

Great South West Tourism Partnership Coronavirus (COVID-19) Business Impact Survey - No. 4 February 2022 (covering 1st July to 31st Dec 2021)

Final Report

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Headlines

This report contains a summary of the findings from the fourth Great South West Tourism Partnership Coronavirus (COVID-19) Business Impact Survey undertaken by The South West Research Company Ltd during February 2022 covering business performance between the 1st July to the 31st December 2021. This survey builds upon previous surveys undertaken covering the period from January 2020 to the end of June 2021.

Key headline findings:

- **Economic Impact** - For July to December 2021 it is estimated that approx. £193 million of anticipated tourism business turnover has been lost in the GSW region due to the Covid-19 pandemic. The average percentage change in turnover for the July to December 2021 period was -5%.
- **Economic Impact** - For the combined period of January 2020 to the end of December 2021, it's estimated that approx. £5.4 billion of tourism business turnover has been lost in the GSW region due to the Covid-19 pandemic. The average percentage change in turnover for the full combined period was -38%.
- **Supply Chain** - In addition, for the full period it is estimated that approximately £1.6bn would have been the anticipated usual amount of spend in the supply chain on the purchase of local goods and services associated with this amount of turnover.
- **Overheads** - Tourism businesses will still have had some overheads during this period. For the full combined period, if 75% of the supply chain spend did not occur the additional lost tourism related spend in the GSW area would have been £1.2 billion, at 50% it would have been an additional £776 million lost or at 25% it would have been an additional loss of £388 million.
- **Operations** - 69% of businesses had been operating at 76% capacity or more during the July to December 2021 period. 31% of businesses had been operating at 75% capacity or less. Just one businesses had remained closed during this period.

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- **Survivability** - When asked which period they currently anticipate is the furthest that their business will be able to survive until without further support, 52% of all businesses said beyond Summer 2022 (after 31st August 2022). 30% of businesses don't know were unsure. Only 8% of businesses felt they could only survive through until the Summer of 2022 (up to 31st August 2022), 6% up until Spring 2022 (up to 1st May 2022) and 5% up until Winter 2022 (up to 31st March 2022).
- **Cash reserves** - When asked how many months cash reserves they had, 32% of all businesses said they had more than 2 months but less than 6 months available and a further 29% said they had more than 6 months. 15% of businesses said they only had up to 2 months cash reserves available and 13% said they had none. 9% of businesses didn't know/were unsure how many months cash reserves they had.
- **Recruitment** – 27% of all businesses were currently recruiting. The largest proportion of businesses (who were recruiting) were doing so for part-time temporary/seasonal positions (57%) and full-time permanent positions (47%). 51% of businesses (who were recruiting) were looking for cleaning/housekeeping staff, 35% for front of house/reception positions and 34% for chefs.
- **Recruitment** - In order to try and resolve any shortages in staff/recruitment issues they were experiencing, 81% of those businesses currently recruiting were paying higher wages, 43% were hiring unskilled staff and providing them with training, 32% had reduced their capacity, services or hours of opening and 24% had offered retention incentives e.g. bonus, refer a friend.
- **Inflationary pressures** - 97% of businesses said they were 'very concerned' (57%) or 'somewhat concerned' (40%) about growing inflationary pressures on their business. When asked which inflationary items they think will have the most impact on increasing their businesses' overall operational costs moving forward by far the largest proportion of businesses said electric energy costs (89%), followed by building and maintenance costs (55%), gas energy costs (52%), insurance premiums (49%), staff/labour costs 47% and food supplies (40%).

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- **Inflationary pressures** - When asked what they think will be the approximate total change in their businesses' operational costs as a result of these inflationary items, the largest proportion of businesses (24%) said they are likely to increase by between 11-15% (24%), 23% by between 16-20% and 21% by more than 20%. When asked how they anticipate their business is likely to respond to these increasing inflationary pressures 39% of businesses said they are likely to increase their prices by more than 5% but less than 10%, 32% said they are likely to increase their prices by up to 5% and 27% said they will cut costs by delaying/cancelling investment in new developments.
- **VAT threshold** - 55% of businesses were currently not VAT registered. Recognising that currently the growth in turnover required to justify operating above the VAT threshold is significant, these businesses were asked what would encourage them to grow their business beyond the current VAT threshold. 60% of businesses said they were currently operating below the current VAT threshold with no intention to grow their business beyond this. 30% said they would consider growing their business if the VAT threshold was increased to £100,000.
- **VAT threshold** - When asked what their business will do if the VAT rate for hospitality businesses returns to 20% on 1st April 2022, 34% of businesses said they will keep their prices the same. 23% of businesses said they will increase their prices by more than 5% but less than 10%.
- **Insurance premiums** - 53% of businesses said their insurance had come up for renewal during the period 1st July to 31st December 2021. 82% of these businesses said their premium had increased compared with the previous year including almost half (47%) of these businesses who said their premium had increased by up to and including 10%. 5% of businesses said their premium had stayed the same, 2% that it had decreased and 1% said their provider has refused to cover their business this year.
- **Business support** - The top priorities to help their business survive and grow over the next 12 months are; 73% would like to see the business rates reduction continue beyond April 2022; 58% would like to see the 12.5% VAT reduction maintained beyond March 2022, 39% would like to see UK workers encouraged to enter the industry and 24% would like to see the development of retraining programmes to support people from other sectors entering the tourism industry.

Sample summary

- **Investment** - 47% of businesses spent £10k or less on investment in their business during the winter of 2021/22, a decrease of 8% compared with the usual proportion of businesses spending this amount (55%). Those investing £11k or more within each of the investment bands during the winter of 2021/22 remained broadly similar to usual. 10% of business spent nothing/made no investment in their business during this period compared with 6% of businesses usually not investing anything.

Sample profile

- A total of 368 businesses responded to the survey although actual business representation will be larger due to a number of self-catering agencies responding. National tourism survey data, local areas survey data and Cambridge Model data from 2019 has been used to model the outputs in this report.
- 76% of businesses responding to the survey were accommodation providers, 8% were food and drink businesses and 5% were a visitor/leisure attraction. 2% in each case were a sports or activities-based business, a retail business or a self catering agency and 1% were event organisers. 4% categorised themselves as on 'other' business type including a taxi firm, tour guide/company, tour operator etc.
- 65% of the accommodation businesses were self catering operators and 27% serviced accommodation providers. 8% were 'other' accommodation types including holiday parks and caravan/camping sites.
- 50% of the visitor/leisure attraction businesses had a good mix of both indoor and outdoor attractions/entertainment/activities, 38% were predominantly based outdoors and 13% were predominantly based indoors.
- 55% of businesses responding to the survey were based in Devon (including 24% in Torbay), 22% were based in Cornwall & the Isles of Scilly, 11% in Dorset and 13% in Somerset (excluding North Somerset). **Due to the low sample sizes for the Dorset (39 businesses) and Somerset (46 businesses), the results for these counties should be interpreted with caution.**

Sample profile by county

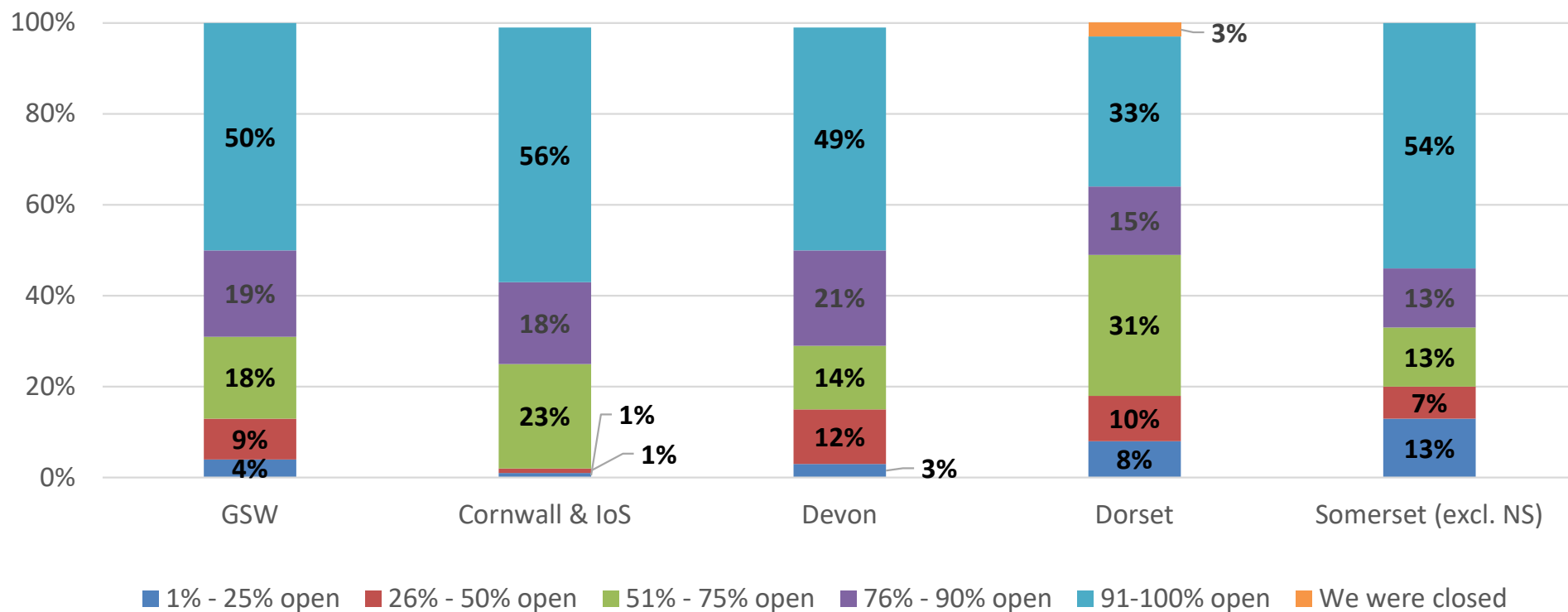
	GSW	Cornwall & IoS	Devon	Dorset	Somerset
<u>Total sample size (% of total sample):</u>	368 (100%)	82 (22%)	201 (55%)	39 (11%)	46 (13%)
<u>Business type:</u>					
An accommodation establishment	76%	85%	77%	62%	72%
A visitor or leisure attraction	5%	1%	5%	10%	4%
Sports or activities-based business	2%	0%	2%	0%	2%
A food and drinks related business - pub, restaurant, cafe, take-away	8%	2%	9%	15%	7%
A retail business (excluding food and drinks)	2%	0%	1%	5%	9%
A Tourist Information Centre	0%	1%	0%	0%	0%
A Self Catering agency	2%	6%	2%	0%	0%
Event organiser	1%	1%	0%	0%	0%
Other type of business	4%	2%	2%	8%	7%
<u>Accommodation type:</u>					
Serviced accommodation	27%	2%	38%	29%	24%
Self catering accommodation	65%	93%	54%	50%	67%
Other accommodation type (incl. holiday parks, caravan/camping site and other accommodation types)	8%	4%	9%	21%	9%

Sample profile by county

	GSW	Cornwall & IoS	Devon	Dorset	Somerset
<u>Type of business (visitor/leisure attractions only):</u>					
Predominantly/totally based indoors	13%	100%	0%	25%	33%
Predominantly/totally based outdoors	38%	0%	44%	25%	33%
A good mix of both indoor and outdoor attractions/entertainment/activities	50%	0%	56%	50%	33%
<u>Rateable value band:</u>					
Under £15k	61%	67%	63%	38%	57%
£15 - 51k	17%	17%	16%	21%	20%
Over 51k	7%	4%	8%	13%	7%
Don't know	6%	4%	6%	10%	4%
My business does not have a rateable value	6%	6%	3%	10%	13%
I would prefer not to answer this question	3%	2%	2%	8%	0%

Key results – Business capacity

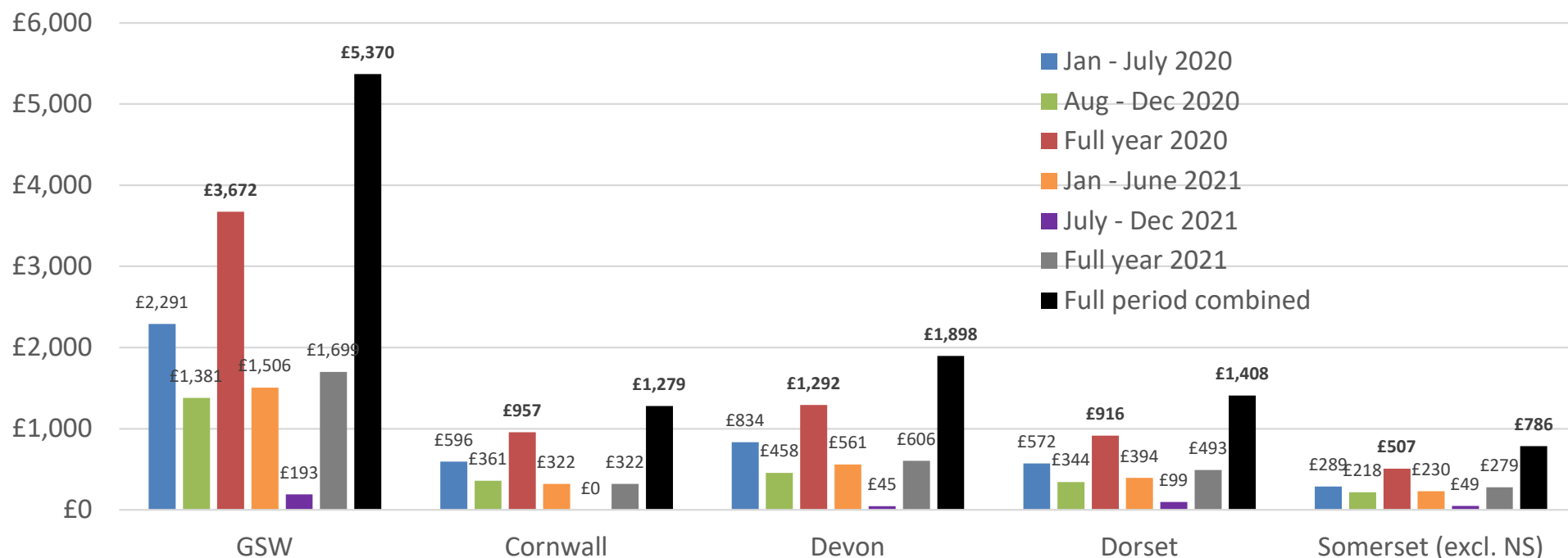
Business capacity between the 1st of July and 31st December 2021



- 69% of businesses had been operating at 76% capacity or more during the July to December 2021 period including 19% operating at 76-90% capacity and 50% at 96-100% capacity. 31% of businesses had been operating at 75% capacity or less including 18% at 51-75% capacity, 9% at 26-50% and just 4% at 1-25% capacity. Just one businesses had remained closed during this period.
- At 74%, Cornwall saw the highest proportion of businesses operating at 76%+ capacity during the July to December 2021 period, followed closely by 70% of Devon businesses and 67% of Somerset businesses and compared with 47% of those based in Dorset.

Key results – Economic impacts

GSW area tourism turnover lost due to Covid-19



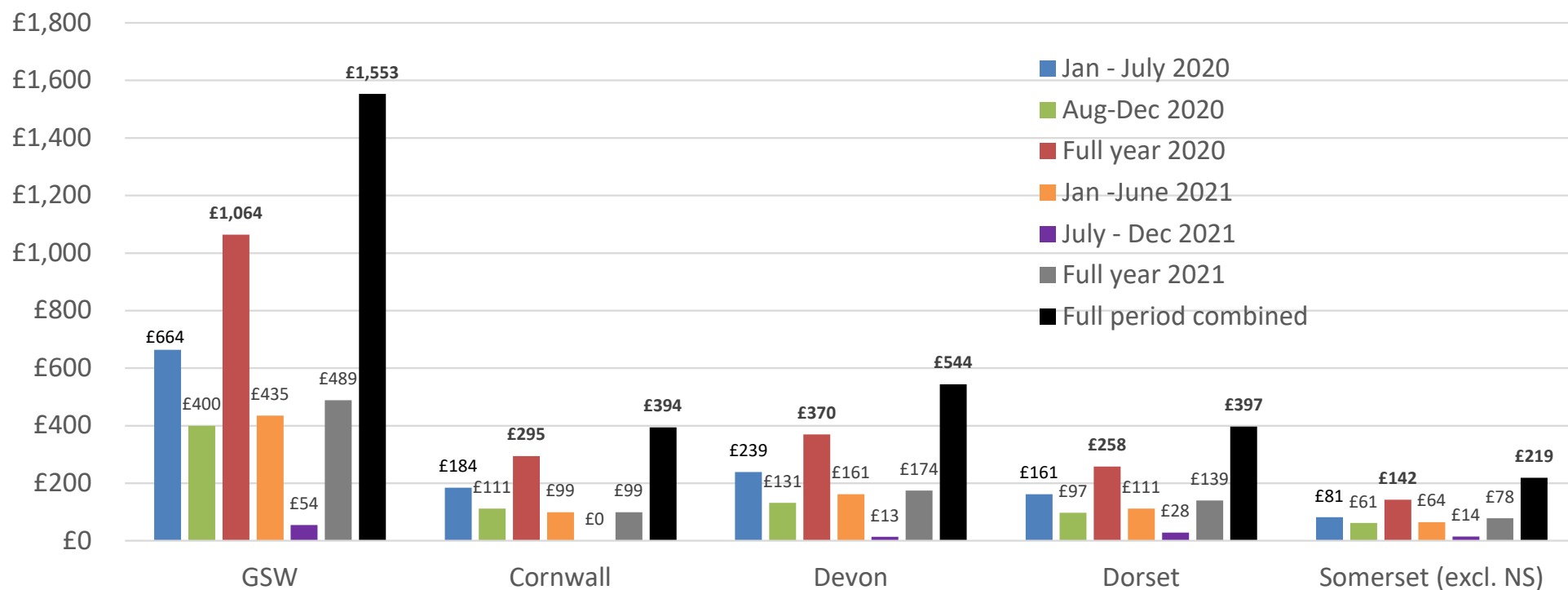
% Change in turnover	GSW	Cornwall & IoS	Devon	Dorset	Somerset
Combined turnover lost to date	-38%	-32%	-39%	-40%	-44%
Full year January to December 2021	-11%	-8%	-12%	-13%	-15%
July to December 2021	-5%	+3%	-3%	-10%	-10%
January to June 2021	-47%	-37%	-50%	-50%	-55%
Full year January to December 2020	-52%	-48%	-53%	-52%	-57%
August to December 2020	-46%	-41%	-47%	-43%	-57%
January to July 2020	-56%	-52%	-57%	-58%	-56%

Key results – Economic impacts

- 40% of businesses reported an increase in their business turnover for the period July to December 2021 compared with the same period in 2019 including 45% of Cornwall businesses, 43% of Devon businesses, 19% of Dorset businesses and 39% of Somerset (excluding North Somerset) businesses.
- For the July to December 2021 period, it is estimated that approx. £193 million of anticipated tourism business turnover has been lost in the GSW region due to the Covid-19 pandemic (in addition to the £1.5 billion lost during the January to June 2021 period, £1.4 billion lost during the August to December 2020 period and the £2.3 billion lost during the January to July 2020 period).
- The average percentage change in turnover for the July to December 2021 period was -5% (-47% during the January to June 2021 period, -46% during the August to December 2020 period and -56% during the January to July 2020 period).
- A total of approx. £45 million of tourism business turnover has been lost in Devon during the July to December 2021 period (-3% change in turnover), £99 million in Dorset (-10% change in turnover) and £49 million in Somerset (-10% change in turnover). Cornwall was the only area to experience an increase in tourism business turnover during the July to December 2021 period (+3%).
- For the full combined period of January 2020 to the end of December 2021 it is estimated that approx. £5.4 billion of tourism business turnover has been lost in the GSW region due to the Covid-19 pandemic. The average percentage change in turnover for the full combined period was -38%.
- Approx. £1.3 billion of anticipated tourism business turnover has been lost in Cornwall during the full combined period (-32% change in turnover), £1.9 billion in Devon (-39% change in turnover), £1.4 billion in Dorset (-40% change in turnover) and £0.8 billion in Somerset (-44% change in turnover).
- Across the board, impacts were generally far greater on non-accommodation businesses.

Key results – Economic impacts

GSW area estimated usual supply chain spend associated with turnover lost due to Covid-19



- In addition, for the full period it is estimated that approximately £1.6bn would have been the anticipated usual amount of spend in the supply chain on the purchase of local goods and services associated with the amount of turnover lost. Supply chain spend is the money spent by businesses in receipt of visitor expenditure on the purchase of local goods and services.
- Approximately £394 million of this supply chain spend would have occurred in Cornwall, £544 million in Devon, £397 million in Dorset and £219 million in Somerset.

Key results – Economic impacts

- However, tourism businesses will still have had some overheads that they would still have had to cover. For the full combined period, if 75% of the supply chain spend did not occur the additional lost tourism spend in the GSW area would have been £1.2 billion, at 50% it would have been an additional £776 million lost or at 25% it would have been an additional loss of £388 million.
- The results by period of the year and county are shown in the tables below and overleaf for scenarios of 75%, 50% and 25% of supply chain spend not occurring.

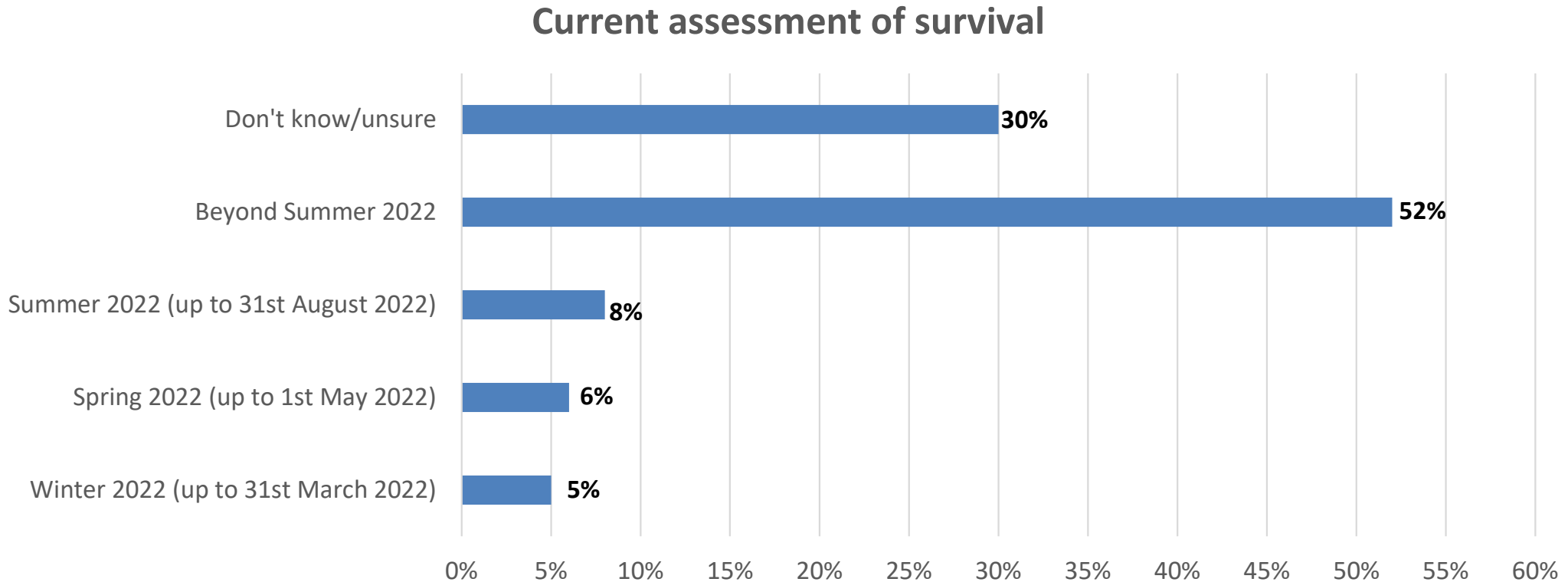
Full combined period January 2020 to December 2021	Estimated usual supply chain spend associated with turnover lost (£mn)	Scenario 1 – 75% did not occur	Scenario 2 – 50% did not occur	Scenario 3 – 25% did not occur
GSW	£1,553	£1,165	£776	£388
Cornwall & IoS	£394	£295	£197	£98
Devon	£544	£408	£272	£136
Dorset	£397	£297	£198	£99
Somerset	£219	£164	£110	£55

July - December 2021	Estimated usual supply chain spend associated with turnover lost (£mn)	Scenario 1 – 75% did not occur	Scenario 2 – 50% did not occur	Scenario 3 – 25% did not occur
GSW	£54	£41	£27	£14
Cornwall & IoS	£0	£0	£0	£0
Devon	£13	£9	£6	£3
Dorset	£28	£21	£14	£7
Somerset	£14	£10	£7	£3

Key results – Economic impacts

January - June 2021	Estimated usual supply chain spend associated with turnover lost (£mn)	Scenario 1 – 75% did not occur	Scenario 2 – 50% did not occur	Scenario 3 – 25% did not occur
GSW	£435	£326	£217	£109
Cornwall & IoS	£99	£74	£50	£25
Devon	£161	£121	£80	£40
Dorset	£111	£83	£55	£28
Somerset	£64	£48	£32	£16
August – December 2020	Estimated usual supply chain spend associated with turnover lost (£mn)	Scenario 1 – 75% did not occur	Scenario 2 – 50% did not occur	Scenario 3 – 25% did not occur
GSW	£400	£300	£200	£100
Cornwall & IoS	£111	£83	£56	£28
Devon	£131	£98	£66	£33
Dorset	£97	£72	£48	£24
Somerset	£61	£46	£30	£15
January - July 2020	Estimated usual supply chain spend associated with turnover lost (£mn)	Scenario 1 – 75% did not occur	Scenario 2 – 50% did not occur	Scenario 3 – 25% did not occur
GSW	£664	£498	£332	£166
Cornwall & IoS	£183	£138	£92	£46
Devon	£239	£179	£120	£60
Dorset	£161	£121	£80	£40
Somerset	£81	£60	£40	£20

Key results – Business confidence



- When asked which period they currently anticipate is the furthest that their business will be able to survive until without further support, 52% of all businesses said beyond Summer 2022 (after 31st August 2022). 30% of businesses don't know were unsure.
- Only 8% of businesses felt they could only survive through until the Summer of 2022 (up to 31st August 2022), 6% up until Spring 2022 (up to 1st May 2022) and 5% up until Winter 2022 (up to 31st March 2022).
- 81% of businesses were confident to some degree in their assessment of how long they could survive. The results by county are shown overleaf.

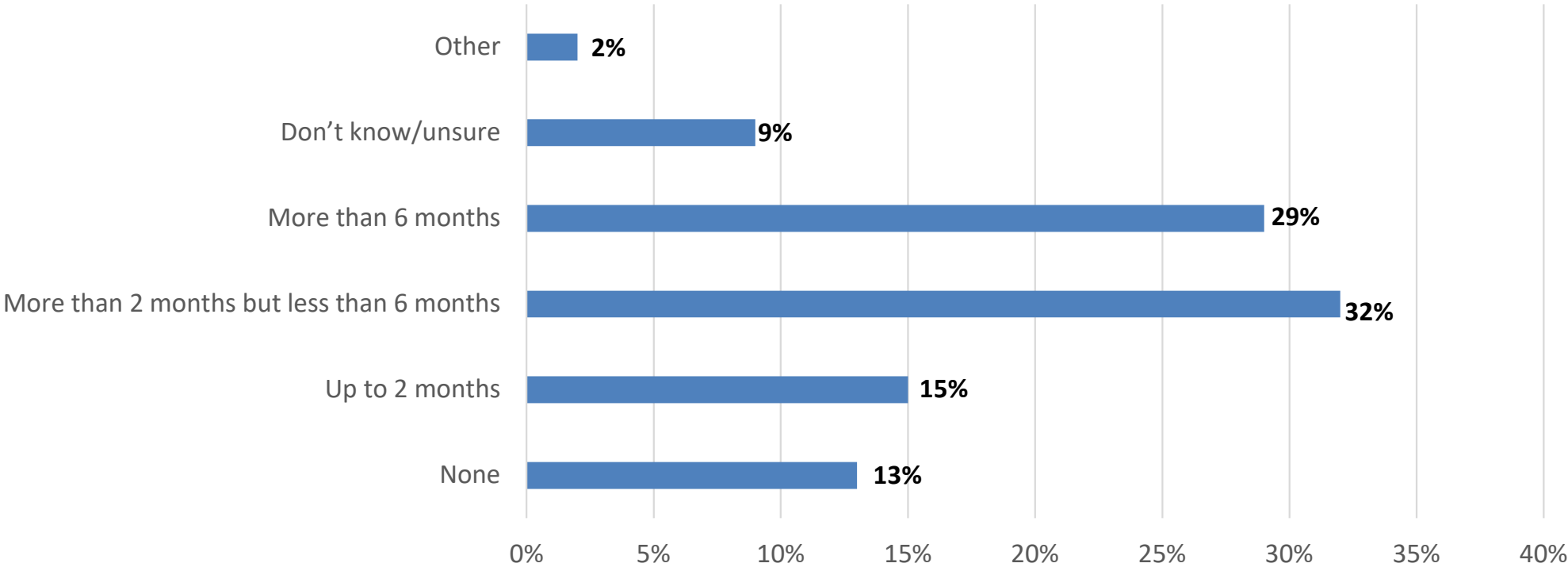
Key results – Business confidence by county

Which of the following periods do you currently anticipate is the furthest that your business will be able to survive to without further support?	GSW	Cornwall & IoS	Devon	Dorset	Somerset
Winter 2022 (up to 31st March 2022)	5%	2%	4%	8%	7%
Spring 2022 (up to 1st May 2022)	6%	4%	6%	8%	7%
Summer 2022 (up to 31st August 2022)	8%	5%	8%	10%	9%
Beyond Summer 2022	52%	60%	50%	41%	54%
Don't know/unsure	30%	29%	31%	33%	24%
How confident are you in your assessment of surviving to that period?	GSW	Cornwall & IoS	Devon	Dorset	Somerset
Not very confident	7%	5%	6%	8%	11%
Fairly confident	31%	28%	27%	54%	35%
Confident	26%	26%	27%	21%	22%
Very confident	24%	29%	25%	10%	22%
Don't know	13%	12%	15%	8%	11%

- The largest proportion of businesses across all areas said they currently anticipated their business could survive beyond Summer 2022 (after 31st August 2022) without further support including 60% of Cornwall businesses, 50% of Devon businesses, 41% of Dorset businesses and 54% of Somerset businesses.
- 83% of Cornwall businesses, 79% of Devon businesses, 85% of Dorset businesses and 79% of Somerset businesses said they were confident to some degree in their assessment of how long they could survive.

Key results – Cash reserves

Cash reserves available



- When asked how many months cash reserves they had, 32% of all businesses said they had more than 2 months but less than 6 months available and a further 29% said they had more than 6 months.
- 15% of businesses said they only had up to 2 months cash reserves available and 13% said they had none. 9% of businesses didn't know/were unsure how many months cash reserves they had.
- The results by county are shown in the table overleaf.

Key results – Cash reserves by county

How many months cash reserves do you have?	GSW	Cornwall & IoS	Devon	Dorset	Somerset
None	13%	6%	12%	26%	15%
Up to 2 months	15%	13%	13%	21%	20%
More than 2 months but less than 6 months	32%	37%	34%	18%	28%
More than 6 months	29%	34%	28%	18%	30%
Don't know/unsure	9%	7%	10%	15%	4%
Other	2%	2%	2%	3%	2%

- The largest proportion of businesses across all areas except Dorset, said they had more than 2 months but less than 6 months cash reserves available including 37% of Cornwall businesses, 34% of Devon businesses and 30% of Somerset businesses.
- The largest proportion of businesses based in Dorset said they had no cash reserves available (26%).

Key results – Employment impacts by county

- When asked how their staffing levels had changed compared to pre-Covid-19 levels, the largest proportion of all businesses (66%) said they had stayed the same and this was consistently the largest proportion across all the counties.
- 23% of businesses said their staffing levels had decreased to some degree and 12% said they had increased. The net percentage change in staffing levels was -11% compared with pre-Covid-19 levels including -2% in Cornwall, -7% in Devon, -44% in Dorset and -16% in Somerset.
- The results by county are shown in the table below.

How have your staffing levels changed compared to pre-Covid 19 levels?	GSW	Cornwall & IoS	Devon	Dorset	Somerset
Decreased by 81% or more	3%	4%	1%	5%	4%
Decreased by 61-80%	2%	0%	2%	5%	4%
Decreased by 41-60%	4%	2%	4%	3%	4%
Decreased by 21-40%	5%	5%	2%	18%	7%
Decreased by 11-20%	6%	2%	5%	10%	11%
Decreased by up to 10%	3%	2%	4%	3%	0%
Stayed the same	66%	71%	69%	56%	54%
Increased by up to 10%	2%	1%	2%	0%	4%
Increased by 11-20%	3%	4%	4%	0%	0%
Increased by 21-40%	2%	2%	2%	0%	4%
Increased by 41-60%	3%	5%	2%	0%	2%
Increased by 61-80%	1%	1%	1%	0%	2%
Increased by 81% or more	1%	0%	0%	0%	2%
Net % change	-11%	-2%	-7%	-44%	-16%

Key results – Employment impacts by county

- When asked why their employee numbers are less than pre-Covid 19 levels, the largest percentage of businesses (30%) said that their former employees had moved to another job in another industry including 21% of Cornwall businesses, 31% of Devon businesses, 35% of Dorset businesses and 29% of Somerset businesses.
- The results by county are shown in the table below.

Why are your employee numbers less than pre-Covid 19 levels? Percentage of former employees that fall into each of the categories below:	GSW	Cornwall & IoS	Devon	Dorset	Somerset
Percentage made redundant	13%	19%	14%	10%	7%
Percentage moved to another job in tourism & hospitality	9%	4%	12%	6%	12%
Percentage moved to another job in another industry	30%	21%	31%	35%	29%
Percentage left without a job to go to	11%	13%	11%	9%	13%
Percentage left the country	8%	0%	10%	11%	9%
Percentage left to start up own business	1%	0%	1%	4%	0%
Percentage don't know	9%	15%	12%	2%	4%
Percentage other	18%	28%	9%	23%	25%

Key results – Feedback on why employee numbers are less than pre-Covid (sample of businesses)

- 23% of businesses said their staffing levels had decreased to some degree compared with pre-Covid levels. A selection of comments from businesses are shown below.

Staff did not want to deal with customers in the event they contract covid and the business was so low have not had the need to re-employ.

To operate more efficiently we have reduced services.

Our event business has been devastated which paid for several outside staff on the golf course.

Some employees took retirement, some just left when furlough ended recruiting replacements has been very difficult.

Not enough business, we don't need as many.

Funding for staff was project money which has now run out. Staff on maternity, lack of money to recruit initially.

Having to use agencies as cannot get enough skilled labour to work and stay.

Disinclination to re-recruit students/casual labour to cover holiday leave.

Re-locating to get on property ladder... more affordable housing further afield and subsequently left industry for more of a work life balance...

Key results – Employment impacts by county

- 27% of all businesses were currently recruiting (18% of businesses based in Cornwall, 27% in Devon, 38% in Dorset and 35% in Somerset).
- The largest proportion of businesses (who were recruiting) were doing so for part-time temporary/seasonal positions (57%) and full-time permanent positions (47%).
- 51% of businesses (who were recruiting) were looking for cleaning/housekeeping staff, 35% for front of house/reception positions and 34% for chefs. There was little variation in the results by county.

% of businesses currently recruiting within that sector (those businesses currently recruiting only)	GSW	Cornwall & IoS	Devon	Dorset	Somerset
Full-time permanent	47%	54%	47%	60%	38%
Full-time temporary/seasonal	35%	31%	33%	47%	31%
Part-time permanent	32%	23%	33%	40%	31%
Part-time temporary/seasonal	57%	38%	62%	67%	50%
Senior management	8%	8%	7%	7%	13%
Operational management	19%	15%	18%	27%	13%
Chefs	34%	0%	35%	60%	31%
Kitchen porters	15%	0%	20%	20%	0%
Admin staff	19%	8%	16%	53%	6%
Cleaning/housekeeping	51%	54%	51%	53%	50%
Front of house/reception	35%	31%	29%	60%	38%
IT	0%	0%	0%	0%	0%
Finance	2%	0%	2%	7%	0%
Marketing	3%	8%	2%	7%	0%
Beauty/gym leisure	3%	0%	4%	7%	0%
Grounds/maintenance	21%	15%	22%	20%	25%
Customer services	16%	15%	15%	27%	13%
Other	9%	15%	11%	0%	6%

Key results – Employment impacts by county

- The average number of vacancies being advertised by type of contract and position amongst those businesses who were recruiting the are shown in the table below. 5.51 full-time temporary/seasonal positions and 3.53 part-time temporary/seasonal positions were currently being recruited for on average per business..
- Within each sector (where businesses were recruiting for staff,) the highest average number of vacancies were for kitchen porters (3.13), beauty/gym leisure staff and other staff (2.67 each).

How many vacancies do you currently have in the following categories? Ave. no. of vacancies	GSW	Cornwall & IoS	Devon	Dorset	Somerset
Full-time permanent	2.38	2.29	2.65	2.11	1.33
Full-time temporary/seasonal	5.51	8.25	5.83	3.86	4.80
Part-time permanent	2.38	2.33	2.72	1.33	2.40
Part-time temporary/seasonal	3.53	1.60	4.24	3.70	1.88
Senior management	1.63	3.00	1.50	1.00	1.50
Operational management	1.53	1.00	1.90	1.00	1.50
Chefs	1.62	0.00	1.79	1.44	1.20
Kitchen porters	3.13	0.00	3.73	1.67	0.00
Admin staff	1.24	1.00	1.17	1.25	2.00
Cleaning/housekeeping	2.54	3.00	2.75	2.00	2.13
Front of house/reception	2.39	3.50	2.41	2.44	1.50
IT	0.00	0.00	0.00	0.00	0.00
Finance	1.00	0.00	1.00	1.00	0.00
Marketing	1.67	3.00	1.00	1.00	0.00
Beauty/gym leisure	2.67	0.00	3.50	1.00	0.00
Grounds/maintenance	1.38	1.50	1.58	1.00	1.00
Customer services	1.63	1.00	1.75	2.00	1.00
Other	2.67	1.50	3.17	0.00	2.00

Key results – Employment impacts by county

- In order to try and resolve any shortages in staff/recruitment issues they were experiencing, 81% of those businesses currently recruiting were paying higher wages, 43% were hiring unskilled staff and providing them with training, 32% had reduced their capacity, services or hours of opening and 24% had offered retention incentives e.g. bonus, refer a friend.

What are you doing to try and resolve any staff shortages/recruitment issues?	GSW	Cornwall & IoS	Devon	Dorset	Somerset
Reducing capacity, services or hours of opening	32%	33%	22%	53%	44%
Paying higher wages	81%	87%	84%	60%	88%
Introducing benefits packages	16%	33%	13%	13%	13%
Offering retention incentives – e.g. bonus, refer a friend	24%	27%	25%	27%	13%
Hiring unskilled staff and providing training	43%	40%	38%	60%	44%
Taking on apprentices	22%	7%	22%	40%	19%
Forging links with educational institutions	15%	0%	18%	27%	6%
Working with job centres	14%	13%	18%	13%	0%
Not Applicable - we have all the staff we need	1%	0%	2%	0%	0%
Other	8%	7%	4%	20%	13%

Key results – Feedback on resolving staff shortages (sample of businesses)

- A selection of comments from businesses who were trying to resolve any staff shortages/recruitment difficulties are shown below.

Finding and retaining Chefs!
Directly linked to affordable housing....also, the demands of salary packages are costing more and more - which makes it unaffordable for small businesses.

Number and quality of applicants from the region has vastly reduced compared to normal. Many applications from out of county and some from other countries. With the current housing shortage we are aiming to employ established locals where possible.

Recruitment has been somewhat difficult particularly at the higher skill levels/experience levels.

Hospitality is suffering as due to covid/furlough/lockdowns people don't want to work as much - got used to furlough? Particularly during unsociable hours or weekends. Less people want to clean particularly owing to covid risk. Hospitality is also not trusted as a sector which could get closed down by government again.

Struggling to hire full time flexible staff specifically, which has meant that we have been hiring more part time staff to try to plug the recruitment schedule gaps. This gives the appearance that we have a greater number of staff on the books when the reality is that we don't have sufficient coverage.

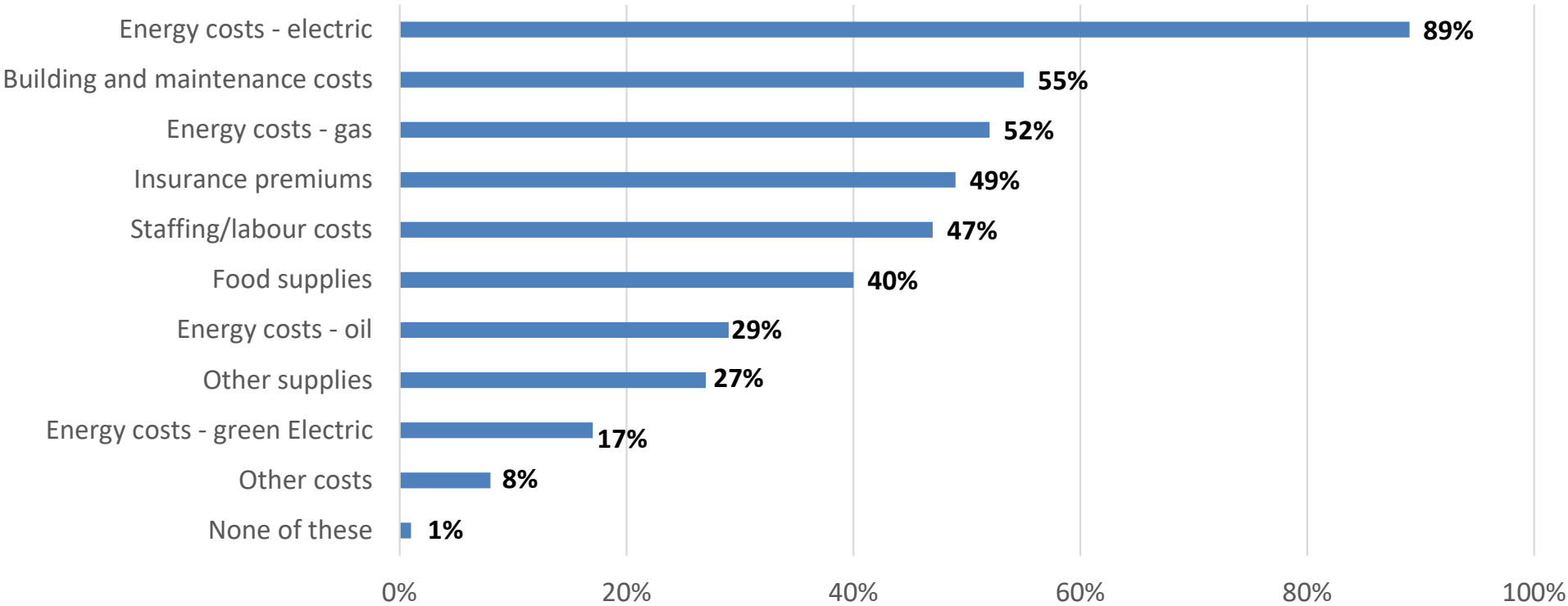
Our members are struggling to find cleaning staff for accommodation businesses and kitchen/ bar / front of house staff for hospitality businesses.

We have issues with finding good cleaning staff and are having to build in void periods between rentals in order to ensure that we can do the cleaning ourselves, if necessary. We are also building in more closed periods in order to give ourselves a break because we have to assume we will be working longer hours. We estimate that this will account for around a 10% capacity reduction over the year.

Key results – Inflationary pressures

- 97% of businesses said they were ‘very concerned’ (57%) or ‘somewhat concerned’ (40%) about growing inflationary pressures on their business.
- When asked which inflationary items they think will have the most impact on increasing their businesses' overall operational costs moving forward by far the largest proportion of businesses said electric energy costs (89%), followed by building and maintenance costs (55%), gas energy costs (52%), insurance premiums (49%), staff/labour costs (47%) and food supplies (40%). The results by county are shown in the table overleaf.

Most impactful inflationary pressures



Key results – Inflationary pressures by county

Which of the following inflationary items do you think will have the most impact on increasing your businesses' overall operational costs moving forward?	GSW	Cornwall & IoS	Devon	Dorset	Somerset
Energy costs – oil	29%	37%	22%	38%	37%
Energy costs – gas	52%	29%	63%	56%	43%
Energy costs – electric	89%	88%	91%	92%	80%
Energy costs - green Electric	17%	18%	17%	10%	24%
Insurance premiums	49%	55%	46%	56%	46%
Food supplies	40%	17%	48%	46%	41%
Other supplies	27%	22%	28%	33%	22%
Staffing/labour costs	47%	50%	45%	59%	43%
Building and maintenance costs	55%	59%	53%	54%	59%
None of these - I have found/will find ways to reduce my businesses' operational costs	1%	1%	1%	0%	2%
Other costs	8%	6%	8%	10%	4%

- When asked which inflationary items they think will have the most impact on increasing their businesses' overall operational costs moving forward by far the largest proportion of businesses across each of the counties said electric energy costs (88% of Cornwall businesses, 91% of Devon businesses, 92% of Dorset businesses and 80% of Somerset businesses).

Key results – Inflationary pressures by county

- When asked what they think will be the approximate total change in their businesses' operational costs as a result of these inflationary items, the largest proportion of businesses said they are likely to increase by between 11-15% (24%), 23% by between 16-20% and 21% by more than 20%.
- There was little variation in the results according to county.

What do you think will be the approximate total change in your businesses' operational costs as a result of these inflationary items?	GSW	Cornwall & IoS	Devon	Dorset	Somerset
Increase by up to 5%	5%	2%	4%	10%	9%
Increase by between 6-10%	19%	16%	21%	18%	11%
Increase by between 11-15%	24%	30%	21%	13%	39%
Increase by between 16-20%	23%	28%	24%	26%	7%
Increase by more than 20%	21%	15%	23%	26%	17%
No change - my operational costs will stay the same	1%	2%	1%	0%	0%
My costs have decreased	0%	0%	0%	0%	0%
Don't know/unsure	7%	6%	5%	8%	17%

Key results – Inflationary pressures by county

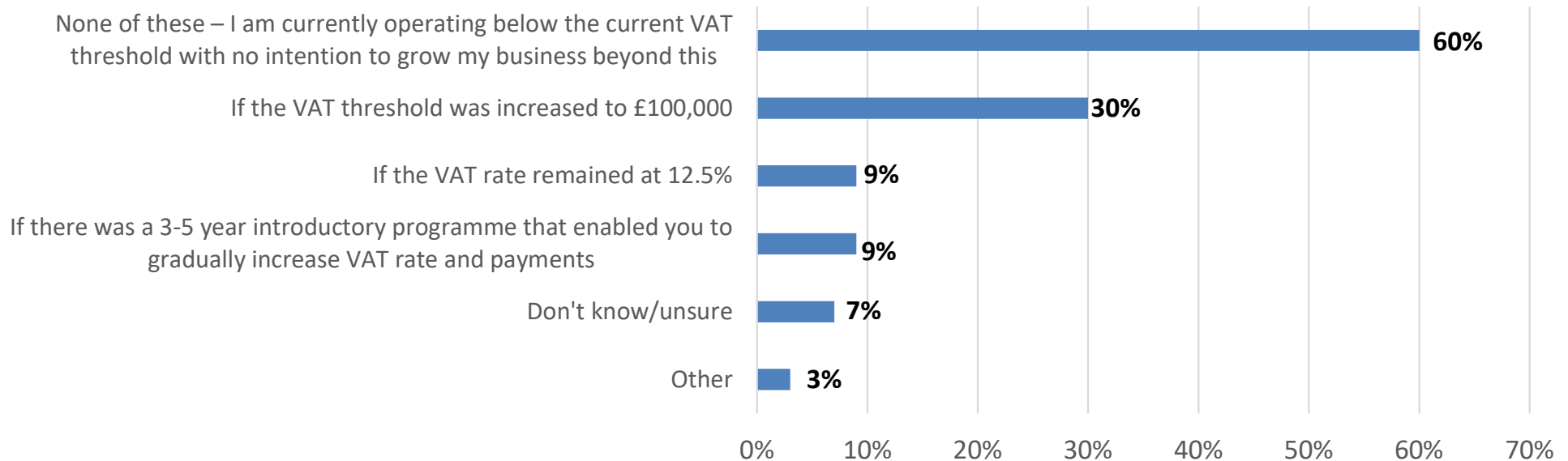
- When asked how they anticipate their business is likely to respond to these increasing inflationary pressures 39% of businesses said they are likely to increase their prices by more than 5% but less than 10%, 32% said they are likely to increase their prices by up to 5% and 27% said they will cut costs by delaying/cancelling investment in new developments.
- There was little variation in the results according to county.

How do you anticipate your business is likely to respond to these increasing inflationary pressures?	GSW	Cornwall & IoS	Devon	Dorset	Somerset
Increase prices by up to 5%	32%	33%	31%	41%	26%
Increase prices by more than 5% but less than 10%	39%	37%	39%	38%	41%
Increase prices by 10% or more	19%	18%	22%	5%	17%
Cut costs by reducing staff	8%	4%	9%	10%	9%
Cut costs by delaying/cancelling investment in new developments	27%	29%	25%	31%	26%
Cut costs by delaying refreshment/maintenance of premises	25%	32%	21%	36%	24%
Cut costs by closing for more weeks of the year	18%	16%	19%	23%	17%
None of these - I am not concerned by increasing inflationary pressures on my business	2%	1%	3%	0%	2%
Other	8%	9%	5%	15%	11%

Key results – VAT threshold

- 55% of businesses were currently not VAT registered. Recognising that currently the growth in turnover required to justify operating above the VAT threshold is significant, these businesses were asked what would encourage them to grow their business beyond the current VAT threshold.
- 60% of businesses said they were currently operating below the current VAT threshold with no intention to grow their business beyond this. 30% said they would consider growing their business if the VAT threshold was increased to £100,000.
- The results by county are shown in the table overleaf.

Which of the following would encourage you to grow your business beyond the current VAT threshold?



Key results – VAT threshold by county

Is your business currently VAT registered (i.e. turnover of more than £85,000)?	GSW	Cornwall & IoS	Devon	Dorset	Somerset
Yes	45%	40%	44%	59%	48%
No	55%	60%	56%	41%	52%
Recognising that currently the growth in turnover required to justify operating above the VAT threshold is significant, which of the following would encourage you to grow your business beyond the current VAT threshold?	GSW	Cornwall & IoS	Devon	Dorset	Somerset
If the VAT threshold was increased to £100,000	30%	27%	35%	31%	17%
If there was a 3-5 year introductory programme that enabled you to gradually increase VAT rate and payments	9%	12%	7%	19%	4%
If the VAT rate remained at 12.5%	9%	12%	9%	13%	0%
None of these – I am currently operating below the current VAT threshold with no intention to grow my business beyond this	60%	67%	56%	50%	67%
Don't know/unsure	7%	4%	7%	13%	8%
Other	3%	0%	3%	6%	13%

- 60% of businesses based in Cornwall, 56% in Devon, 41% in Dorset and 52% in Somerset were not VAT registered.
- 67% of businesses based in Cornwall, 56% in Devon, 50% in Dorset and 67% in Somerset said they were currently operating below the current VAT threshold with no intention to grow their business beyond this.
- 27% of businesses based in Cornwall said they would consider growing their business if the VAT threshold was increased to £100,000 along with 35% of businesses based in Devon, 31% in Dorset and 17% in Somerset.

Key results – VAT rate by county

- When asked what their business will do if the VAT rate for hospitality businesses returns to 20% on 1st April 2022, 34% of businesses said they will keep their prices the same including 45% of those based in Cornwall, 33% in Devon, 26% in Dorset and 27% in Somerset.
- 23% of businesses said they will increase their prices by more than 5% but less than 10% including 24% of businesses based in Cornwall, 21% in Devon, 30% in Dorset and 23% in Somerset.

If the VAT rate for hospitality businesses returns to 20% on 1st April 2022, will your business.....?	GSW	Cornwall & IoS	Devon	Dorset	Somerset
Keep prices the same	34%	45%	33%	26%	27%
Increase prices by up to 5%	16%	12%	15%	17%	23%
Increase prices by more than 5% but less than 10%	23%	24%	21%	30%	23%
Increase prices by 10% or more	16%	9%	21%	13%	9%
Other	11%	9%	10%	13%	18%

Key results – Insurance premiums by county

- 53% of businesses said their insurance had come up for renewal during the period 1st July to 31st December 2021. 82% of these businesses said their premium had increased compared with the previous year including 29% by between 6% and 10%, 18% by up to 5% and 10% by between 11% and 15%.
- 5% of businesses said their premium had stayed the same, 2% that it had decreased and 1% said their provider has refused to cover their business this year.
- The results by county are shown in the table below.

	GSW	Cornwall & IoS	Devon	Dorset	Somerset
Increased by up to 5%	18%	23%	21%	5%	9%
Increased by between 6% and 10%	29%	32%	26%	32%	32%
Increased by between 11% and 15%	10%	11%	10%	9%	9%
Increased by between 16% and 20%	8%	2%	9%	9%	9%
Increased by between 21% and 25%	8%	9%	8%	9%	0%
Increased by between 26% and 50%	6%	9%	5%	5%	9%
Increased by between 51% and 75%	2%	5%	2%	0%	0%
Increased by between 76% and 100%	1%	2%	1%	0%	0%
Increased by more than 100%	0%	0%	0%	0%	0%
Stayed the same/unchanged	5%	5%	6%	0%	5%
My insurance premium has decreased this year	2%	0%	1%	9%	5%
My insurance provider has refused to cover my business this year	1%	0%	0%	5%	0%
Don't know/unsure	10%	0%	9%	18%	23%
Other	1%	2%	1%	0%	0%

Key results – Investment levels

- Businesses were asked to indicate how much they usually invest in their business over the winter period and how much they actually did invest over the winter period in 2021/22.
- As the results in the table below illustrate, 47% of businesses spent £10k or less on investment in their business during the winter of 2021/22, a decrease of 8% compared with the usual proportion of businesses spending this amount (55%). Those investing £11k or more within each of the investment bands during the winter of 2021/22 remained broadly similar to usual. 10% of business spent nothing/made no investment in their business during this period compared with 6% of businesses usually not investing anything.

Investment levels	All businesses		Cornwall & IoS		Devon		Dorset		Somerset	
	Usual	Actual	Usual	Actual	Usual	Actual	Usual	Actual	Usual	Actual
Zero/no investment	6%	10%	4%	5%	3%	11%	16%	21%	12%	11%
£10k or less	55%	47%	58%	53%	54%	42%	50%	52%	60%	51%
£11 to 25k	22%	23%	21%	21%	24%	24%	13%	21%	23%	30%
£26 to 50k	8%	9%	15%	12%	7%	10%	5%	0%	2%	3%
£51 to 75k	3%	3%	1%	4%	4%	4%	8%	0%	0%	3%
£76 to 100k	2%	2%	0%	3%	2%	2%	5%	0%	0%	0%
£101 to 150k	1%	1%	0%	0%	1%	1%	3%	7%	0%	0%
£151 to 200k	1%	1%	0%	0%	2%	2%	0%	0%	2%	0%
£201 to 250k	1%	1%	0%	0%	1%	1%	0%	0%	0%	0%
£251 to 300k	1%	1%	0%	0%	1%	2%	0%	0%	0%	0%
£301 to 350k	0%	1%	0%	0%	0%	1%	0%	0%	0%	3%
£351 to 400k	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
£401 to 450k	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
£451 to 500k	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
£500k +	1%	1%	1%	1%	1%	1%	0%	0%	0%	0%

Key results – Business information & support by county

- Businesses were asked where they accessed information and support for their business since lockdown 1. The results by county are shown in the table below.

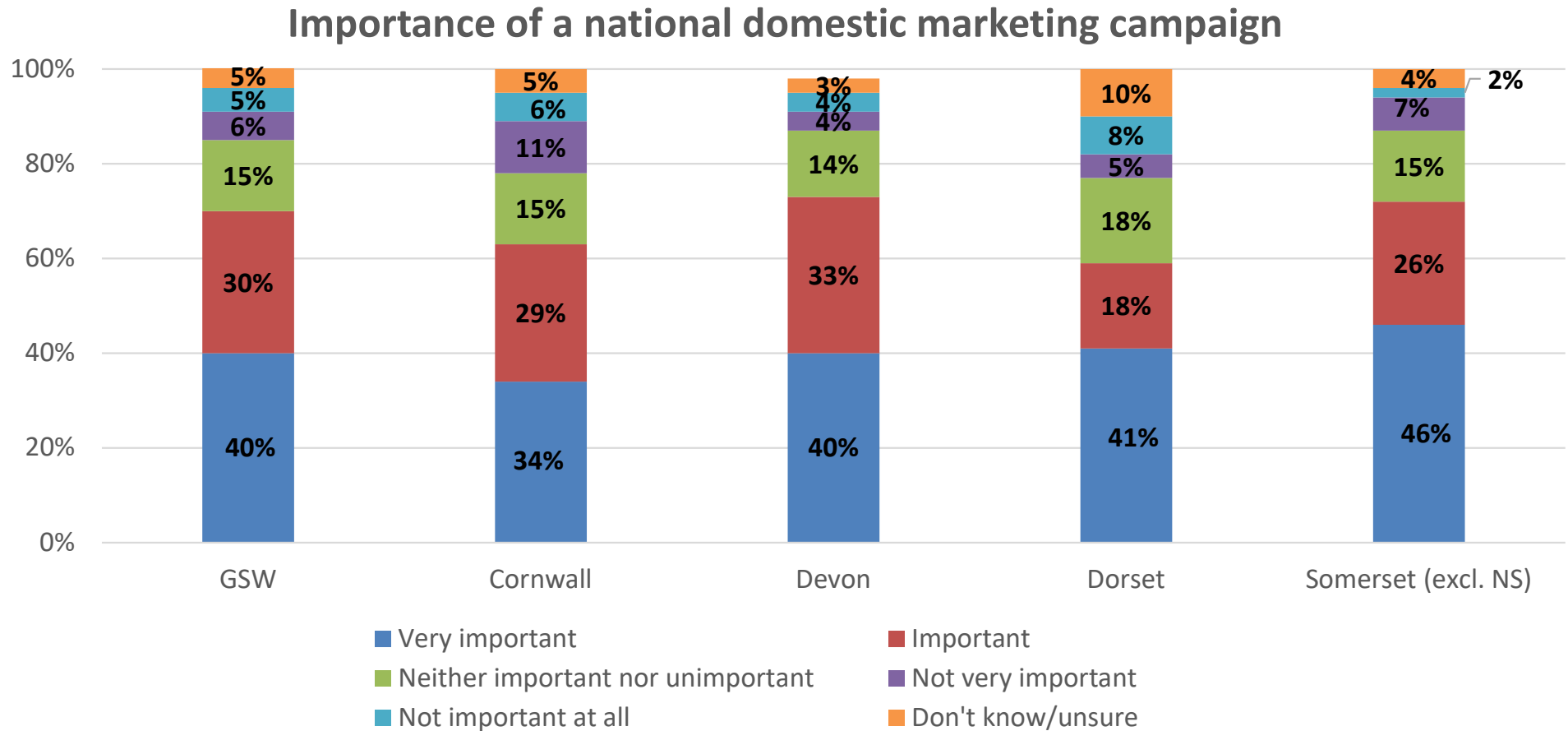
	Cornwall & IoS	Devon	Dorset	Somerset
Local Authority	61%	73%	82%	78%
Gov.uk	57%	66%	67%	52%
Visit Cornwall	37%	1%	0%	0%
Visit Devon	0%	28%	3%	0%
Visit Dorset	0%	0%	36%	0%
Visit Exeter	0%	3%	0%	0%
Visit Somerset	0%	0%	0%	37%
Destination Plymouth	1%	1%	0%	0%
English Riviera BID Company	0%	27%	0%	0%
Visit Exmoor	0%	2%	0%	33%
BCP Council Tourism	0%	0%	10%	0%
The Professional Association of Self-Caterers (PASC UK)	76%	31%	36%	41%
South West Tourism Alliance (SWTA)	17%	20%	28%	22%
B&B Association	1%	8%	3%	7%
UK Hospitality	9%	9%	23%	15%
British Holiday & Home Parks Association (BHHPA)	0%	2%	8%	2%
Visit England/Visit Britain	27%	32%	21%	33%
LEP/Growth Hubs	9%	3%	10%	4%
I didn't access any information/support for my business during lockdown	2%	2%	5%	0%
Other	13%	10%	23%	15%

Key results – Top priorities for survival & growth by county

- When asked to select their top priorities (from a predefined list) which they would like to see become available to help their business survive and grow over the next 12 months the results were as follows:
 - Priority 1: Continue business rates reduction beyond April 2022 (73%)
 - Priority 2: Maintain the 12.5% VAT reduction beyond March 2022 (58%)
 - Priority 3: Encourage UK workers to enter the industry (39%)
 - Priority 4: Develop retraining programmes to support people from other sectors entering the tourism industry (24%)
- The results by county are shown below.

	GSW	Cornwall & IoS	Devon	Dorset	Somerset
Maintain the 12.5% VAT reduction beyond March 2022	58%	59%	58%	62%	57%
Continue business rates reduction beyond April 2022	73%	71%	74%	78%	66%
Support EU nationals in the UK gaining Settled Status	21%	24%	20%	8%	32%
Introduce a scheme for low skilled workers to enter the UK	18%	22%	15%	27%	16%
Encourage UK workers to enter the industry	39%	38%	39%	46%	36%
Develop retraining programmes to support people from other sectors entering the tourism industry	24%	27%	23%	24%	25%
Other	15%	18%	15%	8%	14%

Key results – National domestic marketing campaign



- When asked how important a national domestic marketing campaign is to their business success, 70% of businesses said it is 'very important' (40%) or 'important' (30%) to the success of their business.
- 73% of Devon businesses and 72% of Somerset businesses said it is 'very important' or 'important' to the success of their business compared with 63% of Cornwall businesses and 59% of Dorset businesses.
- 17% of Cornwall businesses, 8% of Devon businesses, 13% of Dorset businesses and 9% of Somerset businesses said it is 'not very important' or 'not important at all' to the success of their business.

Key results – Feedback on future survival and recovery (sample of businesses)

- Businesses were asked to provide any further comments about any further support they need to enable their business survival and future recovery or of any other issues they would like their DMO to raise which will form the GSWTP's lobbying to Government for future sector support. A sample of responses is provided below and overleaf.

A registration scheme for ALL providers of short term holiday accommodation mandated, adopted by OTAs and enforced.

Reduce the ability for Airbnbbers to rent a room for extra pocket money income to top up their general income.

Rising energy costs are very worrying and support is definitely required. The minimum compulsory wage p/h is too high for unskilled workers.

Some kind of assistance with prohibitive rise in business energy costs. Maintaining (or even reducing) 12.5% VAT. Continued assistance with business rates reduction.

The economy needs to get back in line with current wage levels and stop increasing at ridiculous levels so people can plan holidays and feel able to afford one. The industry needs UK stability to survive.

As much help from the government and council as possible. The government needs to help the councils who I hope in turn will help us.

Proper registration of premises HMRC to check credentials .

Keep rates and VAT low is all that will help. Grants won't help as we may not be able to pay them back.

Reduce energy costs as this has a dramatic effect on inflation, lower VAT to enable competition with Europe, cancel NI rise, increase tax free allowances for employees.

Bring electricity prices down. Keep VAT at a lower rate.

Key results – Feedback on future survival and recovery (sample of businesses)

Pricing is critical so anything that helps us to compete on price with overseas destinations, (which have much lower rates of VAT and business rates), so key to survival is for the UK government to keep realistic vat and business rates which means keeping the current 12.5% or lower rate of vat and reduce/eliminate business rates.

I have seen the government insistence on retaining high vat and business rates destroy the high street as it has become increasingly uncompetitive with the likes of Amazon etc. Effectively the government has destroyed its high street tax revenue base as those stores who paid general taxes have gone out of business due to unrealistically high vat and business rates whilst the likes of Amazon pay very little business rates, no vat or corporation tax.

Work to reduce the reliance or better spread the burden of business rates. License all accommodation providers. Provide a level playing field for VAT, without a collar of £85K.

Reducing the VAT rate and almost as importantly keeping the rate at one level for at least a year. Keep varying the rate is taking so much time to implement and to keep track of that the saving in a temporary rate reduction becomes almost worthless.

Retention of the reduced rate VAT scheme and a repeat of the Eat out to Help out type initiative.

A cut in VAT on repairs especially on listed buildings.

Grants or incentives to improve energy efficiency such as insulation, solar power, etc. Grants to help with installing an electric vehicle charging point to encourage guests who drive EVs. Registration scheme for self-catering providers so that guests can identify those of us who invest in meeting safety standards and complying with other legal responsibilities.

Grants to help with investments into the business to enable growth and to allow businesses to stay attractive to visitors and staff.

We are a charity. Allow us to have more flexibility on reclaiming VAT or not being charged VAT on more goods and services we have to buy.

Great South West Tourism Partnership Coronavirus (COVID-19) Business Impact Survey – No. 4 February 2022 (covering 1st July to 31st December 2021)

The South West Research Company Ltd

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