



27<sup>th</sup> April 2020

**An open letter to our elected representatives relating to the repair and recovery of the tourism, leisure and hospitality sector in Moray Speyside**

We write to you as the impact of COVID-19 is becoming clearer by the day, in particular with regards to the valued tourism, leisure and hospitality sector that we hold so valuably in Moray.

I've been engaging with a number of businesses, particularly those who have a rateable value of over £51,000 and we're concerned about the following points. It is necessary to point out, however, that the below does apply to other sizes and sectors of business too.

We understand that this is a public health crisis and protecting the NHS and saving lives is paramount, however the economic impact is devastating and we need to work together to learn how the economy will be shaped post COVID-19.

The businesses need to know in advance, what does the 'staged approach' look like and how do they start back up. When the lockdown is lifted – even gradually, if the closure of hotels, leisure, restaurants etc is not still enforced they will have no option to open and operate as best as possible.

However, opening up to an acceptable capacity to allow social distancing means that quite simply the numbers do not add up for doing so. Bringing staff back in off furlough when there is not enough work for them to do may lead to staff being laid off. I have evidence from one business who has long standing staff and if they were to do this, the cost of laying them off would be a six-figure sum and it would make the business bust.

There is concern that when the restrictions on this sector are lifted, the support from the government will be gone. There needs to be a tapered approach for staff coming off furlough, if the government wants to keep jobs, as there will be no requirement for the full complement of staff in the early days of recovery. We urge you to look at the extension of the existing furlough package.

We often refer to tourism, leisure and hospitality and of course there are similarities, however, speaking to a hotel owner they have advised they could run a full hotel with just 10% of their existing staff. The rest of the staff are for functions or the restaurant. We need to be mindful of situations like this when discussing the sector as a whole.

Businesses that I have spoken to have managed to secure, or are in the process of securing, a CBILS loan. One business advised me that on average this is likely to support them until late Summer. This is business people who have taken on additional debt themselves and pushed the problem into the long grass to try and save their business and to save jobs. This case received only around 56% of the amount requested through a CBILS loan.



The cancellations and therefore refunds that this sector has seen over the last two months including bookings in place in winter and are collectively a six-figure sum. For a region like Moray, this loss teamed with the additional revenue that will be lost from the spend these customers would make is insurmountable. Many people across the UK, and the world, have found themselves in hardship over this situation and the tourism, leisure and hospitality sector is always the last to get money spent with them when times are hard. We can assume that people will be spending less, customer confidence in visiting these establishments will have reduced and people will have become accustomed to a new way of living, for at least the short term. We need government to support this industry for the medium to long term.

Many businesses were looking to invest and upgrade their facilities, some have said that so far the situation has delayed this for at least 5 years, if they are able to survive this.

You will remember that this sector received an unfair increase to their rateable in 2017 and many of the businesses were just starting to manage with this. If these businesses do not get the help that they need, there will be hundreds of people in our region out of work. It is worth noting that tourism is the only sector that has its turnover taken into account when assessing rateable value.

The businesses that I have spoken to do not qualify for the £25,000 from the grant scheme because their rateable value is too high. Although this would have been welcome, due to the longevity of the situation £25,000 is not going to be the difference between these businesses continuing or not.

These businesses that I refer to will also not be able to apply for the £20m Creative, Tourism & Hospitality Enterprises Hardship Fund because they have been given one year business rates relief. However, the cash is needed now, not spread over the course of the year.

At the time of writing we are awaiting more details on the £45m Pivotal Enterprise Resilience Fund. However, as the businesses I refer to are already in process of a CBILS loan and/or business rates relief, I am led to believe that they will not be eligible for this fund either. We welcome clarity on this as a matter of urgency.

Due to the nature of tourism, leisure and hospitality their revenue spikes and dips depending on seasons. The timing of social distancing and lockdown has not given the industry time to build reserves as it would have say in September for example. Please see **Appendix note 1** below showing the rough turnover of a hotelier in Elgin.

As explained this would only help in the short term, we need both governments to have a strategy of support for the sector during recovery. We urge the government to consider investigating other options such as reducing VAT, corporation tax or PAYE. These businesses, as well as relying on customer confidence as mentioned above, rely on visitors from the rest of the UK and overseas. I understand that we have no control over other countries' movements of people, but we can be sure to support our businesses on the ground here who need it whilst we recover into a post COVID-19 Scotland.

We welcome the announcement of Scottish Government working to look at an economic recovery plan and through Scottish Chambers of Commerce we were advised for contributions from the

business community. We wish to contribute to this discussion sooner rather than later. Can someone make contact with me to have an open discussion with the business community in Moray.

Yours Sincerely,



Sarah Medcraf  
Chief Executive Officer

#### Appendix note 1

