necessitated by coming through this crisis presents an opportunity to reset the regulatory framework and the costs imposed on people and property intensive businesses like those in tourism, including business rates and VAT.

#### **Consideration of an additional bank holiday, or moving the later May bank holiday to October half term to stimulate demand when it is possible to travel.**

- Whilst the industry would welcome flexibility around taking children out of school in September/October, they recognise that a bank holiday during half term to allow parents to take time to travel with their children would be more likely. This could also be a good time

for a national celebration of our resilience to the pandemic, perhaps to pay tribute to the NHS.

### **International work by government to try and build global consensus on how international businesses need to operate.**

- Airports are probably at the sharp end of international travel and need Governments to agree what common international standards need to be met by airport operators and what regime international travellers will face
- To build consumer confidence and help some of Britain's multinationals, it would be helpful if standards for common sectors could be agreed internationally
- Governments should agree not to use the relative impact of Covid to undermine other destinations

### **International comparisons**

Many countries are trying to help tourism businesses with relaxation or review of regulations, tax holidays and similar measures in order to remove additional pressures during the recovery period. Examples include:

- Under the CARES Act the US has introduced an aviation excise tax holiday until the end of 2020.
- Portugal is among the destinations which have postponed deadlines for payments of several corporate tax obligations.
- Italy suspended all tax obligations between 8 March 2020 and 31 May 2020 and created moratorium on SME loans and micro-enterprises.
- In Iceland payment and collection of the tax on overnight stays is suspended from 1 April 2020 to 31 December 2021, and payment of such tax from 1 January 2020 to 31 March 2020 is also deferred to 5 February 2022.
- Hong Kong waived business registration fees in 2020-21 and registration fees for annual returns charged by the Company Registry for 2 years. It also provides 75% rental concessions to eligible tenants renting government premises and eligible holders in respect of tenancies on government land from April-September 2020. Waving of 75% electricity charges, subsidy of non-residential accounts for 8 months as well as 75% water and sewage charges for non-domestic accounts for one year until November 2020.
- Italy offers tax credits of up to 50% of sanitation costs (capped at €20k/£18k), recognised until earmarked amount of €50m (£44m) is exhausted for this year.

## Long term – what is the new normal for tourism?

*Using the Sector Deal outcomes to prepare the sector for a new era of travel and to support the levelling up of communities across the UK - through data sharing, product development, and reducing the outbound deficit.*

The Tourism Sector Deal is the best route to delivering a package of ongoing and longer-term support for the industry, with its focus on workforce, skills, data sharing and place building. With investment and policy support and renewed commitment from Government, the sector deal offers a ready built solution for rebuilding a resilient and sustainable tourism sector. This is a good opportunity to update it for our new circumstances a year after its publication in June 2019.

### **The industry needs:**

**Acceleration and expansion of the ‘tourism zones’ proposed in the Sector Deal to support tourism’s contribution to the recovery throughout the country, as part of the government’s ongoing ambition to ‘level up’ poorer parts of the country.**

- Many of the most deprived coastal towns depend on tourism as the main employer and driver of economic activity. Put simply, if tourism collapses these destinations will too and making them thrive depends on building the tourism offer for the domestic audience as the first step. For example, it is estimated that Southport will lose around £310m income from April-September, putting 3,500 jobs at risk.
- The Sector Deal proposed five Tourism Zones which would focus on increasing productivity, building careers, growing the season by, for example, building events and improving the local offer; given the impact of the crisis, more destinations will need this sort of support to rebuild.

**Seed funding for the Tourism Data Hub to build information that will support the recovery, especially for SMEs.**

- Detailed consumer data will be vital to help businesses decide where to focus their work and play their best role in the recovery. This could include information like distance travelled, transport methods used, types of accommodation preferred and what consumers are looking for in a post-Covid-19 world.
- A number of private sector companies offered to contribute their data to a national data hub; while funding is needed to develop the full blown project, VB/VE is working with private sector companies such as Google and Expedia to build data sets.
- The business visits and events sector can adapt its registration systems to include health screening data in order to increase confidence and improve safety for everyone in the extended supply chain. Such technology can (and already has been) deployed to track, trace and test.

**To use the crisis as an opportunity to drive innovation and improve productivity and boost the UK’s profile as a destination.**

- Some of the changes that will be needed will drive innovation in the industry – for example automation of hotel processes such as check in to limit personal contact.
- There will need to be continued product development in the industry to ensure that British people want to holiday at home and that we can compete in international markets
- The UK government is well placed to take a leadership role by running major events designed to assist in the global recovery from Covid-19. Such events would showcase British knowledge and expertise, venues, destinations and creativity.

### **Encouragement for travellers to holiday at home with a major marketing campaign focused on domestic travel.**

- Oxford Economics forecast that outbound tourism from the UK will not reach its 2019 peak until 2023, and restrictions on international flights and different national responses to the pandemic may make travel abroad less appealing and more expensive.
- This is a major opportunity to promote Britain's tourism offer to Britons, as a vital step in rebuilding the economy, as well as a chance to strengthen our domestic market and to compensate for some of the lost international market.
- Industry is calling for investment in a major domestic marketing campaign to encourage people to travel and help business get back on its feet. VB/VE have the ability to deliver this and already have plans in development.
- Tourism is a devolved matter and VisitEngland is not funded for, or tasked with, domestic marketing. Its remit recently has been around product development. There has historically been a reluctance to fund domestic marketing in England (Scotland invests heavily in domestic activity) by the Treasury. For this year, the industry recovery will be reliant on the domestic market being stimulated; inbound is going to be a slower burn.
- VisitEngland /VisitScotland/VisitWales are working closely to see if they can build a joint campaign across Britain using GREAT money. This would need Cabinet Office approval.

### **International visitor visas to be extended automatically to make it easier for them to take visits postponed due to the pandemic.**

- VisitBritain's working scenario is for a decline of 54% in visits to 17.8m - a loss vs the pre-COVID forecast of 21.9m visits.
- Government statistics show that 2.2 million visitor visas were granted in 2018, many of which will expire this year.
- Chinese and Indian nationals together accounted for just under half (48%) of all visitor visas granted and make up some of our most valuable inbound visitors.
- Many of those who have had to cancel their trip to the UK because of the pandemic will see their visa expire in 2020/21 before international travel restrictions are lifted and before many consumers feel safe to travel. The expense and effort of applying for a UK visitor visa for a second time may deter them from making their trip.
- By granting an automatic one-year extension to potential visitors, the UK would send a message of welcome and encourage people to delay rather than cancel their holidays.

### **Use the reset in consumer behaviour forced by lockdown to consider wider questions like sustainability and longer term consumer behaviour.**

- There will be ongoing and detailed work to do to understand how consumer behaviour will be affected by the experience of living through a pandemic.
- Greater automation and use of AI could help allay public fears about contagion through person-to-person contact (through e.g. check in processes) but may also have serious implications for the workforce in less skilled roles.
- The environment had been a major focus of public debate in 2020 with the activities of Extinction Rebellion and the now postponed COP26 summit, and the issue of clean growth is likely to return to prominence once the lockdown ends. However, there is some tension between hygiene and environmental demands – for example, one hotel chain told us that their consumption of single use plastics was now increasing again as a result of Covid-19 safety concerns.
- Transport is one area where tourism has an environmental impact and destinations and attractions have put considerable effort into encouraging visitors to come by public transport. This may take a hit if the car is now seen as the safer option.

### **International examples**

Some destinations are using the crisis to reflect on the long-term resilience and sustainability of their tourism sector to make sure tourism is bringing value to communities in all parts of the country. Almost all destinations are carrying out research into how consumer attitudes and behaviour are shifting so that they can adapt their strategy and actions for the short- and long-term.

- New Zealand: Tourism New Zealand has been tasked with leading a piece of work alongside industry stakeholders to reimagine the future of tourism (incl. governance, domestic and international marketing and audiences as well as visitor management once they are in New Zealand).
- Iceland: The government's response package also includes a ISK15bn (£84m) investment acceleration initiative which comprises several projects intended to support for travel and tourism sector and boost innovation including extra money for infrastructure at national parks, improvements and extensions at airports.

## Appendix: Contributors

The following industry representatives contributed to discussions and many offered comment on a draft of this paper:

Ali Gaywad (EasyJet)  
Andrew Campbell (Wales Tourism Alliance)  
Andrew Hudson (Zipworld)  
Bernard Donoghue (ALVA)  
Caroline Jackson (BVEP)  
Charlotte Twyning (Heathrow)  
Deirdre Wells (VisitKent)  
Emma McClarkin (BBPA)  
Fiona Pollard (VEAB and Roman Baths Bath)  
Genevieve Bach (IHG)  
Gill Haigh (Cumbria Tourism)  
Hannah Thomson (Travelodge)  
Heather McLachlan (National Trust)  
Henrik Kjellberg (Awaze)  
Ian Edwards (Celtic Manor)  
Ian Taylor (NEC Group)  
Ian Thomas (NewcastleGateshead Initiative)  
Jim Cathcart (UKHospitality)  
John Holland Kaye (Heathrow)  
John Irving (Liverpool Airport)  
Joss Croft (UKInbound)  
Judith Owens (Titanic Belfast)  
Karan Khanna (IHG)  
Karin Sheppard (IHG)  
Kate Nicholls (UKHospitality)  
Kelly Haslehurst (NEC)  
Kurt Janson (Tourism Alliance)  
Lisa Childs (Heathrow)  
Michael Hirst (BVEP)  
Nick Brooks Sykes (Marketing Manchester)  
Peter Sandman (Liverpool City Region LEP)  
Richard Clifford (UKHospitality)  
Sandra Kelly (People1st)  
Sarah Green (Newcastle Gateshead Initiative)  
Simon Hughes (BVEP)  
Simon Vincent (Hilton)  
Sophie Carter (Heathrow)  
Sue Biggs (RHS)  
Theo Lomas (Airbnb)