

Covid-19 Industry Survey April 2020



1,300 tourism and hospitality businesses responded to the online COVID-19 Industry Survey between 2nd and 7th April 2020. Of the 1,300 responses, 708 were fully completed.

Over recent weeks, a range of initiatives have been put in place by Treasury and the NI Executive. We wanted to provide an evidence base for Ministers and officials for their ongoing discussions with the UK Government on how existing schemes may be refined and inform the design of any additional interventions, which may be required to support the sector.

The aim of this survey was to gauge the uptake of these schemes, identifying where support is proving accessible and where there are possible issues. It was also important to gauge the impact on jobs and capture industry concerns and views.

Summary of Key Findings

- 79% of businesses stated that Covid-19 would have a severe impact on their business in the short term (0-3 months) and 63% stated it would be severe in the longer term (4 months +).
- 73% of businesses who have had any loss of business state that 'none' of it will be covered by their current insurance.
- 33% of businesses are not eligible for the NI schemes as they do not pay business rates.
- 47% of businesses are not eligible for the UK Coronavirus Job Retention Scheme as they do not operate a PAYE scheme.
- 50% of all businesses responding to the survey had reduced staff number. 427 businesses indicated that they had furloughed, laid off with pay or made temporarily redundant, nearly 9,000 staff (full time, part time and seasonal). 418 businesses indicated that they had permanently laid off nearly 1,300 staff (full time, part time and seasonal)
- Whilst the Tourism Hospitality and Retail Grant Scheme is welcomed by businesses, many are not sure if they are eligible for the scheme or how to access it as scheme parameters are not yet known.
- Businesses need access to funding immediately to survive in the short term as they are ineligible for any support and are crying out for assistance. Significant overheads still need to be paid.
- More help is sought from banks, insurance companies and many businesses indicated that they wanted business rates relief to be extended from three months to 12, in line with the rest of the UK.
- There is major concern regarding the longer term impact on their business/the industry and the need for future support when 'normality' returns. A number of businesses openly stressed that they may not survive.



Respondent profile

Representation was made from right across the sector with accommodation providers including hotels, B&Bs and self catering etc. accounting for nearly a third (31%) of responses and the pub/ bar/ restaurant sector represented a further quarter (26%), Tourism attractions and experience providers accounted for one in nine responses (11%) and tour operators and guides, a further 8%



31%
Accommodation providers

NI wide

The survey captured feedback from across the whole of Northern Ireland with responses from businesses in each of the 11 council areas - Causeway Coast & Glens represented 18% of the coverage and Belfast City accounted for one in eight (12%)

In terms of where businesses consider as their 'main market', the domestic market dominates with 66% - then GB at 13%



1/3
under £50k
turnover

The survey captured feedback from across a range of businesses by turnover category - nearly a third (31%) stated a turnover of under £50k and a further 40% were businesses between £50k and £0.5m. Businesses with a turnover of over £0.5m bracket accounted for nearly a quarter of respondents (24%)

44% of respondents said that their business status was self-employed and a further 10% were partnerships. Private limited companies represented three out of 10 (31%)

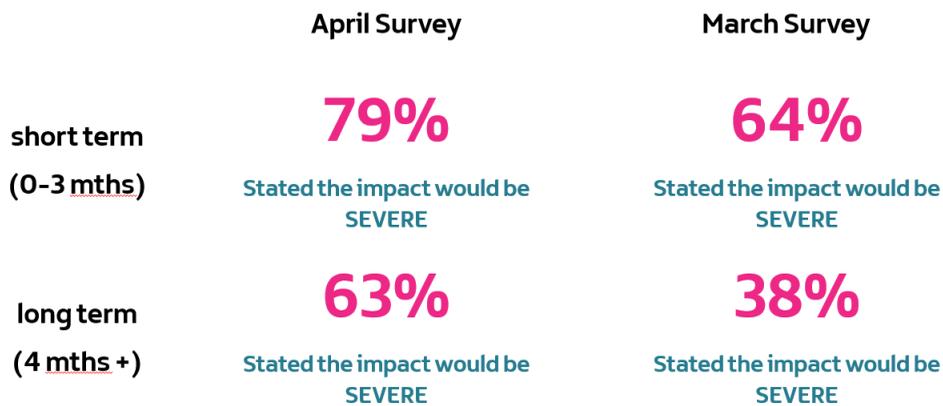
44%
self employed

68%
operating for
5+ years

Nearly seven out of 10 businesses had been operating for over five years and new businesses, those operating for less than 12 months, represented 7% of respondents to the survey

Overall Impact of Covid-19

79% of businesses stated that Covid-19 would have a severe impact on their business in the short term (0-3 months) and 63% stated it would be severe in the longer term (4 months +) demonstrating a perceived worsening of the situation since March.

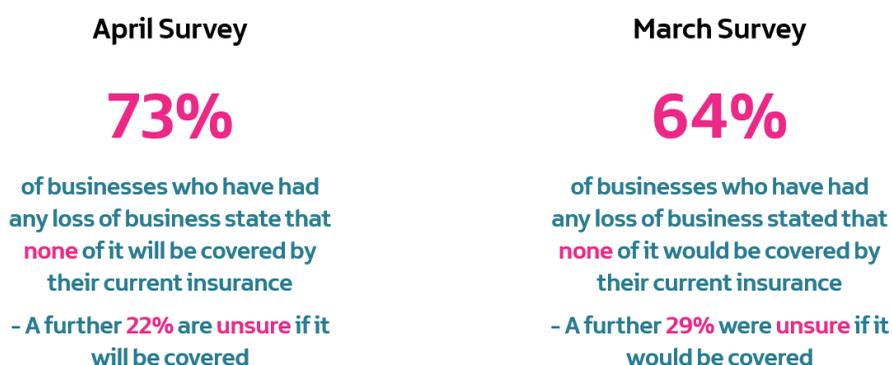


- Accommodation providers and the self employed business owners (approximately half of accommodation providers are run by self-employed owners) indicated that they thought the impact would be more severe in the short term, 84% and 82% respectively.
- 87% of accommodation providers who are not VAT registered, do not operate a PAYE scheme and who do not pay business rates, consider the impact to be severe in the short term – 69% in the long term.
- Pubs/ bars and restaurants and tourist attractions/ experience providers views were broadly the same as the whole industry.
- The more established businesses, those operating for over five years, felt that the long term impact would be greater for them (67%).

Insurance cover

73% of businesses who have had any loss of business state that 'none' of it will be covered by their current insurance.

- With nearly ¾ of businesses stating that their current insurance doesn't cover the impact of the Covid-19 pandemic, a further 22% are 'unsure' that it will cover them.
- This demonstrates a worsening of the situation since businesses were asked the same question in the March survey.
- Two thirds of pubs/ bars and restaurants indicated that none of their loss of business will be covered, 71% of accommodation providers and 81% of tourist attractions/ experience providers.



Eligibility for Government Schemes

33% of businesses are not eligible for any of the three NI schemes as they do not pay business rates. 47% of businesses are not eligible for the UK wide Coronavirus Job Retention Scheme as they do not operate a PAYE scheme.



Eligibility Criteria

- In terms of statutory business requirements that are predominantly used as the eligibility criteria for Coronavirus government funded support schemes, survey respondents indicated that just over half (53%) operate a PAYE scheme, 55% are VAT registered and 2/3 (67%) pay business rates of some form. For pubs/ bars and restaurants all of these criteria were applicable.
- None of these requirements were applicable to 19% of businesses completing the survey. Accommodation providers accounted for 60% of the firms that these criteria did not apply to.
- 44% of respondents categorised themselves as self employed (447 businesses in the survey) with one out of 12 (8%) of these businesses stating that they had been operating for less than 12 months.

Northern Ireland Government Schemes:

Business Rates Holiday – COVID Small Business Grant – Hospitality, Tourism & Retail Sector Grant Scheme

- Looking only at the Northern Ireland schemes that are all based on payment of business rates - one third of businesses in NI who responded to the survey are not eligible for these. Of those who are, a significant proportion are not sure if they are eligible or don't know how to access the schemes.
- Whilst the Tourism Hospitality and Retail Grant Scheme is welcomed by businesses, many are not sure if they are eligible for the scheme or how to access it as scheme parameters are not yet known. When pubs, bars and restaurants are extracted from the survey, only 22% of tourism businesses believe that they are eligible for the current schemes while 25% believe that they are not.
- Of the pubs, bars and restaurants responding, 16% believe that they are ineligible, whilst 42% believe that they have access to any grant support.
- Only 19% of accommodation providers responding believed that they were eligible for grant support.

UK wide Schemes:

Coronavirus Job Retention Scheme

- For the UK wide Coronavirus Job Retention Scheme, where applicants must operate a PAYE scheme, 47% of survey respondents are not eligible based on the information they provided. Of those who are eligible, a majority (77%) believe that they have access to the grant. Businesses responding to the survey are most clear about their eligibility to this scheme of all of the 11 government schemes available.

Schemes for the Self Employed: Self Employed Income Support Scheme (SEISS) and Income Tax deferral for the Self Employed

- As indicated above, 44% of businesses are self employed status with over nine out of 10 operating for more than 12 months to permit full eligibility to the schemes. One fifth of those who are eligible for SEISS are clear on their eligibility, however nearly half think that they are not eligible or are unsure.

VAT Payments Deferral

- 55% of respondents to the survey are eligible to have their VAT payments from 20 March to 30 June 2020 deferred to 2021 if they wish. 65% of those eligible were clear on this with 20% not sure if they were eligible or not knowing how to access.

Time to Pay

- For all businesses paying tax, HMRC may allow more time to make payments or allow payment by instalment. This scheme was considered open to 23% of businesses, however two thirds were unsure as to their eligibility, not interested or didn't know how to access.

Statutory Sick Pay Rebate

- For all businesses with less than 250 employees, 14% indicated that they were eligible and nearly a third (31%) were not interested.

Schemes for larger businesses: Coronavirus Business Interruption Loan Scheme (CBILS) – COVID-19 Corporate Financing Facility (CCFF)

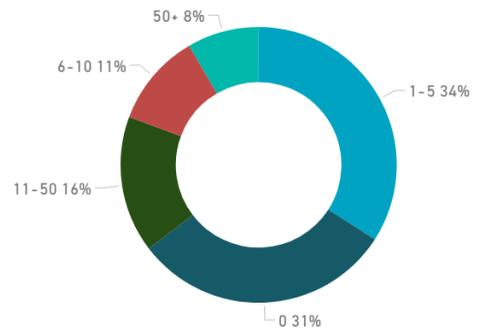
- Both of these schemes are open to larger companies and from the survey base, it is estimated that approximately 2% of NI tourism and hospitality businesses may be eligible.

Staffing – impact of the COVID-19 pandemic

50% of all businesses responding to the survey had reduced staff number. 427 businesses indicated that they had furloughed, laid off with pay or made temporarily redundant, nearly 9,000 staff (full time, part time and seasonal). 418 businesses indicated that they had permanently laid off nearly 1,300 staff (full time, part time and seasonal).

- Before the Covid-19 pandemic, 8% of businesses employed over 50 permanent staff, a further third (34%) had between 1 and 5 permanent staff and just over a quarter (27%) employed between 6 and 50 staff and just over three out of 10 businesses didn't employ any permanent staff reflecting the level of self employment across the industry.

How many permanent staff did you employ before the Covid-19 pandemic?



- 50% of all businesses had reduced staff numbers – this was considerably higher for pubs/ bars and restaurants (67%) and tourist attractions/ experience providers (59%), and lower (41%) for accommodation providers, a further one in five had not reduced their staff numbers and 29% stated that this was not applicable to them – unsurprisingly this mainly applied to the self employed and partnerships and where no staff were employed.
- Businesses which had been operating for 5+ years accounted for the majority of businesses laying staff off either temporarily or permanently.

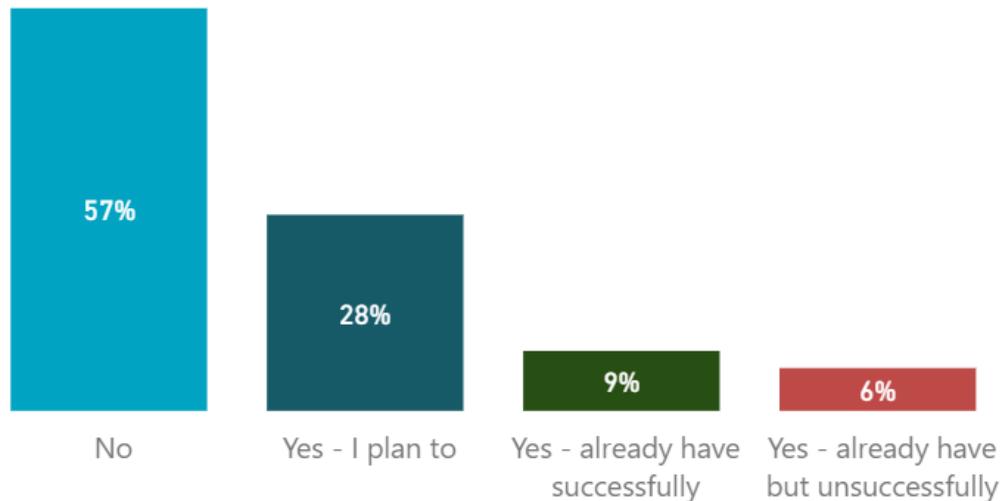
	Full time	Part time	Seasonal
No. of staff furloughed, laid off with pay or made temporarily redundant	4,897	3,506	493
		Base: 427 businesses	
No. of staff permanently laid off	409	497	380
		Base: 418 businesses	

- Pubs/ bars and restaurants accounted for the majority of staff who had been furloughed, laid off with pay or made temporarily redundant – full time: 2,859, part time: 2788, seasonal: 240. In terms of those permanently laid off - full time: 230, part time: 396, seasonal: 232.
- Accommodation providers furloughed, laid off with pay or made temporarily redundant – full time: 1819, part time: 1505, seasonal: 167. In terms of those permanently laid off - full time: 70, part time: 66, seasonal: 92.

Applications for additional finance not covered in the government support schemes

The majority of businesses indicated that they didn't have any plans to/ or had already applied for additional finance that wasn't covered under the government support schemes.

Do you plan to apply/ have you already applied for additional finance such as a loan, overdraft etc not covered in the government support schemes?



- 57% of businesses indicated that they didn't have any plans to/ or had already applied for additional finance that wasn't covered under the government support schemes.
- The majority of the remaining 43% who planned to or already had not applied at the time of the survey.
- Of all respondents, 9% had had success in securing additional finance such as an overdraft or loan and 6% had not.

Other schemes being accessed

Many respondents used this as an opportunity to stress there were no other schemes available or they weren't aware of other schemes in general that they could access.

- Some businesses used their response to reiterate that they were ineligible for schemes.
- Others have applied for benefits, with Universal Credit cited on a number of occasions.
- A small number of businesses have availed of Council support regarding workshops/training.
- Overdrafts/loans/small business grants were cited by a few individuals
- Landlords offering a freeze to rent for a short period was also mentioned by a small number of businesses
- Further comments regarding other schemes accessed were varied, and included support from online travel agents and other non Covid-19 related schemes, with many businesses awaiting information on guidelines and/or eligibility.

Industry concerns and views



General themes

Access to funding is needed immediately to enable businesses to survive in the short term - many businesses within the tourism sector are ineligible for any support and are crying out for assistance. Businesses responding to the survey wanted more help from banks, insurance companies and wanted rates relief to be extended from three months to twelve, as is the case in the rest of the UK. There is major concern regarding the longer term impact on their business/the industry and the need for future support when 'normality' returns. A small number of businesses stressed that they may not survive.

Experience in accessing support

While some businesses had a generally positive experience of accessing Government support, confusion and frustration are the key overarching themes emerging of businesses experiences.

- Businesses are confused as to what Government support they are eligible for and are frustrated at the lack of detailed information available and the time delays in getting access to support.
- Anger was expressed by a number of businesses regarding the difficulty in getting in contact with the appropriate departments.
- Several businesses stressed the importance of prompt access to cash for their survival.
- Others were frustrated at the eligibility criteria for Government support, which apparently rendered them ineligible for any support.
- Businesses experience of support from banks was mixed with both positive and negative examples provided.

The single biggest remaining cost categories and issues in terms of keeping the business running over this period

Despite many businesses losing all of their income, they still have to pay the usual running costs to enable them to trade whenever things return to 'normal', and do not know how long they can survive on this basis, if at all.

- Cost categories most frequently cited were staff wages, rent/mortgage/loan payments, utility bills including electric/heating/phone/broadband, rates and insurance.
- Paying staff wages until the Government reimburse, or to simply ensure the survival of the business was a strain for many.
- For some companies, refunding deposits on cancelled booking was proving to be a real drain on finances, with no income coming in to balance this outflow.
- Other cost categories mentioned by a small number of businesses include property maintenance, security, taxes, having to pay suppliers for goods already delivered, advertising/marketing and subscriptions/memberships.
- A number of businesses stressed that they don't know how long they will be able to continue paying costs.