Devon County Council

Devon
Tourism and Hospitality
Impacts / Prospects for 2021

Devon visitor economy pre-pandemic

Devon total economy Devon, including Torbay and Plymouth 2018:

- £25bn (larger than cities of Edinburgh, Glasgow or Manchester)

Visitor Economy (2019)

- Total staying visitor nights: **24m**
- Total day visits: **30m**
- Total visitor related spend Devon: £2.5
- Total tourism supported business turn **£3.5bn**
- Total employment supported: **60,244**
- % of all employment: 10+%

SW Peninsula figures (2019)

Total visitor related spend: £7.3bn

GVA and Growth – Key Messages

Annual economic decline in 2020/21 will be deeper then originally expected, up to around 13-14%. Compare
to a projection of 8% decline made in April 2020.

Early indications however that impact of third lockdown not as severe as March / April period. Whilst will slo
recovery, many business demonstrating a degree of adaptation this time around.

Picture for individual sectors remains mixed. Manufacturing and Construction seem to be operating well, wit
purchasing indexes positive. Accommodation, Hospitality and parts of Retail sector though continue to be ba
affected.

Recovery in 2021/22 and beyond expected to be slightly quicker then originally forecast, with vaccine roll out
going well and some uncertainty removed around BREXIT.

However, third lockdown will mean that recovery won't now properly begin until second calendar quarter of
2021, with the local economy not reaching its previous size until Jan-Mar 2023 at the earliest

Business cashflow and stability still extremely difficult in some sectors. Half of all hospitality, accommodation
and other service sectors business coping with less then 3 months cashflow.

GVA and Growth – Key Messages

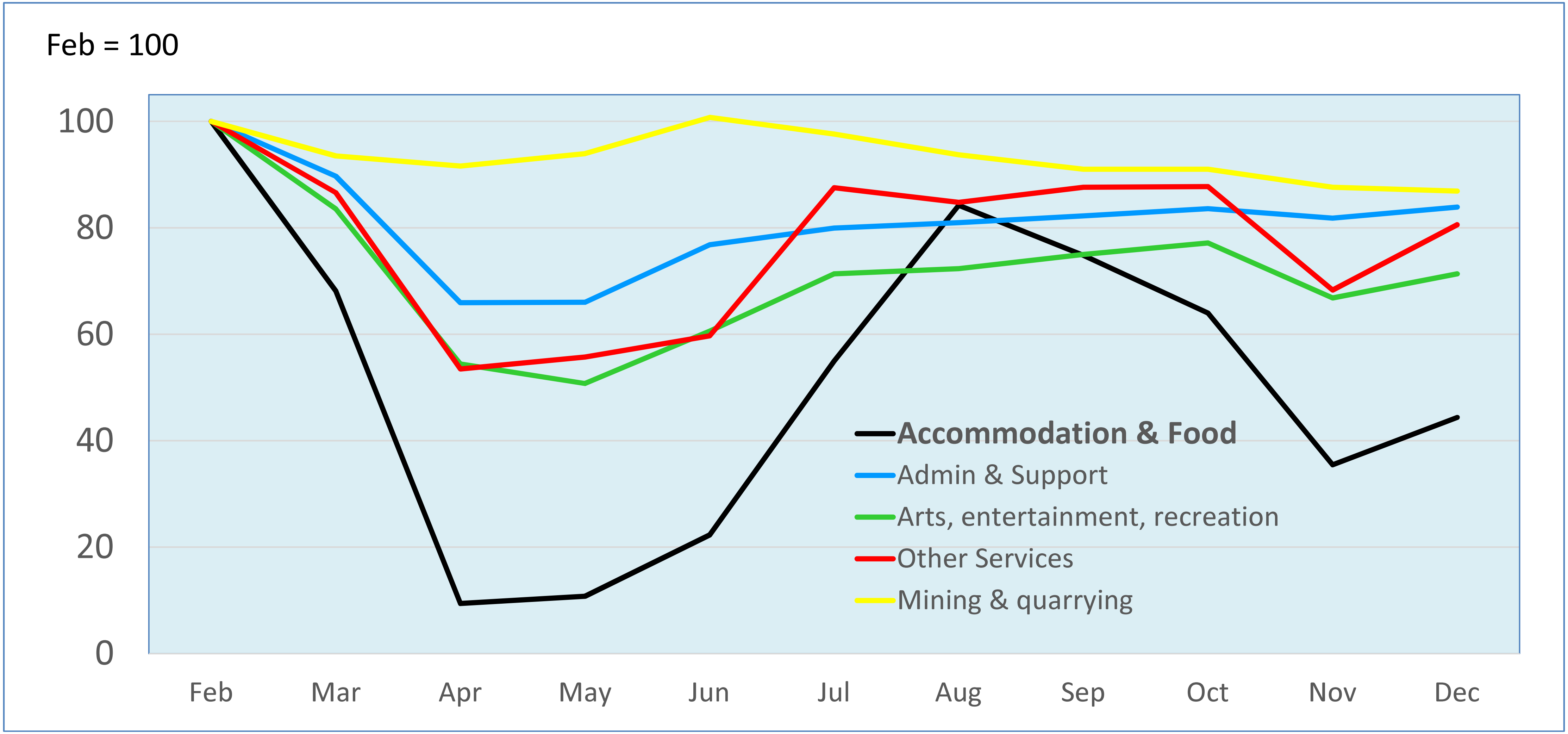
Unemployment currently stabilised at around 5%. Redundancy levels also relatively stable. Youth employment rates rose in January – against the national picture, and Torridge and North Devon saw rises in over 50 claimant count – against national trend.

Much of this stability however due to furlough, with around 12% of workforce o the scheme in January

Furlough is protecting Devon at present, with claimant count likely to have beer at least double without the support. Hospitality, accommodation and wider service sector have between third and a half of workforce on scheme.

Several areas remain more vulnerable. Northern Devon and Torbay / Teignbridg more exposed to issues then other places. Furlough however shielding the wors impacts.

andemic hits
VA by sector – 5 most impacted sectors UK



Furlough – England vs Devon end of 2020

in England with highest percentage of employees furloughed

	CJRS Percentage of Employees Furloughed	Reason	Rank (out of 312)
keland, Cumbria	21.6%	Tourist Area	1
, London	19.7%	Accommodation & Food?	2
mbria	18.2%	Tourist Area	3
, London	18.1%	Accommodation & Food?	4
v, London	18.1%	Accommodation & Food?	5
	17.6%	Gatwick Airport	6
ndon	17.6%	Accommodation & Food?	7
	17.3%	Tourist Area	8
ondon	17.1%	Accommodation & Food?	9
ondon	17.0%	Accommodation & Food?	10

Devon – Comparison of Percentage of Employees Furlo

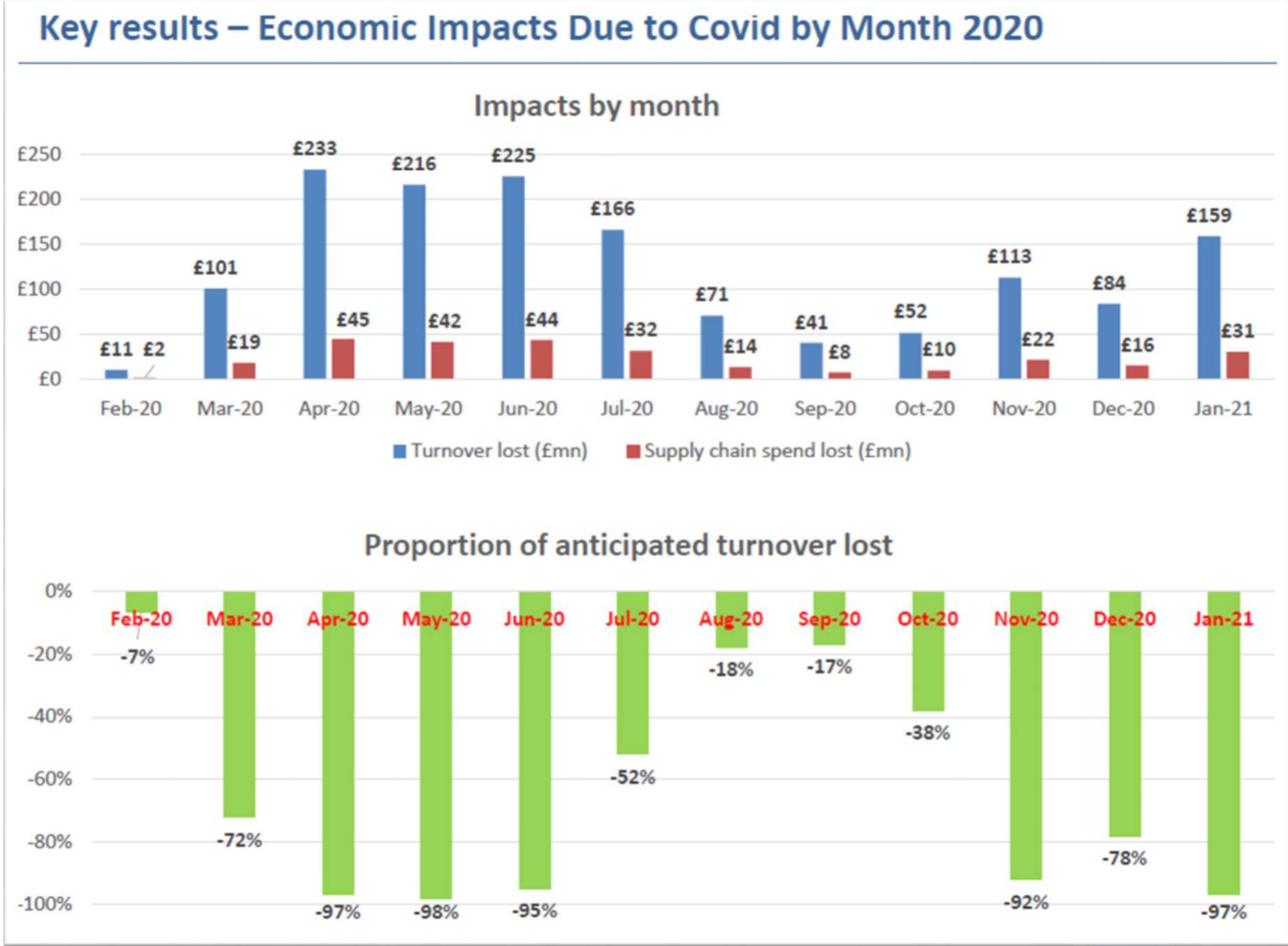
Area	CJRS Percentage of Employees Furloughed	Reason	R (out Engla
Torbay UA	17.3%	Tourist Area	
South Hams	16.2%	Tourist Area	[illegible]
North Devon	14.9%	Tourist Area	[illegible]
East Devon	14.5%	Tourist Area	[illegible]
Teignbridge	14.2%	Tourist Area	[illegible]
Torridge	13.6%	Tourist Area	[illegible]
Devon	13.5%	On aggregate – tourism	
West Devon	13.3%	Tourist Area	[illegible]
England	12.5%	NA	
Exeter	11.7%	NA	1
Plymouth UA	11.0%	NA	2
Mid Devon	10.5%	NA	2

Businesses with <3 months cashflow - UK

Industry	04/05 - 17/05	27/07-09/08	21/09-04/10	16/11-29/11	14/12-27/12	25/01-07/02
Manufacturing	37.6%	21.3%	23.6%	26.2%	27.6%	27.2%
Water Supply, Waste Mgt	48.4%	31.6%	33.1%	29.0%	32.3%	24.8%
Construction	56.8%	32.3%	32.9%	37.8%	40.1%	38.8%
Wholesale And Retail Trade	41.8%	22.5%	20.2%	24.8%	27.6%	27.8%
Transportation And Storage	49.4%	28.2%	26.6%	26.0%	27.8%	27.6%
Accommodation And Food	**66.0%**	**39.9%**	**40.1%**	**48.7%**	**51.7%**	**51.3%**
Information And Comms	*	19.3%	21.6%	24.8%	24.1%	21.4%
Real Estate Activities	37.8%	21.5%	28.2%	31.1%	26.1%	27.7%
Professional And Technical	46.8%	23.5%	23.1%	24.7%	28.0%	27.8%
Administrative And Support	51.8%	33.6%	34.0%	35.6%	36.7%	35.2%
Education	35.9%	19.2%	24.2%	19.6%	24.2%	23.2%
Human Health And Social Work	35.4%	25.4%	28.7%	27.9%	30.5%	29.1%
Arts, Entertain And Recreation	**58.2%**	**36.6%**	**25.7%**	**32.2%**	**36.0%**	**37.8%**
Other Services			43.0%	53.2%	45.1%	52.8%
All Industries	46.5%	26.8%	27.0%	30.1%	32.1%	31.6%

Source : Business Impact of Coronavirus Survey (BICS)

Devon, Plymouth and Torbay - tourism sector impacts



Forward View on Bookings and Business Confidence

Devon County Council

Strong Forward Bookings – Covid Safe Accommodation – more bookings being reported this January than in January 2020 for Air B&B – for example

Surge of bookings on the back of the PM Announcements on Road Map – strong and short lead in for self catering /camping

Serviced Accommodation slower, but starting to see significant bookings from July onwards

Coastal areas and National Parks are areas of highest demand

Rising numbers of day visitors being seen and expected across Easter Holidays – 12th April onwards

Friction in some locations from second home owners and host communities

Shoulder months a concern for the sector – overseas travel may be a draw and bookings tail off post Summer

Some anecdotal information to show overseas visitors interest – USA in particular – attracted by strength of vaccination programme – coastal and open spaces are most searched for and less interest in Cities

Issues and opportunities

When lockdowns end people are going to want a holiday
We need business survival for visitors to return to
We need to maintain and enhance tourism sector skills and quality to encourage return visits
We need a clean, tidy, attractive, functioning public realm for visitors to use and to encourage return visits
Interrelated offer – if one anchor business, or attraction disappears it can take others with it and impacts the wider visitor offer

National Support – Budget Announcements for the Sector

urlough now extended to Sept 2021 - a phasing out approach from July to Sept (Businesses pay a ontribution)
AT temporary hospitality sector rate of 5% extended to Sept 2021 - 12.5% reduced rate until March 2022
usiness Rates – retail, leisure and hospitality – continues discount of 100% until end June 2021 - a 66% scount will continue until the end of March 2022
5bn of 'restart' grants funding to help businesses re-start trading safely, including up to £18,000 for ospitality /accommodation/leisure. Up to £6,000 for non-essential retail per premises depending on rate alue. Distribution via District Councils.
rts, culture and sports Fund – additional £408m
raineeships and Apprenticeship support, including increased £3k cash incentive for employers taking on a pprentice and a new flexi-apprenticeship 'Flexi-job' scheme from January 2022 – multiple sector working
orporation tax rise – for co's with small profits rate will stay at 19%
nincorporated businesses (not corporate groups) can get relief for up to £2m losses in each of 2020/21 a 021/22
evelling up fund (£4.8bn) and focus on regeneration opportunity to support infrastructure and support ommunity Renewal (220m) –pilot for replacing EU funds – focus on hard hit communities and places.

Safe Re-opening and Recovery

afe re-opening

- 12th April – midway through Easter holidays - first major unlocking for the sector
- National Group – beaches and re-opening;
- Co-ordinating Task and Finish group across Heart of the South West – Tourism Businesses, DMOs, Police, Health, Town and Parish Councils, local authority partners
- Clear lessons from Good Practice Network - focus on support to business and clear communications
- Funding support for local areas to support visitor management – apps / tickets for beaches, marshals,
- £5bn of 'restart' grants – Districts starting to distribute – replace Local Restrictions Grants
- Monitoring and ongoing intelligence – monthly survey will seek to capture business confidence and booking levels – time lag – rely on anecdotal feedback for real-time position

eam Devon Economic Recovery Priorities – Prospectus published last July

- Made in Devon – celebration, promotion of local products, goods and services – food and drink and hospitality – marketing campaign and linked to Buy With Confidence scheme; local branding – Made in Dartmoor as an example
- Upskilling – piloted set of short courses for sector – rolled out – customer care, accountancy, digital – tourism, hospitality, retail

Thank you!