

# **Kent County Council**

## **The Visitor Economy Short Focused Inquiry (SFI) Report**

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**August 2020**



## Headline Findings

- Kent's visitor economy is a large sector. Prior to the COVID-19 pandemic, Kent attracted close to 65 million visitors a year, contributing almost £3.8 billion to the county's economy, and supporting more than 77,000 jobs. **This is equivalent to 11% of all employment in the county.**
- The impact of COVID-19 on the local hospitality and tourism industry has been devastating. 89% of Kent businesses in the sector closed, either temporarily or indefinitely – a higher proportion than in any other sector. Businesses in the sector also reported the most redundancies, accounting for 32.6% of all registered job losses.
- While measures such as business rates relief, tourism and hospitality grants, and the CJRS<sup>1</sup> have been a lifeline for businesses, local firms in the visitor economy are still low on cash reserves, and there is a high risk that many of them may not survive the winter.
- Priority should be given to developing an extensive and powerful marketing campaign, which focuses on the domestic market, and promotes Kent as a safe and attractive visitor destination.
- Although the focus should be on the domestic market, the postponing of internationally-renowned events, such as the Open Golf Championship and the Folkestone Triennial, offers an opportunity to use them as platforms to raise the profile of Kent as a destination and to boost economic recovery next year.
- KCC should focus its advisory support, and any potential financial support, on smaller businesses. As the business need is likely to be significant, it will be necessary to develop a package of potential products which could either seek funding, or be supported, through partnership and joint working.
- The Tourism Sector Deal offers a vital means of providing support for the industry, with its focus on workforce, skills, data sharing and place building. KCC should seek to become one of the five pilot Tourism Zones that will drive the Deal.
- The regeneration of Kent's high streets and open spaces is vital in order to encourage footfall, boost the local visitor economy and rebuild communities.

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<sup>1</sup> CJRS: Coronavirus Job Retention Scheme

- The changes in consumer behaviour as a result of lockdown have produced new opportunities around sustainability and transport. KCC could work with transport providers and tourism businesses to overcome “last mile” transport challenges and to promote environmental sustainability.
- The visitor economy has been shown to be a rapid job creator after a recession. It is therefore important that KCC works closely with businesses and educators to stimulate employment and skills development opportunities in Kent’s hospitality and tourism sectors, in response to the impact of COVID-19.

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# 1.Introduction and Scope

## 1.1. Introduction

1.1.1. The COVID-19 pandemic has already had a significant impact on Kent's economy. Overall, it is estimated that Kent and Medway face an output loss of around £5.3 billion in 2020.<sup>2</sup> Almost all sectors of the economy will be affected by this, but the impact on the hospitality and tourism, retail and cultural sectors will be particularly severe.

1.1.2. The Government responded quickly, at the end of March 2020, with a substantial package of measures to help protect jobs and businesses, including the Coronavirus Jobs Retention Scheme (the Furlough Scheme) and a series of grants for business. This has since been adjusted in response to evidence of need, and has helped to avert widespread business closures and redundancies.

1.1.3. Since the outbreak of the crisis, Kent County Council (KCC) has worked hard to support the visitor economy. However, the COVID-19 crisis has hit Kent's large visitor economy severely, and much still needs to be done to support the sector's reopening and recovery.

1.1.4. The aim of this inquiry is to identify further measures that KCC could take to mitigate the impact of COVID-19 on the visitor economy in Kent, and to provide support towards its recovery.

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<sup>2</sup> Kent County Council (2020) The Kent and Medway Economy and Coronavirus Crisis. Economic Recovery Plan: Discussion Draft

## **1.2. Committee Membership**

1.2.1. The membership of the inquiry consisted of all the members of KCC's Scrutiny Committee:

Mr Andy Booth (Chairman, Conservative)

Mr John Wright (Vice-Chairman, Conservative)

Matthew Balfour (Conservative)

Mr Paul Barrington-King (Conservative)

Mrs Pauline Beresford (Conservative)

Mrs Rosalind Binks (Conservative)

Mr Rob Bird (Liberal Democrat)

Mr Gary Cooke (Conservative)

Mrs Trudy Dean, MBE (Liberal Democrat)

Mr Dara Farrell (Labour)

Mr Rory Love, OBE (Conservative)

Mr Alan Ridgers (Conservative)

Dr Lauren Sullivan (Labour)

## **1.3. Scope**

1.3.1. The scope of the inquiry was:

1. To define the visitor economy and briefly set it in context.
2. To explore the impact of COVID-19 on the visitor economy in Kent.
3. To identify additional measures that KCC could take to boost the visitor economy in Kent in response to the impact of COVID-19.

## 2. Background

### 2.1. Definition

2.1.1. The term “visitor economy” is much broader than tourism; it includes all staying and non-staying visitors, and the activities and expenditure involved in supplying products and services for them by both the private and public sectors.

2.1.2. The visitor economy includes a multitude of different working environments, from outdoor paid-for attractions such as theme parks, to indoor venues such as stately homes or planetariums.

2.1.3. It also includes a variety of activities and events which take place at hotels, convention and exhibition centres, conference halls and meeting rooms.<sup>3</sup>

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<sup>3</sup> Gov.UK (2020) What do We Mean by “The Visitor Economy?”, online, <https://www.gov.uk/guidance/working-safely-during-coronavirus-covid-19/the-visitor-economy>

## 2.2. National and International Context and Impact

### National and international context and impact

- 2.2.1. COVID-19 is an unprecedented health emergency, which has had a significant negative impact on the global economy, societies and individuals. The hospitality and tourism sector is more vulnerable than other sectors to unforeseeable events, and the impact on these two industries has been particularly severe. Globally, governments have taken the difficult decision to close businesses, with many also introducing strict travel restrictions and social distancing to try to contain the spread of the virus.<sup>4</sup>
- 2.2.2. In the UK, the Government announced the closure of businesses in the hospitality sector at the end of March 2020. This was an unprecedented intervention into their affairs and ended their ability to trade on normal terms.<sup>5</sup>
- 2.2.3. At global level, the economic implications of COVID-19 are stark. According to the International Monetary Fund (IMF), the global economy will shrink by 3% in 2020, marking its worst decline since the Great Depression of the 1930s.<sup>6</sup>
- 2.2.4. The United Nations World Tourism Organisation (UNWTO) estimates that in global international tourist arrivals could decline by between 20-30% this year, following an estimated growth of 3% to 4% in early January.<sup>7</sup> Tourism businesses were among the first to be affected by COVID-19, with airlines cutting flights and customers cancelling business trips and holidays. Restoring consumer and business confidence is likely to be a wide-ranging, long-term process. Oxford Economics has forecast that inbound tourist volumes will not recover to their pre-COVID-19 levels until 2023/24.<sup>8</sup>
- 2.2.5. According to the UNWTO, extended disruption to tourism could lead to a global loss for the industry of between £25 billion and £45 billion of spending by international visitors.<sup>9</sup>

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<sup>4</sup> All Party Parliamentary Group for Hospitality and Tourism (2020) Pathways to Recovery

<sup>5</sup> Ibid

<sup>6</sup> Ibid

<sup>7</sup> <https://www.unwto.org/>

<sup>8</sup> <https://www.oxfordeconomics.com/country-and-city-tourism>

<sup>9</sup> <https://www.unwto.org/>

2.2.6. The impact of the pandemic has been most acute on countries with a strong reliance on inbound tourism. In Spain for example, a country that is dependent on the tourism sector for 12% of its GDP and 13% of its employment, the reported potential loss of revenue for this year amounts to £120 billion. There is a similar picture in Greece, Italy and other popular European destinations.<sup>10</sup>

2.2.7. Tourism is also a vital part of the UK's economy. In 2018, the UK welcomed about 38 million visitors, with a total visitor spend of about £23 billion.<sup>11</sup> The UK visitor economy is worth £127 billion in annual turnover, and is the country's third largest employer, supporting over 3 million jobs.<sup>12</sup>

2.2.8. The combination of closed businesses and declining visitor spend is having a severe impact on the domestic visitor economy. VisitBritain's forecast data estimates a decline of 48% in domestic spending in England, or a loss of £36.8 billion (from £75.9 billion in 2019 to £39.2 billion in 2020).<sup>13</sup>

2.2.9. As of June 2020, VisitBritain forecast that inbound tourism this year will decline by 59% in visits (to 16.8 million), and by 63% in spend (to £10.6 billion). This would represent a loss, compared to its pre-COVID forecast, of 25.3 million visits and £19.7 billion spend.<sup>14</sup>

2.2.10. Estimates of hotel demand show that, in the short-term (the next 6-12 months), it will recover to around 60-80% of 2019 levels, but it is not expected to recover fully to these levels until 2023.<sup>15</sup>

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<sup>10</sup> All Party Parliamentary Group for Hospitality and Tourism (2020) Pathways to Recovery

<sup>11</sup> <https://www.visitbritain.org/2020-tourism-forecast>

<sup>12</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Briefing Session, 27 July 2020

<sup>13</sup> [Covid domestic tourism impact forecast, VisitBritain](#)

<sup>14</sup> [Covid inbound tourism impact forecast, VisitBritain](#)

<sup>15</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence



## **UK Government response**

- 2.2.11. Faced with one of the greatest challenges in modern times, the UK Government has had to act quickly, with an unprecedented range and scope of initiatives. The entirety of the fiscal support provided so far by the Government is equivalent to around 15% of the UK's GDP. This is considerably higher than the scale of the rescue measures taken in the wake of the 2008 financial crash.<sup>16</sup>
- 2.2.12. The central pillar of the Government's support was to introduce a Coronavirus Job Retention Scheme (CJRS). The scheme helps employers to continue to pay part of the salary of employees who would otherwise have been at risk of redundancy. For employees designated as 'furloughed', HMRC reimburses 80% of wage costs, up to a cap of £2,500 per month. On May 12<sup>th</sup> the Government extended the CJRS from its original end date (the end of June) until October.<sup>17</sup>
- 2.2.13. To provide vital capital to businesses, the Government introduced schemes to facilitate the lending of money to businesses that needed it. This included the creation of the Coronavirus Large Business Interruption Loan Scheme (CLBILS), which was introduced to support businesses with an annual turnover of over £45million. For smaller businesses, the Government introduced the Bank of England COVID-19 Corporate Financing Facility (CCFF), which aims to provide liquidity to bridge COVID-19's disruption to cash flows, through loans.<sup>18</sup>
- 2.2.14. The Government also announced significant reliefs for businesses in the retail, hospitality and leisure sectors, including a £25,000 cash grant for those with a rateable value of less than £51,000.<sup>19</sup>
- 2.2.15. Another well-received measure was the protection from eviction to 30<sup>th</sup> June 2020, offered to commercial tenants who were unable to pay their rents.<sup>20</sup>

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<sup>16</sup> All Party Parliamentary Group for Hospitality and Tourism (2020) Pathways to Recovery

<sup>17</sup> Ibid

<sup>18</sup> Ibid

<sup>19</sup> Ibid

<sup>20</sup> Ibid

2.2.16. Other interventions include:

- The Small Business Grant scheme - a one-off cash grant of £10,000 to small businesses
- VAT deferral – allowing businesses to make no VAT payments between 20 March and 30 June, with accumulated liabilities payable by 31 March 2021
- Time to Pay – A case-by-case support from HMRC for firms that have missed their last tax payment or may miss their next one.<sup>21</sup>

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<sup>21</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence

## 2.3. Local Context and Impact

### Local context

- 2.3.1. Prior to the COVID-19 pandemic, Kent attracted 65 million visitors a year, contributing £3.8 billion to the county's economy, and supporting more than 77,000 jobs. This is equivalent to 11% of all employment in the county.<sup>22</sup>
- 2.3.2. Kent is the third most visited UK destination for international visitors outside London, reaching a record 1.1 million in 2017, and bringing £361 million to the local economy.<sup>23</sup>
- 2.3.3. In 2019 there were 5,345 tourism enterprises in Kent, a growth of 14.6% over the last five years. Seven Kent districts have a higher proportion of tourism enterprises than the national average of 8.5%, with the highest being in coastal areas.<sup>24</sup>
- 2.3.4. The Port of Dover is Europe's busiest international ferry port. In 2019 it welcomed about 12 million passengers, over 2 million tourist cars and about 80,000 coaches. In 2018, the combined numbers for ferry and Eurotunnel were over 22 million passengers, 4.7 million tourist cars and over 130,000 coaches. The Port of Dover is also England's second busiest cruise port, attracting 130 ships in 2019 and over 200,000 passengers annually.<sup>25</sup>

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<sup>22</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence

<sup>23</sup> Ibid

<sup>24</sup> Ibid

<sup>25</sup> Ibid

## **The impact of COVID-19 on Kent's visitor economy**

- 2.3.5. The impact of COVID-19 on Kent's visitor economy has been devastating.
- 2.3.6. Visit Kent - Kent's destination management organisation - reports that Kent began to see cancellations as a result of COVID-19 in February, with 50% of businesses experiencing cancellations, mostly from international visitors.<sup>26</sup>
- 2.3.7. Major events planned for 2020 were cancelled or postponed, including the 149<sup>th</sup> Open, Dickens 150 events, Becket 2020 events, the Lambeth Conference and the Folkestone Triennial.<sup>27</sup>
- 2.3.8. In March 2020, businesses experienced an average decrease of 73% in terms of footfall and revenue, compared to March 2019. This worsened in April, as the lockdown progressed, with a 98% reduction in both footfall and revenue compared to April 2019.<sup>28</sup>
- 2.3.9. Southeastern railways reported to the Committee that in April 2020 it operated only 166,000 off-peak journeys, compared to 4.4 million in April 2019.<sup>29</sup>
- 2.3.10. 98% of businesses surveyed by Visit Kent reported that they had furloughed staff, with most saying that this accounted for the majority of their employees.<sup>30</sup>
- 2.3.11. 89% of Kent businesses in the tourism and hospitality sector closed, either temporarily or indefinitely – a higher proportion than in any other sector. In addition, businesses in the sector reported the highest number of redundancies, representing 32.6% of all reported job losses.<sup>31</sup>
- 2.3.12. ONS data from July 2020 shows that footfall in high streets was less than 40% of its level in the same period last year, while footfall in shopping centres was just under 50%. 36% of food and accommodation businesses, and 40% of entertainment and recreation businesses, said that all capital expenditure had stopped.<sup>32</sup>

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<sup>26</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence

<sup>27</sup> Ibid

<sup>28</sup> Ibid

<sup>29</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Briefing Session, 28 July 2020

<sup>30</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence

<sup>31</sup> Ibid

<sup>32</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirustheukereconomyandsocietyfasterindicators/2july2020>

2.3.13. The ONS also reports that 96% of accommodation and food service businesses have applied for CJRS support. 10% of them have no financial reserves, and a further 57% have less than 6 months' reserves – the worse of all industries in terms of resilience.<sup>33</sup>

2.3.14. High-profile redundancies have already been announced at Dreamland, DFDS, Holiday Extras and P&O Ferries. There is a significant risk of further redundancies across the sector as the furlough scheme ends in October 2020 and winter arrives, when footfall is typically low.<sup>34 35</sup>

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<sup>33</sup> Ibid

<sup>34</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Briefing Session, 30 July 2020

<sup>35</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence

## Local response

2.3.15. While the Government put in place key measures to mitigate the impact of COVID-19 on businesses and workers, local authorities have played a vital role in delivering much of the national support programme.<sup>36</sup>

2.3.16. So far the short-term focus has been on responding to the immediate emergency, for example by providing businesses and employees with temporary financial security. The scale of this intervention has necessarily made it a task for central government.<sup>37</sup>

2.3.17. However, local activity alongside the 'national core' has been vital. Local government has been in the forefront of providing practical and essential support by delivering those Government measures that have been channelled through the business rates system.<sup>38</sup>

2.3.18. In addition, KCC set up the COVID-19 Business Support Helpline to help firms in navigating the immediate support on offer and, when this support is taken up, to ensure that they are able to access a wider range of business support services.<sup>39</sup>

2.3.19. Also, announced has been:

- The establishment of an Employment Task Force to promote and support employment and skills development, especially for young people.
- The introduction of KCC loan schemes to support local businesses.<sup>40</sup>

2.3.20. For the mid term, amongst other initiatives, KCC has been involved in the development of a joint Kent and Medway recovery strategy, and an Economic Recovery Plan, which build on existing, short-term interventions and strategies. The Plan contributes to the wider work of the Kent Resilience Forum, and is part of a series of thematic recovery plans.<sup>41</sup>

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<sup>36</sup> Kent County Council (2020) The Kent and Medway Economy and Coronavirus Crisis. Economic Recovery Plan: Discussion Draft

<sup>37</sup> Ibid

<sup>38</sup> Ibid

<sup>39</sup> Ibid

<sup>40</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Briefing Session, 17 July 2020

<sup>41</sup> Kent County Council (2020) The Kent and Medway Economy and Coronavirus Crisis. Economic Recovery Plan: Discussion Draft

2.3.21. The draft Plan proposes five 'channels' of activity. These are:

- Communications, confidence and trust: providing better intelligence to inform our actions and ensuring collaboration and partnership to drive our activity.
- Open for business: taking action quickly to build confidence and demonstrate that our county and our towns are 'open'.
- Supporting businesses in the return to growth: practical measures to help firms grow, innovate and adapt to changing circumstances and markets.
- Accelerating employment and supporting the labour market: active measures to counter the likely rise in unemployment.
- Investing in the future: bringing forward capital spending and planning for future investment.<sup>42</sup>

2.3.22. Since the outbreak of COVID-19, Visit Kent has also worked hard to support the sector, focusing its efforts on four areas of activity: business support and recovery, COVID-19 impact monitoring, sector representation to Government and consumer engagement.<sup>43</sup>

2.3.23. Visit Kent's website has provided extensive information on both central government and local government support. The organisation has also carried out broad surveying and monitoring of the impact of the pandemic, with intelligence fed to central government departments and representative bodies.<sup>44</sup>

2.3.24. Finally, both Visit Kent and KCC have longstanding connections with counterpart organisations in mainland Europe, and have been working through the Straits Committee - a new, voluntary partnership between Kent and neighbouring Belgian, Dutch and French local authorities - to explore the potential for working together to promote each other's markets.<sup>45</sup>

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<sup>42</sup> Ibid

<sup>43</sup> Kent County Council (2020) Tourism Sector Reopening, Growth, Economic Development and Communities Cabinet Committee, 3 July 2020

<sup>44</sup> Ibid

<sup>45</sup> Ibid

## 3. Key Issues and Recommendations

### 3.1. Promotion and Marketing

- 3.1.1. Tourism and hospitality are an important part of the economic and social fabric, providing jobs across the country - including to areas that suffer from high levels of social deprivation. As lockdown measures extend into summer, there is a real concern amongst businesses that they will miss out on the whole of their peak season.<sup>46</sup>
- 3.1.2. Also, while measures such as business rates relief, tourism and hospitality grants and the CJRS have been a lifeline for businesses, many still have low cash reserves, and there is a high risk that they may not survive the winter.<sup>47</sup>
- 3.1.3. Consumer confidence to spend on leisure activities will also decline as the country moves into recession. The average spend per person is likely to decrease, with a damaging impact on the local economy.<sup>48</sup>
- 3.1.4. As lockdown restrictions are relaxed, the promotion of sector businesses will be essential in encouraging people to return to normal as part of their resocialisation. There is a good deal of evidence that priority should be given to developing an extensive marketing campaign, aimed at boosting public confidence in the safety of travelling and using hospitality venues.<sup>49 50</sup>
- 3.1.5. Such an approach would be welcomed by businesses, particularly smaller and independent businesses that may be unable to afford their own publicity.<sup>51</sup>
- 3.1.6. Many organisations, including UK Hospitality, Visit Kent and the All Party Parliamentary Group for Hospitality and Tourism, maintain that the focus of these campaigns should be on the domestic market.<sup>52 53 54</sup> Previous crises (such as Foot & Mouth) have shown that domestic visitor markets recover first.<sup>55</sup>

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<sup>46</sup> All Party Parliamentary Group for Hospitality and Tourism (2020) Pathways to Recovery

<sup>47</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence

<sup>48</sup> Ibid

<sup>49</sup> All Party Parliamentary Group for Hospitality and Tourism (2020) Pathways to Recovery

<sup>50</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence

<sup>51</sup> All Party Parliamentary Group for Hospitality and Tourism (2020) Pathways to Recovery

<sup>52</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Briefing Session, 27 July 2020

<sup>53</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence

<sup>54</sup> All Party Parliamentary Group for Hospitality and Tourism (2020) Pathways to Recovery

<sup>55</sup> Ibid



- 3.1.7. There is also a recognition that, with the global spread of the pandemic and the strict lockdown measures imposed in other countries, many overseas destinations are not viable for British tourists. Conversely, many businesses that depend on international visitors are unlikely to see their customers return before late 2020 at the earliest.
- 3.1.8. As research indicates that most people who have had to cancel a foreign holiday are not currently planning to replace it with a British one, the need to develop a powerful and effective campaign that markets Kent as a safe and appealing destination becomes even more urgent.<sup>56</sup>
- 3.1.9. The Committee believes that KCC has a responsibility to champion the visitor economy in Kent, and to promote and reinforce the message that Kent is a safe visitor destination and is open for business. However, this responsibility should be shared with other organisations in the public, private and voluntary sectors. Only by working together can we boost effectively the visitor economy in the county in reaction to COVID-19.
- 3.1.10. National initiatives, such as the Eat Out to Help Out scheme, Good to Go industry standard, Know Before You Go and Enjoy Summer Safely, are all aimed at encouraging domestic customers.<sup>57</sup>
- 3.1.11. Visit Kent is already playing a central role in marketing domestic tourism. The purpose of its Secret Garden of England campaign (part funded by KCC) is to position Kent as a safe and appealing visitor destination.<sup>58</sup>
- 3.1.12. However, a persistent and concerted approach is needed to ensure a strong recovery, given that Kent is competing with other destinations for domestic visitors.<sup>59</sup>
- 3.1.13. Also, in view of the urgency of promoting Kent as a safe and attractive visitor destination, and the competition for domestic customers, the Committee believes that it is crucial to make sure that the media used as destination marketing tools are as effective, accurate, powerful and far-reaching as possible.

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<sup>56</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence

<sup>57</sup> Ibid

<sup>58</sup> Ibid

<sup>59</sup> Ibid

- 3.1.14. The Committee recommends that the feasibility of using television advertising should be considered in addition to other communication channels. Despite the Internet's steady rise in popularity over the last few years, television remains a powerful medium and one that reaches a wide audience. While the Committee is aware of budget implications, it believes that there is an urgent need to promote Kent as an attractive and safe visitor destination before the end of the peak season, in order to help businesses survive this winter.
- 3.1.15. While praising Visit Kent's website for offering a wealth of information and guidance on themes such as Government updates, business recovery and financial support, the Committee advises that the website should be updated more regularly to reflect the current, local visitor economy offer more accurately. Also, the Committee feels that the use of social media could be pitched to reach the younger section of the population more effectively, and to attract their custom in local hospitality and tourism.
- 3.1.16. Although the focus should be on the domestic market, the postponing of internationally-renowned events, such as the 149<sup>th</sup> Open and the Folkestone Triennial, offers an opportunity to use them as platforms to raise the profile of Kent as a destination and to boost economic recovery next year.
- 3.1.17. These opportunities could be replicated through the creation of other international events, such as a new, regularly-occurring marathon which involves neighbouring countries across the Channel. This would cement international relationships and provide an additional platform to advertise Kent, as well as promoting the benefits of sport and fitness.
- 3.1.18. Strengthening relationships with neighbouring countries is important to boosting the local visitor economy. With Britain leaving the EU, bilateral relationships with neighbouring authorities across the Channel have become even more important.<sup>60</sup>

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<sup>60</sup> Kent County Council (2020) KCC to Strengthen and Build Relationships with Europe, online, <https://kccmediahub.net/kcc-to-strengthen-and-build-relationship-with-europe745>

3.1.19. The Straits Committee – which includes KCC and local authorities from France, Belgium and Holland that border the Dover Strait and the Channel – offers an opportunity to further solidify international relationships and to promote the heritage and attractiveness of coastal communities and tourism. For instance, in order to promote educational tourism, work is underway to attract schools and youth groups to travel within the Strait areas for cultural and language immersion trips.<sup>61</sup> “Twin towns” links – such as those between Dover and Calais, and Faversham and Hazebrouck – also offer an opportunity to foster and strengthen social and economic relationships across the Channel.<sup>62</sup>

3.1.20. Having considered all of the above issues, the Committee makes the following recommendations.

#### **Recommendation 1**

**KCC should look for opportunities to act as an ambassador, and should promote and reinforce the message that Kent is a safe visitor destination and is open for business.**

#### **Recommendation 2**

**KCC and partner organisations should consider the use of television advertising to promote Kent as a safe and attractive visitor destination.**

#### **Recommendation 3**

**KCC should suggest to Visit Kent that:**

- 1) Its website should be updated more regularly to reflect the current, local visitor economy offer more accurately.**
- 2) Its use of social media could be pitched to reach the younger section of the population more effectively, and to attract their custom in local hospitality and tourism.**

<sup>61</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence

<sup>62</sup> Kent Messenger (2020) Kent's Twin Towns and Sister Cities Around the World, online, <https://www.kentonline.co.uk/kent/news/the-twin-towns-and-sister-cities-of-kent-226510/>

#### **Recommendation 4**

**KCC should promote the establishment of a regularly-occurring international marathon which involves neighbouring countries across the Channel. This event would cement international relationships and provide an additional platform to advertise Kent, as well as promoting the benefits of sport and fitness.**

#### **Recommendation 5**

**KCC should use the momentum of Straits Committee meetings and other international links to strengthen the relationship with partner local authorities across the Channel and to promote Kent's coastal communities' heritage, attractiveness and tourism.**

## **3.2. Advisory and Financial Support**

### **Advisory and financial support**

- 3.2.1. The impact of COVID-19 on the hospitality and tourism industries has been particularly pronounced. The Government has put in place a number of measures to help the industry. However, such is the scale of the crisis, unless there is further assistance during both the transition and recovery phases, many businesses are unlikely to survive.<sup>63</sup>
- 3.2.2. As already discussed, amongst other initiatives, KCC has been involved in the development of an Economic Recovery Plan which builds on existing, short-term interventions and strategies.<sup>64</sup>
- 3.2.3. The evidence submitted to the Committee strongly supports the five channels of activity that the Plan proposes to focus on. The need to build customer confidence and to demonstrate that Kent is open for business, to support businesses in their return to growth, and to foster collaboration and partnership working, have all been recurrent themes in the oral and written evidence it has received.<sup>65 66</sup>
- 3.2.4. The Committee also endorses initiatives that KCC has already implemented, or has announced, to support local businesses – including those in the visitor economy. These include: the funding of a helpline to provide support and advice; the establishment of an Employment Task Force to promote and support employment and skills development, especially for young people; and the re-introduction of KCC loan schemes to support local businesses.<sup>67</sup>
- 3.2.5. The need to support local businesses in the visitor economy is particularly urgent. The visitor economy has been one of the hardest hit industries in terms of redundancies. Also, as it is heavily seasonal - with 70% of business activity happening between April and October - much of the revenue that would normally be generated in the peak season has been lost.

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<sup>63</sup> All Party Parliamentary Group for Hospitality and Tourism (2020) Pathways to Recovery

<sup>64</sup> Kent County Council (2020) The Kent and Medway Economy and Coronavirus Crisis. Economic Recovery Plan: Discussion Draft

<sup>65</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, see all Briefing Sessions

<sup>66</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, see the Written Evidence Pack

<sup>67</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Briefing Session, 17 July 2020

- 3.2.6. The great majority of businesses in this sector are micro enterprises. As of March 2020, out of the 5,345 tourism enterprises in Kent, 4,365 (80.5%) were micro enterprises (employing 0-9 people), and 855 (16%) were small enterprises.<sup>68</sup>
- 3.2.7. While Government measures have been a lifeline for them, there is a high risk that many may not survive next winter.<sup>69</sup>
- 3.2.8. As the Economic Recovery Plan indicates, many of the measures to support local businesses will require collaboration and funding from a number of sources. Many of the 'building blocks' are already in place, for example through the Kent and Medway Business Fund, the LOCASE low carbon programme, Kent International Business and the innovation services provided by local universities. There could also be scope for further investment from residual ERDF funds or other funding packages that the Government might seek to devolve. As the business need is likely to be significant, it will be crucial to develop a package of potential products which could either seek funding, or be supported, through partnership and joint working.<sup>70</sup>
- 3.2.9. The Committee believes that, with regard to the visitor economy sector, KCC should focus its advisory support and any potential financial support on smaller businesses, as many may otherwise be unlikely to survive. Having a vibrant visitor economy makes Kent an attractive place in which to live, work and invest. Any erosion of the visitor offer would mean a reduced quality of life for residents and it could also have a knock-on effect on levels of investment in the county.<sup>71</sup>

#### **Recommendation 6**

**The Committee endorses the aims and activities proposed by KCC's Economic Recovery Plan as the basis for KCC's support for local businesses. With regard to the visitor economy, the Committee recommends that KCC focuses its efforts on supporting the recovery of smaller businesses.**

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<sup>68</sup> Kent County Council (2020) Tourism Industries in Kent, Strategic Commissioning Statistical Bulletin

<sup>69</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence

<sup>70</sup> Kent County Council (2020) The Kent and Medway Economy and Coronavirus Crisis. Economic Recovery Plan: Discussion Draft

<sup>71</sup> Ibid

## The Tourism Sector Deal

- 3.2.10. In June 2019 the Government announced the UK's first ever Tourism Sector Deal, with the aim of reaffirming the UK as a key player in the industry.<sup>72</sup>
- 3.2.11. The Deal will revolutionise the way data is used by the sector through the creation of a new Tourism Data Hub. The Hub will regularly collate data on the latest trends and spends, allowing businesses to better target overseas visitors.<sup>73</sup>
- 3.2.12. The Deal will support the creation of an additional 10,000 apprenticeships for people building their careers in the tourism and hospitality sectors. It also commits to building an additional 130,000 hotel rooms to respond to the increased demand for infrastructure.<sup>74</sup>
- 3.2.13. The Deal also confirms the Government's ambition for the UK to become the most accessible destination for disabled visitors, through the improvement of disabled facilities and access to destinations across the country.<sup>75</sup>
- 3.2.14. As part of the Deal, new Tourism Zones will be identified to deliver a direct boost to holiday destinations across the country, helping to create new jobs as well as supporting improvements in transport connections.<sup>76</sup>
- 3.2.15. The Government intends to pilot up to five of these Tourism Zones to drive visitor numbers across the country. Zones will receive Government support for growing their local visitor economy, through initiatives such as targeted support for product and promotion development, mentoring support to businesses and digital skills training.<sup>77</sup>
- 3.2.16. The Committee believes that the Tourism Sector Deal, with its focus on workforce, skills, data sharing and place building, offers a vital route to delivering support for the industry. With investment and policy support, the Deal provides a ready-made solution for rebuilding a resilient and sustainable tourism sector.

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<sup>72</sup> Gov.UK (2019) PM Announces New Tourism Sector Deal, online, <https://www.gov.uk/government/news/pm-announces-new-tourism-sector-deal>

<sup>73</sup> Ibid

<sup>74</sup> Ibid

<sup>75</sup> Ibid

<sup>76</sup> Ibid

<sup>77</sup> Ibid

3.2.17. Visit Kent intends to develop a bid, either county-wide or at Local Enterprise Partnership level, for Kent to become one of the five pilot Tourism Zones that will drive the Tourism Sector Deal.

3.2.18. The Committee strongly supports this ambition, and urges KCC to support Visit Kent in this endeavour.

**Recommendation 7**

**KCC should support Visit Kent in developing a county or LEP-wide bid to become one of the five pilot Tourism Zones that will drive the Tourism Sector Deal.**

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### **3.3. Open Spaces, High Street and Transport**

#### **Open spaces**

- 3.3.1. A recurrent theme in this inquiry has been around the use of open spaces to comply with Government's social distancing requirements while boosting the economic recovery process.
- 3.3.2. A number of businesses in the visitor economy have made changes to their usual operation, for instance by embracing takeaway services. Other measures, that have become a feature of other sectors such as retail, include access restrictions at entrances, signage and markers to indicate social distancing requirements to staff and customers.<sup>78</sup>
- 3.3.3. Suggestions were made that planning and pavement licensing rules should be relaxed to enable hospitality businesses to use outside spaces more freely, thereby boosting business recovery and managing safety.<sup>79</sup>
- 3.3.4. The recent Business and Planning Act 2020 has been designed to make it easier for businesses to use outdoor space for trading without the need for planning permission.
- 3.3.5. The Act includes two main provisions for operators of licenced premises: new pavement licences, and provisions to allow the sale of alcohol away from the premises.
- 3.3.6. The aim is to boost businesses, such as pubs and restaurants, by introducing a temporary fast-track process for them to obtain permission, in the form of a "pavement licence", from the appropriate local authority.
- 3.3.7. The provisions in the Act also temporarily modify the Licensing Act 2003 by offering an automatic extension to the terms of most premises and allowing the sale of alcohol for consumption away from the premises, as well as on the premises.<sup>80</sup>
- 3.3.8. While this legislation is very welcome, at a time when customer confidence is fragile, investment in Kent's open spaces is critical in order to complement the new freedoms and to encourage footfall and rebuild communities.<sup>81</sup>

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<sup>78</sup> All Party Parliamentary Group for Hospitality and Tourism (2020) Pathways to Recovery

<sup>79</sup> Ibid

<sup>80</sup> See The Business and Planning Act 2020, online, <https://www.legislation.gov.uk/ukpga/2020/16/part/1/crossheading/pavement-licences/enacted?view=plain>

<sup>81</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence

3.3.9. Kent's destinations need to look their best to provide a positive visitor experience, recommendations and return visits. Therefore, local authority joint-working and investment in street cleaning, public toilets, bins, green spaces and the public realm should be a priority.<sup>82</sup>

3.3.10. There has been an increased interest in cycling and walking during the lockdown. While Kent has a strong walking and cycling offer, further investment in this infrastructure would also be beneficial, both for residents and to attract more visitors.<sup>83</sup>

### **High street**

3.3.11. The crisis will probably reinforce and accelerate some of the structural shifts in consumer behaviour that have impacted on traditional retail models, especially in town centres, in recent years.

3.3.12. In the short term, measures to attract custom to the high street and promote confidence will be important. These could include promotional activities, local purchasing campaigns and smaller-scale capital investment.<sup>84</sup>

3.3.13. However, in the long term, there is a need to re-think the role of town centres. The experience of the visitor should be a key priority in any regeneration exercise.<sup>85</sup>

3.3.14. During lockdown there has been a significant increase in the number of people working from home and living locally, and it seems likely that this practice will continue as lockdown eases.<sup>86</sup>

3.3.15. As the Government-commissioned High Streets Task Force has highlighted, during lockdown people have been making more use of centres close to them, rather than travelling further afield.<sup>87</sup> This could provide opportunities for some local high streets.

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<sup>82</sup> Ibid

<sup>83</sup> Ibid

<sup>84</sup> Kent County Council (2020) The Kent and Medway Economy and Coronavirus Crisis. Economic Recovery Plan: Discussion Draft

<sup>85</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence

<sup>86</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Briefing Session, 28 July 2020

<sup>87</sup> High Street Task Force (2020) Task Force Welcomes New Fund for Reopening High Streets Safely, online, <https://www.highstreetstaskforce.org.uk/news/task-force-welcomes-new-fund-for-reopening-high-streets-safely/>

- 3.3.16. Research by UCL suggests that investment in the public realm, and the reallocation of space for walking and cycling, has been shown to work economically for local retailers and businesses in many ways.<sup>88</sup>
- 3.3.17. Nonetheless, the Committee recommends that any such regeneration activity should be carried out carefully to ensure that it will not benefit one area to the detriment of another. For instance, the promotion of cycling and walking in open spaces should not result in a decrease of footfall in the high street.
- 3.3.18. The Committee also recommends that the effectiveness of regeneration interventions should be closely monitored, in order to determine their effectiveness and inform future policy making.
- 3.3.19. Re-establishing the role of the high street as a hub for social connection, and reinforcing and celebrating its roots and unique character, could go a long way to encouraging people to stay local and spend money where they live.

### **Recommendation 8**

**KCC should work with partner organisations to regenerate Kent's high streets and open spaces in order to encourage footfall, boost the local visitor economy and rebuild communities.**

### **Transport and sustainability**

- 3.3.20. The shift in consumer behaviour forced by lockdown has also prompted issues and opportunities around sustainability and transport. The revival of the visitor economy, and the regeneration of the high street, provide an opportunity to build in sustainability and meet carbon-reduction targets.
- 3.3.21. One of the main barriers to using public transport is the “last mile”, that is, the challenge of moving people between transportation hubs and their final destinations.<sup>89</sup>

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<sup>88</sup> UCL (2020) Street Appeal: The Value of Street Improvements, London

<sup>89</sup> European Environment Agency (2019) The First and the Last Mile: The Key to Sustainable Urban Transport

3.3.22. Many transport providers have had to re-shape their services to reflect changing work patterns and lifestyles. Southeastern reported that the busiest time of the day for train travel is now around 6am. Also, research from the company shows that 40% of people will not use public transport for the foreseeable future because they will be working from home. Southeastern is therefore planning to offer flexible tickets for those who will continue to work from home and travel to their workplace less frequently.<sup>90</sup>

3.3.23. With transport companies needing to re-think services in line with changing behaviour, there is an opportunity for local authorities, transport providers and tourism businesses to work together to overcome sustainability challenges and promote environment-friendly interventions. For instance, the increased interest in walking and cycling could encourage the development of links from public transport hubs to final destinations.<sup>91 92</sup>

3.3.24. The long-term ambition to deliver business and employment opportunities, while contributing to a lower carbon, more sustainable economy, is also reflected in KCC's strategic drivers, such as its Economic Recovery Plan.<sup>93</sup>

3.3.25. The impact of COVID-19 has been disastrous for Kent's visitor economy. However, it has also created opportunities that should not be missed, such as those around sustainability and transport. The Committee therefore recommends the following.

#### **Recommendation 9**

**KCC should work with transport providers and tourism businesses to overcome “last mile” transport challenges and promote environmental sustainability.**

<sup>90</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Briefing Session, 28 July 2020

<sup>91</sup> The Urban Mobility Daily (2020) Restoring Public Transport After COVID-19: Bike-Transit Systems to the Rescue, online, <https://urbanmobilitydaily.com/restoring-public-transport-after-covid-19-bike-transit-systems-to-the-rescue/>

<sup>92</sup> European Environment Agency (2019) The First and the Last Mile: The Key to Sustainable Urban Transport

<sup>93</sup> Kent County Council (2020) The Kent and Medway Economy and Coronavirus Crisis. Economic Recovery Plan: Discussion Draft

### 3.4. Skilled Workforce and Training

- 3.4.1. Tourism and hospitality are amongst the economic sectors most affected by the COVID-19 pandemic. The Office for Budget Responsibility estimates a national, cross-sectorial rise in the unemployment rate to 7% in 2020. In Kent and Medway, this would mean an effective doubling of the unemployment rate (which currently tracks the national average at around 3.8%).<sup>94</sup> Over 2,000 job losses have already been announced by Kent businesses in the visitor economy.<sup>95</sup>
- 3.4.2. Such high levels of general unemployment have not existed since the early 1990s. In recent years, the causes of unemployment have mostly been either ‘churn’ as people quickly move into new jobs, or individual challenges. As the economy recovers, it is likely that the creation of jobs will be slow, and that high unemployment will be a challenge for some time.<sup>96</sup>
- 3.4.3. Rising unemployment is likely to have a specific distributional impact in Kent and Medway. In particular, younger workers are likely to be more vulnerable. This is concerning, since the ‘scarring’ effects of unemployment on school and college leavers tend to be long-term, and youth unemployment tends to be higher in the most disadvantaged areas – such as Thanet. Without intervention there is a risk, as unemployment rises, that the number of young people ‘not in employment, education or training’ (NEET) will rise substantially.<sup>97</sup>
- 3.4.4. At the same time, there are likely to be challenges for older workers in re-entering the labour market. This could present greater difficulties this time than in previous employment crises, given the later state pension age and the increasing tendency for people to work beyond normal retirement age.<sup>98</sup>
- 3.4.5. KCC has already taken some actions to address these issues, for example the funding of a helpline to provide support and advice to local businesses. The Authority has also announced the establishment of an Employment Task Force to promote and support employment and skills development, especially for young people.<sup>99</sup>

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<sup>94</sup> Kent County Council (2020) The Kent and Medway Economy and Coronavirus Crisis. Economic Recovery Plan: Discussion Draft

<sup>95</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Briefing Session, 30 July 2020

<sup>96</sup> Kent County Council (2020) The Kent and Medway Economy and Coronavirus Crisis. Economic Recovery Plan: Discussion Draft

<sup>97</sup> Ibid

<sup>98</sup> Ibid

<sup>99</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Briefing Session, 17 July 2020

- 3.4.6. However, the Committee believes that, given the severity of the circumstances, more needs to be done to ensure that businesses have access to the skills that they need, that good quality jobs are created, and that young people understand the opportunities offered by a career in the industry. The visitor economy has been shown to be a rapid job creator following a recession.<sup>100</sup> It is therefore important that KCC works closely with businesses and educators to promote employment and support the recovery of the visitor economy.
- 3.4.7. Additional labour market initiatives could include the re-introduction of temporary employment schemes, such as those offered in the past by KCC and other agencies through the former Future Jobs Fund. These entailed employing younger workers on minimum wage contracts or as apprentices, and using them as supernumerary staff within public and voluntary sector bodies. A variant of this schemes, such as Thanet Works, involved private sector employers. This option should also be considered.<sup>101</sup>
- 3.4.8. Increasing unemployment could result in a greater demand for Further and Higher Education. This could translate into an opportunity to ensure that tourism and hospitality businesses have access to the skills they need, The feasibility of interventions such as expanding capacity, and removing barriers to participation (such as those linked to travel costs and tuition fees), could be explored.<sup>102</sup>
- 3.4.9. As the impact of the pandemic could lead to temporary employment dislocation – that is, the over-supply of labour in one sector to the detriment of another – temporary brokerage schemes that redress this imbalance could also be established.<sup>103</sup>
- 3.4.10. In addition to measures to stimulate employment and skill levels in the visitor economy industry, the impact of the pandemic would also present an opportunity to attract skilled workers to Kent. With the shift in working patterns, there may be businesses and skilled workers looking to move out of London. Visit Kent and Locate in Kent have been working closely together on a number of projects in recent years. These organisations could develop a joint destination pitch which focuses on the quality of life that Kent can offer.<sup>104</sup>

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<sup>100</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence

<sup>101</sup> Kent County Council (2020) The Kent and Medway Economy and Coronavirus Crisis. Economic Recovery Plan: Discussion Draft

<sup>102</sup> Ibid

<sup>103</sup> Ibid

<sup>104</sup> Kent County Council (2020) The Visitor Economy Short Focused Inquiry, Written Evidence

**Recommendation 10**

**KCC should work closely with local businesses and educators to stimulate employment and skills development opportunities in Kent's hospitality and tourism sectors, in response to the impact of COVID-19.**

**Recommendation 11**

**KCC should suggest that Visit Kent works with Locate in Kent to attract skilled workers to Kent by developing a joint destination pitch focusing on the quality of life that the county can offer.**

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