



County Offices
Newland
Lincoln
LN1 1YL

6 July 2020

In accordance with the powers granted by the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 this will be a virtual meeting.

Environment and Economy Scrutiny Committee

A meeting of the Environment and Economy Scrutiny Committee will be held on **Tuesday, 14 July 2020 at 10.00 am as a Virtual - Online Meeting via Microsoft Teams** for the transaction of the business set out on the attached Agenda.

Access to the meeting is as follows:

Members of the Environment and Economy Scrutiny Committee and officers of the County Council supporting the meeting will access the meeting via Microsoft Teams.

Members of the public and the press may access the meeting via the following link: <https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=548&MId=5510&Ver=4> where a live feed will be made available on the day of the meeting.

Yours sincerely

A handwritten signature in cursive script that reads 'Debbie Barnes'.

Debbie Barnes OBE
Chief Executive

Membership of the Environment and Economy Scrutiny Committee (11 Members of the Council)

Councillors Mrs W Bowkett (Chairman), C R Oxby (Vice-Chairman), Mrs A M Austin, T Bridges, G E Cullen, M A Griggs, A G Hagues, C Matthews, E J Sneath, H Spratt and Dr M E Thompson

**ENVIRONMENT AND ECONOMY SCRUTINY COMMITTEE AGENDA
TUESDAY, 14 JULY 2020**

Item	Title	Pages
1	Apologies for Absence/Replacement Members	
2	Declarations of Members' Interests	
3	Minutes of the previous meeting held on 25 February 2020	5 - 10
4	Announcements by the Chairman, Executive Councillors and Lead Officers	
5	Green Master Plan <i>(To receive a report from David Hickman, Head of Environment, which provides a progress update on the Green Master Plan, highlighting the key activities taken to date and proposing a delivery schedule)</i>	11 - 16
6	Lincolnshire Broadband Programme <i>(To receive a report from Steve Brookes, Lincolnshire Broadband Programme Manager, which provides an update on the current status of the Lincolnshire Broadband Programme)</i>	17 - 20
7	Team Lincolnshire and Foreign Direct Investment Activities <i>(To receive a report from Karen Seal, Interim Principle Officer – Place and Investment, which provides an update on the activities and support being provided to the Team Lincolnshire Ambassador Programme and Foreign Direct Investment Key Account Management Programme)</i>	21 - 42
8	Environment and Economy Scrutiny Committee Work Programme <i>(To receive a report by Daniel Steel, Scrutiny Officer, which enables the Committee to comment on the content of its work programme for the coming year to ensure that scrutiny activity is focussed where it can be of greatest benefit)</i>	43 - 46
9	CONSIDERATION OF EXEMPT INFORMATION <i>(In accordance with Section 100(A)(4) of the Local Government Act 1972, the following agenda items have not been circulated to the press and public on the grounds that they are considered to contain exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended. The press and public may be excluded from the meeting for the consideration of these items of business)</i>	

10 Introducing Separate Collections for Paper and Cardboard in Lincolnshire To Follow

(To receive a report from John Coates, Head of Service – Waste, which invites the Committee to consider a report which discusses introducing separate collections for paper and cardboard in Lincolnshire, which is due to be considered by the Executive Councillor for Commercial and Environmental Management on 2 September 2020. The views of the Committee will be passed on to the Executive Councillor in relation to this item)

<u>Democratic Services Officer Contact Details</u>	
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Please note: for more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting	
<ul style="list-style-type: none">• Business of the meeting• Any special arrangements• Copies of reports	
Contact details set out above.	
All papers for council meetings are available on: https://www.lincolnshire.gov.uk/council-business/search-committee-records	



**ENVIRONMENT AND ECONOMY
SCRUTINY COMMITTEE
25 FEBRUARY 2020**

PRESENT: COUNCILLOR MRS W BOWKETT (CHAIRMAN)

Councillors C R Oxby (Vice-Chairman), Mrs A M Austin, G E Cullen, M A Griggs, A G Hagues, C Matthews, E J Sneath, H Spratt, C L Strange and Dr M E Thompson

Councillors C J Davie and E J Poll attended the meeting as observers

Officers in attendance:-

John Coates (Head of Waste), David Hickman (Head of Environment), Mary Powell (Commissioning Manager (Tourism)), Daniel Steel (Scrutiny Officer), Vanessa Strange (Head of Infrastructure Investment) and Emily Wilcox (Democratic Services Officer)

63 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

There were no apologies for absence.

64 DECLARATIONS OF MEMBERS' INTERESTS

There were no declarations of interest.

65 MINUTES OF THE PREVIOUS MEETING OF THE ENVIRONMENT AND ECONOMY SCRUTINY COMMITTEE HELD ON 14 JANUARY 2020

RESOLVED:

That the minutes of the meeting on the 14 January 2020 be approved as a correct record and signed by the Chairman.

66 ANNOUNCEMENTS BY THE CHAIRMAN, EXECUTIVE COUNCILLORS AND LEAD OFFICERS

The Chairman announced that she had attended the Flood and Water Management Committee in Skegness on the 24 February 2020, where the Committee had received the Section 19 report on the Wainfleet flooding incident. The meeting had been well attended and the report was well received by Members of the public. A public meeting was scheduled for the 4 April 2020 which would announce the future plans for the River Steeping.

The Executive Councillor for Economy and Place announced that representatives from Lincolnshire County Council (LCC) would be attending the MIPIM delegation in Cannes where it was hoped that they could obtain investments for Lincolnshire.

There had been discussions around major investments for Lincolnshire, with key people attending from various government departments. The Executive Councillor for Economy and Place would report back on this issue at the next meeting.

The coronavirus was already starting to have an impact on the global economy and if the virus became a pandemic it would have a serious impact on the national and global economy.

There was an opportunity to make a case for the Lincolnshire economy. It was hoped that the government budget would be more favourable for Lincolnshire investments on key infrastructure projects and water management and that Lincolnshire MP's were being proactive in lobbying for a greater deal for Lincolnshire.

67 DEVELOPING A STRATEGY FOR THE SUSTAINABLE FUTURE OF THE COAST

Consideration was given to a report by the Head of Environment, which outlined work to establish a partnership approach to securing the future of Lincolnshire's Coastal Areas, which builds on existing public and stakeholder aspirations. Members were informed that the strategy aimed to provide a framework to shape and support delivery of strategic objectives in a way that was most appropriate to the coastal context.

The strategy looked to create a more formed and collective view about the future of the coast in order to be able to make more informed decisions on how it could be defended.

It was suggested that the initiative be confined to the East Coast from Gibraltar Point northwards to Saltfleet and South Somercotes. The overall scope and timelines for proposed engagement were detailed in the report.

Members considered the report and during the discussion the following points were noted:

- It was confirmed that East Lindsey District Council had put a cap on development in flood risk areas with the exception of social housing as building social housing was seen to a necessity and there was desperate need for an increase in social housing.
- The Executive Councillor for Economy and Place informed Members that the Government had announced that it was planning to bring forward a planning bill to address how houses were built. The Committee were in agreement that Lincolnshire make positive steps and be an example in the progression of planning policy.

- It was expected that the Environment Agency would publish its new flood risk strategy later in 2020. The strategy would consider how communities who were extremely vulnerable to the risks of climate change could be defended.
- Within Lincolnshire, the flood prone area on the East Coast was a large area of land with significant cumulative economic value which Lincolnshire would be able to argue to protect.
- The Executive Councillor for Economy and Place noted that there was an opportunity to invest in and grow the Lincolnshire coast and its economy. A significant sum of money would need to be invested in the counties flood defences in order to ensure growth.
- Members were informed that there was a possibility that the Government would consider a sealing tax on land profits which would mean that land owners would be more likely to release land for a reasonable price.
- The Committee acknowledged the challenges faced by flooding and climate change when developing areas of growth.

RESOLVED:

That the report be noted.

68 DEVELOPING THE CIRCULAR ECONOMY IN LINCOLNSHIRE

Consideration was given to a report by the Head of Environment, which outlined the concept of the circular economy and explored examples of ways of implementing a more sustainable approach to using resources across the county.

Members were informed that Lincolnshire County Council (LCC) was committed to reaching a net zero carbon emissions by 2050, which was in line with national government targets. The Council approved its Carbon Management Plan in 2019, which set out the first part of this journey with a carbon reduction target of 20% by March 2023.

The Committee was advised that the Council were working with partners to develop the County Council's Green Masterplan, focusing on key areas which included energy, property, communities, waste management and transport.

The circular economy encapsulated the idea of using less resource, using what's in circulation and using as little waste as possible. Examples of action that could be taken were set out on page 20 of the agenda.

Members considered the report and during the discussion the following points were noted:

- Members suggested a need for better broadband facilities for all residents if conference calling was to become a preferred option. Officers acknowledged that digital accessibility was a key area for improvement. There were national targets set for rolling out extensive digital accessibility across the UK.

**ENVIRONMENT AND ECONOMY SCRUTINY COMMITTEE
25 FEBRUARY 2020**

- It was recognised that there needed to be a shift in the mind-sets of many people and a move to being more sustainable and thoughtful by recycling and reusing resources.
- It was recognised that there was now a broader awareness and enthusiasm for change, however it was suggested that changes could be made in moderation.
- It was commented that public transport was not always convenient and improvements needed to be made if more people were going to use public transport more frequently.
- In an attempt to progress a more paperless approach, it was agreed that the Democratic Services Officer liaise with Members following the meeting to provide Members with the opportunity to go paperless.

RESOLVED:

That the report and comments made be noted.

69 TOURISM SECTOR DEAL

Consideration was given to a report by the Tourism Commissioning Manager, which invited the Committee to review the Tourism Sector Deal that was announced in Summer 2019.

In addition to the deal, there would be five Tourism Zones allocated by a competitive process and these would be enabled to operate more innovatively and ambitiously. The Tourism Commissioning Manager was of the view that securing a Tourism Zone for Greater Lincolnshire would be game-changing for Lincolnshire's tourism industry. Lincolnshire had the opportunity to put forward a bid to become a Tourism Zone and would do so for the whole of Greater Lincolnshire.

Officers were now looking to identify the challenges that were being faced by businesses in Lincolnshire. Six consultation events had been scheduled and a tourism action plan had been commissioned.

Members considered the report and during the discussion the following points were noted:

- The Executive Councillor for Economy and place supported the idea of Lincolnshire becoming a Tourism Zone. It was felt that Lincolnshire needed to be marketed more widely alongside improvements being made to the tourist attractions available.
- Members recognised a need to better maintain tourist attractions and work with district, town and parish council's on Lincolnshire's tourism agenda.
- Members expressed their disappointment in the discontinuation of the Visit Lincolnshire concept. However, it was clarified that the website was still operating and acting as a gateway to other sites.

ENVIRONMENT AND ECONOMY SCRUTINY COMMITTEE
25 FEBRUARY 2020

- The Tourism Sector deal workshops were scheduled to take place in Boston, South Kesteven, Lincoln, North Lincolnshire, North East Lincolnshire and Woodhall Spa. The Tourism Commissioning Manager agreed to circulate the dates of the workshops to the Committee.
- Members emphasised the many locations that offered walking, cycling and bird watching opportunities in Lincolnshire and the potential to develop this offer.
- It was argued that Lincolnshire was 'undersold' as a Tourism destination and more could be done to encourage and promote the County. Officers agreed that marketing could be improved, however reaching target audiences in a complex mix of paper and digital can be difficult and expensive.
- It was suggested that funding could be provided towards LCC setting up a Destination Management Organisation.
- It was acknowledged that it would be beneficial for tourist areas to be operating all year round and less seasonality.
- The Chairman highlighted that LCC would also be putting forward a bid for towns funds in Skegness, Mablethorpe, Lincoln and Boston. If successful along with the Tourism Bid, it would help tourism in Lincolnshire significantly.

RESOLVED:

1. That the report be noted;
2. That the Committee support the preparation of a bid for Greater Lincolnshire to become a Tourism Zone;
3. That the results of the consultation with the tourist industry and bidding progress be reported to a future meeting of the Committee.

70 VISITOR ECONOMY GREATER LINCOLNSHIRE PUBS - SITES & PREMISES STUDY

Consideration was given to a report by the Tourism Commissioning Manager which invited the Committee to review the work that had been undertaken on the Visitor Economy Greater Lincolnshire Pubs – Sites and Premises Study to date.

Members were advised that in 2017, through the Greater Lincolnshire Local Enterprise Partnership (GLEPP), LCC commissioned research into the possibility of further hotel development in the county. A report on the hotel study was produced and it was felt that the potential for further development of pubs and accommodation in Lincolnshire should be explored.

A free development guide had been produced for pub landlords, tenants and freehold owners and developers who were considering adding accommodation to their pub. Two workshops for pub landlords, tenants and developers had been scheduled and it was hoped that the workshops would produce future direction for the work on the Lincolnshire pubs and accommodation.

Members considered the report and during the discussion the following points were noted:

- Members commended the development of a free practical guide and were pleased that there was an interest in the workshops.
- It was suggested that non-serviced accommodation could become more popular and was less pressure for landlords.
- It was suggested that there was a gap in the market along the coast for bed and breakfast style accommodation. It was hoped that this could be utilised through the new towns funds.

RESOLVED:

1. That the report be noted;
2. That a further update following the consultation workshops with pubs be reported to the Committee.

**71 ENVIRONMENT AND ECONOMY SCRUTINY COMMITTEE WORK
PROGRAMME**

Consideration was given to a report by the Scrutiny Officer, which enabled the Committee to consider and comment on the content of its work programme for the coming year to ensure that scrutiny activity was focussed where it could be of greatest benefit.

Members were advised that at their meeting on the 31 March 2020, the Committee would consider reports on the County Mixed Dry Recyclables (MDR) procurement; Lincolnshire Broadband Programme Progress Report; Carbon Management Plan and China Hunan Province outcomes.

RESOLVED:

That the work programme be noted.

The meeting closed at 12:06pm.

Open Report on behalf of Andy Gutherson, Executive Director – Place

Report to:	Environment and Economy Scrutiny Committee
Date:	14 July 2020
Subject:	Green Master Plan

Summary:

This report provides a progress update on the Green Master Plan (GMP), highlighting the key activities taken to date and proposing a delivery schedule. The COVID-19 crisis will require resources to be directed towards supporting LCCs green recovery. This will contribute towards the actions likely to be identified within the master plan. It is important that we seize the opportunity to deliver carbon reduction and environmental benefits as early as possible.

The report also highlights the need for a delivery vehicle that will support long term and sustained actions to reduce carbon and improve the Lincolnshire environment.

Actions Required:

The Committee is asked to consider the development of the Green Master Plan and:

- (1) To endorse the proposed timescale for the delivery of the Green Master Plan by early 2021.
- (2) Provide guidance to officers on how the Committee envisage the green master plan will be delivered and the appropriate means for doing so.

1. Background

Lincolnshire County Council committed to making its activities carbon neutral by 2050 on 17th May 2019. This commitment also extended to working with partners and community groups to make Lincolnshire carbon neutral within the same time frame. In addition a key recommendation from the corporate peer challenge in September that year was to develop and implement a climate change strategy for Lincolnshire. The review highlighted that the council has the "ingredients in place for a good response to climate change" and recommended that it should grasp this agenda and move from 'carbon planning' to 'climate leadership'.

Since the peer review, Lincolnshire County Council has reinstated the East Midlands Sustainability Officers working group. This has now met three times to share information about actions across the region and to explore frameworks for others to use. It is hoped that in the different authorities may come together to collaborate on projects to reduce the costs and intellectual burden.

Similarly a renewed group of Lincolnshire sustainability officers has been created following a presentation to the chief executives and leaders in February. Following a first meeting on 17th March, in the coming weeks we will be convening the group on a regular, virtual basis to help to co-ordinate carbon management plans, the Environment topic of the JSNA and future shared project opportunities.

The Green Master Plan

The council directed action to develop a Green Master Plan (GMP) for Lincolnshire in early January. A proposed outline of the GMP was put forward in February, setting some key priorities and outlining a number of actions, including developing an evidence base, and working with consultants to engage with our partner organisations. The scope of the plan was also defined and will cover the impacts on LCC, our partners, and the wider community.

The corporate plan sets out LCC's commitment to reducing carbon emissions for Lincolnshire by 2050 to net zero. It also emphasises the need to show leadership in this area. The corporate plan success framework highlights the GMP as the mechanism by which LCC will deliver net zero. The plan will cover a number of different areas including:

- Carbon emissions
- Natural Environment
- Planning
- Energy
- Waste
- Transport
- Biodiversity
- Economic development

This is a broad agenda and will require the support and input of both LCC officers and our partners. To this end a consultation has started to develop the approach and format of activities that partners and senior officers feel are essential to the delivery of the GMP. 2050 is a long-term target which will need long-term thinking and actions to be implemented. We cannot avoid having challenging conversations in order to make the required changes to the way we do business and the way people live and work in Lincolnshire.

Tone and language will be vital in communicating the GMP's priorities and will set the tone for future action. Unambiguous commitments will be vital to ensure wide support across the organisation, partners and communities. The GMP will be ambitious, with carbon reductions being front loaded. The greatest reductions will be planned in the first phase of a 3 phase plan. We think each 10 years of the plan could have 3 priority areas to tackle – however it is important to ensure that views

of all stakeholders are factored into the agreed priorities and consequent action plan.

There will also need to be clear lines of ownership across the partnerships of public sector, business, communities and individuals. The plan will explore links to the youth agenda and how the next generation could lead on some strands of work.

Current position

Key elements of the GMP are now starting to come together. A literature review examining policy and strategy across all the different strands of the green master plan is nearing completion and will form the evidence base vital in supporting future activities and providing a clear overview of current circumstances in Lincolnshire.

The consultants have begun to contact partner organisations seeking feedback on the outline plan and general direction of the GMP and also asking for detail on their current position to understand the key opportunities and challenges for Lincolnshire organisations the communities.

Future activity

Action planning for a 30 year time period will produce many uncertainties with developing technologies and future policy having the potential to significantly influence the outcome of the GMP. The GMP is also likely to produce a large number of projects across the county which will need to be monitored and updated.

The GMP will not be static, requiring the consistent input of officers to maintain the evidence base, project monitoring and delivery and continuous consultation with partners and communities. All actions must be kept under continual review in order to strengthen them as more information becomes available. Remodelling of outcomes will be required on a semi regular basis as new policy/ technologies come on stream.

The GMP will be a living document. More than a masterplan; it is a joined up response across a broad spectrum of society to enable the Lincolnshire environment to thrive. A strong resilient environment will provide a robust launch pad for the economy, transport, and the health of our residents. To achieve this, activities must be linked to provide multiple benefits across a number of areas.

The success of the GMP will largely be measured through the carbon reductions achieved by LCC and the wider Lincolnshire area. These are calculated through the existing carbon management plan, and wider government monitoring. We will explore a full range of measures with our partners, to include for example, changing use of transport and the introduction of innovative clean technologies – eg electric car charging, district heating, and alternative fuels. The GMP will support and identify links between projects with the aim to achieve multiple benefits; any investment in projects through the GMP will be monitored closely.

An appropriate delivery vehicle for the GMP will need to be created. This could be in the form of a document, through a green network or partnership (eg waste partnership model), a website or other means that would enable the GMP to be kept alive and provide a focus for projects and activities. There are many potential options for a delivery vehicle however members are urged to consider governance structures already in place and what input they feel would be appropriate from members.

There are a number of existing groups which could be used to facilitate delivery across the county including various community groups, the Lincoln climate commission and the recently formed sustainability officers working group (recently set up following the leaders and chief executives meeting in March).

The COVID-19 crisis presents an opportunity to achieve carbon reductions and sustainable decision making in advance of what might have possible without it, and there are opportunities to do this through the recovery planning process. While this may lead to a revised timetable for delivery of the GMP, it is suggested that the resulting plan should be more robust as a result.

A new timescale for developing the GMP is proposed as follows:

- Full GMP draft available for E & E scrutiny – 24th November
- Full report to Executive – 1st December
- Final sign off at full council – February 2021

A public launch event is proposed for 2021 to highlight the opportunities to get involved and potential project generation, and a 'Lincolnshire Climate Summit' could be used to bring together local leaders, business and the community to learn, share best practice and information on the environment and climate change.

2. Conclusion

The Committee is requested to consider the development of the Green Master Plan and review the proposed timescale for the delivery of the Green Master Plan by February 2021.

Members of the Committee are also invited to provide guidance to officers on how they envisage the green master plan will be delivered and the appropriate means for doing so. Things to consider include using existing groups, use of websites and the internet, lines of reporting and general governance.

Members are also asked to consider the extent of their involvement in developing the Green Master Plan. Options could include a working group, to feed in through a nominated executive councillor or options for members to submit feedback directly to officers.

3. Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

To be carried out along with the drafting of the Green Master Plan.

4. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Helen Jenkins-Knight, who can be contacted on 01522 555355 or helen.jenkins-knight@lincolnshire.gov.uk.

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Open Report on behalf of James Drury, Executive Director - Commercial

Report to:	Environment & Economy Scrutiny Committee
Date:	14 July 2020
Subject:	Lincolnshire Broadband Programme

Summary:

To provide an update on the current status of the Lincolnshire Broadband Programme. To outline future plans and to provide details relating to the difficulties of deploying faster broadband to rural end users.

Actions Required:

Members of the Environmental and Economy Scrutiny Committee are invited to review the progress of the Lincolnshire broadband Programme and highlight any comments for future consideration in relation to rural broadband provision.

1. Background

The Lincolnshire Broadband Programme commenced in March 2013. The key objectives of the programme was to provide Superfast Broadband (defined as download speeds in excess of 24Mb/s) to 90% of all premises within the county and secondly, to ensure that all remaining premises had a download speed of at least 2Mb/s. The programme was jointly funded by Lincolnshire County Council (LCC), the seven District partners and BDUK (DCMS). Total funding at the start of the programme was £30M, with BT adding a further £10M Capital.

During the course of the first round of deployment, BDUK released further funding to LCC of £1.8M and this was matched by LCC with a further £1.8M. The objective of this second round of deployment was to push Superfast coverage across the county to 95%. At that point, LCC had agreed with BDUK that 93% coverage was the likely outcome given the scale of the programme which was the second largest in the UK.

The first deployment concluded in March 2016, having reached the 90% objective and with an under-spend of £14M which, under the terms of the contractual Grant Agreement with BDUK, had to be reinvested in further broadband coverage. At the end of Contract 1, a total of 152K premises had been upgraded by the programme.

LCC has added further funding from under-spend to Contract 2 which has extended it from the original deployment of 7.1K premises to a revised figure of 20.3K premises with an aspiration to hit 95% Superfast coverage by the end of July 2020.

At the time of writing this report, an additional 20.3K premises have been upgraded under contract 2 and this contract ended on 31st March 2020. Superfast coverage at 1st July is 94.5%

LCC has closed an Invitation to Tender for a third contract where total funding will be £111M and with an aspiration to get as close to 100% Superfast coverage as possible. Delays at BDUK have meant that we were unable to sign a contract in mid-April. It now looks as though this will happen in mid-July. LCC received only one bid for the contract and it is worth noting that BT did not bid. This aligns with their strategy across the rest of the UK where they have decided to focus more on commercial activities as they seek to bump up the numbers of full fibre enabled premises to hit their commercial targets. At this point, we expect Contract 3 to cover a further 8K premises with faster broadband utilising £3.5M, but it should be noted that we still have circa £7.5M to invest in improving coverage as we look to go to Tender in August 2020 to add to the existing Contract 3 bid.

BDUK are still considering how best to utilise £5 billion funding that has been allocated to improving rural broadband connectivity. The latest update we have is that BDUK will look to provide full fibre (FTTP) to the last 20% of the UK that isn't deemed to be commercially viable. This figure equates to some 5 million premises UK wide. In Lincolnshire, we estimate that our 20% will equate to 68.6K premises and if we were to realise the full projected BDUK funding of £1K per premises, we would be looking for £68.6M from this fund. There are doubts that this will happen as BDUK intend to breakdown the 5 million premises to 'lots' of 3,300 per 'Lot' in each county and then seek a provider to carry out the work. It is estimated that actual work on the ground will commence in late 2021 and this is likely to be phased across at least 5 years. We will be required to work with BDUK to manage all aspects of the deployment, similar to what we did with BT in previous contracts.

We are confident that with our available funding and a fair share of the additional Government funding we can get very close to the 100% coverage aspiration.

In April 2020, Openreach launched the Universal Service Obligation (USO) where everyone that currently has less than 2Mb/s broadband download speed can ask for an upgrade to a minimum of 10Mb/s. We still haven't seen the final details around how this will work, but I expect to see 4G Broadband being widely used as the delivery method in Lincolnshire. This in itself would not be a bad thing as overall 4G coverage will benefit accordingly. Good 4G coverage can easily provide in excess of 30Mb/s download speeds.

We are currently discussing potential full fibre broadband investment into the county by private investors. Discussions are at an early stage and are subject to Non-Disclosure Agreements at this sensitive stage.

2. Conclusion

Members of the Environment and Economy Scrutiny Committee are invited to review the progress of the Lincolnshire Broadband Programme and highlight any comments for further consideration in relation to rural broadband provision.

3. Consultation

a) Have Risks and Impact Analysis been carried out?

Yes

b) Risks and Impact Analysis

Risks and Impact analysis has been continually updated and monitored since programme inception.

4. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Stephen Brookes, who can be contacted on 01522552450 or stephen.brookes@lincolnshire.gov.uk.

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Open Report on behalf of Andy Gutherson, Executive Director – Place

Report to:	Environment and Economic Scrutiny Committee
Date:	14 July 2020
Subject:	Team Lincolnshire and Foreign Direct Investment Activities

Summary:

As we move from the response to recovery phase, ensuring our business network is kept up to date with the latest intelligence is vital. Information from the Lincolnshire Resilience Forum is cascaded through the business channels as well as other relevant information from other partners such as Greater Lincolnshire LEP, Business Lincolnshire and the Department for International Trade. This in turn is helping support the restart and future growth of Lincolnshire's economy.

This report provides an update on the activities and support being provided to the Team Lincolnshire Ambassador Programme and Foreign Direct Investment Key Account Management Programme. A brief update on the Investment Strategy for Lincolnshire is also included.

- **Team Lincolnshire Ambassador Programme**
Continued support to Team Lincolnshire ambassadors throughout the Covid-19 pandemic Launch of the Team Lincolnshire Cares (TLC) campaign – a rally call including increased social media and website presence, weekly virtual TLC Coffee Clubs, webinars and sharing good news stories, Membership Fees Payment Holiday due to Covid-19.
- **Foreign Direct Investment (FDI) Key Account Management Programme (KAM)**
Success in obtaining £35k of Midlands Engine Challenge Funding for FDI KAM Round 1 from January 2020 to March 2020 exceeding targets and outcomes set. Success in obtaining £49k further funding for Round 2 which starts in June 2020 to March 2021.
- **Investment Strategy**
Detailed research and intelligence gathering has taken place to support the backbone of the Investment Strategy which seeks to drive forward investment and development in the region focussing on our major locations, market towns and strategic sites. A separate paper will be presented to the Environment and Economic Scrutiny Committee at a later date detailing the core elements of the Strategy and the activities taking place to drive the Strategy forward.

Actions Required:

Members of the Environment and Economy Scrutiny Committee are invited to review the programme of activities set out in the report and:

- Endorse that the Team Lincolnshire Ambassador Programme has a vital role to play in the restart of Lincolnshire's economy and future investment and development;
- consider waiving the Team Lincolnshire Membership Fees for 9 months of the 2020/21 financial year due to the impact of Covid-19 and agree to make a formal recommendation on this matter, and;
- recommend receiving a future report on the Investment Strategy detailing the core elements of the Strategy and the activities taking place to drive the Strategy forward.

1. Background

Lincolnshire's biggest investment opportunities relate to our strongest industrial clusters and to our location. This has been weaved into our Investment Strategy which is focussed around three core areas; Strategic Locations, Market Towns and Councils and Other Partners. In order to drive forward investment in key sectors such as food and defence; stimulate the construction market both commercial and residential; and position Lincolnshire as a recognised place to attract inward investors we need to utilise the assets that we currently have and strengthen others. Team Lincolnshire has a large part to play in this along with our foreign direct investment programme.

Team Lincolnshire Update

The Team Lincolnshire ambassador programme was formed in 2017 as a public/private sector ambassador programme created to promote Lincolnshire as a place to live, work and invest. LCC and the GLLEP recognise the value of the knowledge and expertise that the TL members bring and how this, together with their ambassadorial role, has an important part to play in Lincolnshire's growth.

The Team Lincolnshire events programme is usually in full swing by now including internationally important exhibitions like MIPIM to events focussed not only within the County's boundaries but further afield to places such as Leeds, Birmingham, London promoting Lincolnshire's investment and development opportunities. All physical events have been cancelled for the foreseeable future but the Team Lincolnshire ambassadors have continued to receive a programme of activities to support them. Since the beginning of the Covid-19 pandemic all TL members have received regular up to date advice and support to help both them and their businesses. Working closely with our colleagues at Business Lincolnshire we have provided TL members with the latest grants and business loans information, relevant webinars and telephone support where required.

In light of the current situation, a new awareness campaign has been launched - *#TeamLincolnshireCares* (TLC). This is a rally call for all members to come together and support not only each other but the wider community. A weekly informal virtual TLC Coffee Club takes place open to all TL members. These sessions provide practical advice and support and each Coffee Club is hosted by a different TL ambassador who starts the event with a short talk on pertinent subjects such as Covid-19 in the Construction Industry, Employment Law or Mental Health Awareness. The Coffee Club discussions range from industry experts giving practical advice to informal conversations that get right down to the individual issues. They have proved very popular and each week attendance has grown. Formal webinars are also taking place to provide TL with critical intelligence regarding working in a Covid-19 environment and subject areas to stimulate regrowth such as Finance for Investment and Recovery, Urban Design in a Coastal Context, Flood Resilient Communities and Health and Well Being.

We have increased our social media presence on Twitter and we now have a LinkedIn account (*Twitter @TeamLincs, LinkedIn Team Lincolnshire*) to get our key messages and rally calls out to not only members but to potential investors and developers. A significant part of the TLC Campaign is around generating good new stories, we want to shout about the great work TL are doing. They have not just been supporting each other but helping others and we have captured these via a series of stories that are also being promoted via our social media channels and website. These stories are not just Covid-19 related but much wider including how TL members have worked together to drive forward investment and development within Lincolnshire.

The events programme ran for Team Lincolnshire has always been much appreciated and supported by the TL members. They are a vital networking tool and a way of engaging with our members on our key sectors and strategic sites. A recent report by Hotel Solutions entitled "From Survival to Recovery" (Appendix A) outlined that "Business travel looks likely to be slower to return, with many companies placing restrictions on travel budgets and looking to do business as cost effectively during the likely impending economic recession. The massive shift to doing business online during the lockdown may have a significant lasting impact on business travel if it continues once restrictions are lifted.

The conference and exhibitions market is likely to take some time to recover. Industry professionals do not expect the business events market to return to any semblance of normality for at least 12 months. The increase in MS Teams and Zoom conference calls during the lockdown may become the norm going forward, dramatically reducing demand for face to-face meetings and conferences as a result."

There are many events planners that have moved to online webinars over the past few weeks and months, this includes Built Environment Networking which predominately focusses on the property and construction sector. We have also seen the Cereals event going digital for the first time and our very own Lincolnshire Show will do the same on the 24 June. We will continue to monitor the market place and although the immediate future Team Lincolnshire programme of activity may be different from what has gone before, it is very clear that the members' value working together.

Team Lincolnshire Annual Subscription

Team Lincolnshire membership continues to grow as the ambassadors continue to spread the positive messages about Lincolnshire. There are currently 109 members and even through Covid-19 we have still seen new members join. The annual subscription for membership is £350, with payment usually being taken in April of each year. This would have brought in an income of £38,150. Due to the pandemic a payment holiday was instituted to be reviewed in June.

- **With the impact on Covid-19 across the business sector we would like the Committee to consider the reduction in membership fees to 25% for the 2020/2021 year of £87.50. If all members paid, an income of £9537.50 would be received.**

Foreign Direct Investment (FDI) Key Account Management Programme (KAM)

FDI KAM is the building and nurturing of relationships with foreign owned businesses within the Greater Lincolnshire area as part of the Memorandum of Understanding between the Greater Lincolnshire Local Enterprise Partnership (GLLEP) and the Department for International Trade. These relationships provide the County Council with vital intelligence on the support businesses require and their investment plans for the future. The KAM programme helps support and take these investments forward to assist in the creation of new jobs. It is also a vital service during Covid-19 to help in the safeguarding of businesses and jobs.

The Principal Officer for Place & Investment on behalf of the GLLEP has made a successful bid for £45k from the Midlands Engine Challenge Fund. This follows on from the £35k obtained under Round 1 for the Foreign Direct Investment Key Account Management Programme which came to an end in March 2020. All targets and outcomes were successfully achieved and some exceeded including researching and building new relationships with 28 foreign owned businesses within the Greater Lincolnshire area.

Round 2 will build on this success and continue to work with foreign owned businesses to support them through the current pandemic and beyond. The targets for Round 2 include key account managing 35 FDIs (28 from Round 1 and a further 7 in Round 2), finding 15 potential investment projects and securing 5 investment successes annually. Round 1 already highlighted potential investments which will continue to be supported through Round 2. These included American owned Flamingo Flowers based in Spalding who specialise in the growing, processing, marketing and distribution of sustainably, produced flowers and premium vegetables. They are looking to invest in automation and research and development (R&D) to offset the staffing challenges around the shortage of migrant workers and also employ higher skilled technical roles to support this. Japanese owned Sakata UK Ltd based in Boston are currently conducting unsupported R&D seed production in Lincolnshire. There is an investment opportunity for expanding upon this activity potentially in Lincolnshire and for further job creation.

2. Conclusion

The Scrutiny Committee are invited to:

- recognise that the Team Lincolnshire Ambassador Programme has a vital role to play in the restart of Lincolnshire's economy and future investment and development.
- consider the waiving of Team Lincolnshire Membership Fees for 9 months of the 2020/21 financial year due to the impact of Covid-19.
- recognise that even through Covid-19 new members have joined Team Lincolnshire Ambassador Programme and this way of aligning resources, support and building a resilient community has a great benefit to the businesses, LCC and the LEP.
- note that the work to support Lincolnshire businesses, foreign and UK owned will continue to evolve to make sure it is appropriate to their needs.

3. Consultation

The Team Lincolnshire Focus Group has been consulted.

a) Have Risks and Impact Analysis been carried out?

N/A

b) Risks and Impact Analysis

N/A

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Hotel Solutions – From Survival to Recovery Report

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Karen Seal, Interim Principal Officer Place & Investment, who can be contacted on 01522 552812 or karen.seal@lincolnshire.gov.uk.

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FROM SURVIVAL TO RECOVERY

An Assessment of the Prospects
for the UK Hotel & Visitor
Accommodation Industry
2020-2022



May 2020



1. Introduction

For more than 20 years Hotel Solutions has been dedicated to helping UK destinations to understand how they can best support hotel and visitor accommodation development in their area. With the current COVID-19 crisis it is clear that accommodation development is not currently on the agenda. Most hotels and visitor accommodation businesses are in survival mode. Our focus therefore has shifted to helping destinations to look at how they can help their hotel and visitor accommodation industry to survive this unprecedented crisis and start to plan their recovery once it looks like coming to an end. As a starting point in this process we have compiled this paper to look at how UK hotels and visitor accommodation businesses have been affected by the lockdown, what recovery might look like for the industry when it comes, and how DMOs, local authorities and government can best support the sector over the next 6 to 12 months. The paper is based on our analysis of a wide range of research reports and articles that have been published on the impact of the COVID-19 lockdown on the travel, tourism and hospitality sectors, a number of webinars that we have watched on the subject, and surveys that we have completed of DMOs, local authority Tourism Officers, and hotel and visitor accommodation developers, operators and investors.

2. How Hotels & Visitor Accommodation Businesses Have Been Affected and Responded So Far

Tourism and hospitality have clearly been two of the hardest hit sectors in the COVID-19 shutdown¹. Tourism and hospitality businesses are facing one of the most difficult periods in living memory. Most of the hospitality sector is now closed and hospitality businesses that remain open are operating at substantially reduced levels of business, which is at best contributing to reducing fixed costs.

The most immediate challenge facing hotels and visitor accommodation businesses has been dealing with a deluge of cancellations and refunds. While many guests are holding onto reservations with start dates during the summer, the emerging scenario of an extended period before full re-opening of the tourism sector is possible is likely to result in fresh waves of cancellations and refunds.

The evaporation of revenues has given hospitality businesses severe cashflow problems. Many are living hand to mouth, with a planning horizon of only a few months, if not weeks. Many are having to use their capital reserves.

¹ Supporting Jobs and Economic Through Travel & Tourism, UNWTO, April 1 2020

From Survival to Recovery

An Assessment of the Prospects for the UK Hotel & Visitor Accommodation Industry 2020-2022

Many tourism and hospitality businesses have benefited hugely from the substantial government support that has been made available to the sector. Many have used the Coronavirus Job Retention Scheme to furlough their staff and avoid redundancies. In a UKHospitality survey of the hospitality sector reported on 27 April, 84% of businesses have used the scheme and only 2% have laid staff off.

Interest in the Coronavirus Business Interruption Loan Scheme (CBILS) seems to have been much lower. Hospitality businesses are less willing to take on additional debt that will need to be repaid in the future. The UKHospitality survey also highlights that this support is not necessarily reaching hospitality businesses even when they have applied for it. 48% of the responding businesses had applied for a CBILS loan but 57% of them had had their application turned down, most commonly because of government-imposed State Aid rules and banks telling businesses to exhaust their own capital reserves first.

With no income for the foreseeable future, many leased hospitality businesses may be unable to pay their rent. Travelodge, for example, has asked its landlords for rent reductions of 25-80% in order to help it survive the COVID-19 crisis. Its landlords have so far largely rejected these requests.

Many hospitality businesses are trying to pivot their business models during the lockdown in order to generate at least some income, as well as supporting the NHS, key workers and their local communities. This has included the introduction of delivery, take-away, ready meal and hamper services; giving away food that could not be used to food banks, care homes and other worthy causes; making rooms available for quarantine purposes and to NHS staff and other key workers on a free or highly discounted basis; and converting bedrooms to workspaces for office workers that are unable to work from home.

Astute businesses are staying in touch with their core customers to retain their loyalty and welcome them back once they are able to reopen. In a survey of accommodation businesses conducted by Merseyside's Sefton Council² for example, 58% of polled businesses reported that they are continuing to maintain social media engagement with their customers.

Some accommodation operators are using the opportunity of the lockdown to undertake maintenance and renovation work.

Some short-term let operators are switching to mid and long-term lets, for which there remains some demand.

² Emergency Accommodation Survey, Sefton Council. April 2020

3. When Things Might Return to Normal

While various debates are going on about how long it will take for the UK tourism and hospitality sector to get back to normal trading conditions, the clear consensus that is emerging is that recovery will be slow. Nobody knows what is in store post-lockdown. Uncertainty is set to continue for some time to come.

Recent UK Government announcements suggest that the tourism and hospitality industry is unlikely to return to normal trading until at least 2021 and probably not until a COVID-19 vaccine has been found and administered in perhaps 2022. The Government's Chief Medical Adviser, Professor Chris Witty, advised on 22 April that social distancing measures will need to remain in place until at least the end of 2020. This follows comments on 19 April by the Cabinet Office Minister, Michael Gove, that the hospitality industry will be the last to leave the lockdown, and comments that he made in Parliament on 28 April that people should not travel to popular British holiday destinations such as Cornwall for some time to come. These announcements point to hotels and visitor accommodation businesses missing out on at least an entire year of trade and crucially the peak summer season's business, which contributes significantly to annual profits and helps many hospitality businesses to remain open during the more fallow winter months, when they are making very little profit and in some cases losses. Seasonal tourism businesses will lose their entire season's business. Some may not survive.

Hospitality companies are expecting a slow recovery once the lockdown restrictions are lifted. In a recent KAM Media survey of 211 hospitality companies³ 83% of respondents expect customer numbers to be down for at least 6 months after reopening and 38% think it will take at least a year for trade to return to pre-lockdown levels. STR⁴ is reporting no sign of any pick up in UK hotel occupancy until at least September. Other commentators think that any return to normal trading is unlikely in 2020 and may not happen until 2022. STR is not expecting UK hotel performance to return to 2019 levels until 2022. UKHospitality anticipates that it will take around 18 months for the industry to recover.

Major events and sporting fixtures, which generate significant high-rated business for hotels, look unlikely to restart for a long time to come.

³ Hospitality in Lockdown, KAM Media, April 22 2020

⁴ STR COVID-19 Webinar: UK & Ireland Hotel Performance Analysis, April 24 2020

The impact of the pandemic on household incomes and the impending global economic recession and likely rise in unemployment also point to a slow recovery. Recent consumer research⁵ shows that 45% of consumers feel impacted financially by the crisis, and 16% have been hit hard. Many have taken reduced pay, are on furlough, or are having to dip into savings. The over 65s have been less affected financially, although some may have seen falls in their pension pots. Younger age groups have been hit the hardest.

4. What Recovery Might Look Like When It Comes

While the current crisis is clearly having a dramatic impact on the UK tourism and hospitality sector, all indicators point to an eventual market recovery. Going on holiday, seeing friends and family and having a day out are all high on people's wish lists for when restrictions are lifted². Once the crisis is over people will want to travel again. While Britons look set to skip their summer holiday, people are keen to book staycation breaks from the autumn if they can.

All commentators expect domestic travel to recover more quickly than overseas travel. Fewer domestic trips have been cancelled and the majority of those cancelling UK trips intend to rebook once things return to normal⁶. Only a minority expect this to be before the summer. Day trips and staycations are likely to recover quickest and may see strong growth in the medium term, once normal trading resumes.

The scientific evidence shows that COVID-19 spreads more easily indoors than outdoors. Restrictions on holidays and short breaks in the outdoors are likely to be lifted sooner therefore, suggesting that rural destinations and accommodation businesses may come out of the crisis more quickly than those in urban locations. People are likely to initially avoid city breaks and trips to crowded places, such as seaside resorts.

Inbound tourism is likely to take longer to return. Short-haul demand looks set to recover first, with demand from long-haul countries taking longer to rebuild.

⁵ Tracking Consumer Sentiment on the Impact of COVID-19, BVA BRDC/ Alligator Digital, April 9 2020

⁶ Holiday Trends 2020

From Survival to Recovery

An Assessment of the Prospects for the UK Hotel & Visitor Accommodation Industry 2020-2022

Business travel looks likely to be slower to return, with many companies placing restrictions on travel budgets and looking to do business as cost effectively during the likely impending economic recession. The massive shift to doing business online during the lockdown may have a significant lasting impact on business travel if it continues once restrictions are lifted.

The conference and exhibitions market is likely to take some time to recover. Industry professionals do not expect the business events market to return to any semblance of normality for at least 12 months⁷. The increase in Zoom conference calls during the lockdown may become the norm going forward, dramatically reducing demand for face-to-face meetings and conferences as a result.

The indications at this stage point to a likely phased lifting of restrictions. Hospitality businesses will need to adapt to a 'new normal', with social distancing measures, extra cleaning regimes, the wearing of face masks, and possible restrictions on guest numbers. Hotels may be allowed to reopen their bedrooms ahead of their bars and restaurants. It may be difficult for some hospitality businesses to restart profitable operations under these circumstances. Reopening may not be viable if operating losses are likely to be more than the costs of keeping hotels closed.

5. The Long-Term Impact on Consumer Behaviour

Euromonitor predicts that the COVID-19 pandemic will bring about lasting changes in consumer attitudes and behaviours. Consumers, including older demographics will do more things online. Social media use has increased. Health and wellbeing will be much higher on people's agendas. People will want to get outdoors more and connect with nature and the environment. People will value spending time with family and friends more highly. The pandemic will accelerate a shift to a cashless society. The environmental bonus of the crisis may bring tackling climate change into sharper focus. These trends will further accelerate the trend towards online researching and booking of holidays and breaks. They could also change the types of destination, accommodation and holiday experiences that consumers are looking for in the future.

⁷ COVID-19: Business Events Recovery Sentiment Survey, Davis Tanner, April 2020

6. Winners and Losers

It is clear that there are going to be winners and losers in terms of destinations and accommodation businesses that will be less or more adversely affected by the crisis and likely to recover more quickly or slowly.

In terms of potential 'winners':

- Rural destinations and non-serviced accommodation businesses (holiday cottages, touring caravan and camping sites, holiday lodge parks, glamping sites and holiday parks) are likely to recover the quickest as they have greater potential to offer safe, socially-distanced holidays and breaks. They should also benefit from the anticipated growth in staycations and the increased interest in outdoor holidays, nature and the environment that is likely to have been stimulated by people having spent time enjoying the outdoors as part of their daily life during the lockdown.
- Accommodation that offers health and wellbeing experiences should benefit from the focus that many people have had on their fitness and mental health while they have been staying at home.
- While they have been badly affected, serviced apartments have not seen such sharp drops in occupancy as hotels, largely because of their trading in the corporate extended stay and relocations markets.
- Small lifestyle businesses with lower overheads are likely to be more resilient and able to bounce back more quickly once confidence returns.
- Tourism and hospitality businesses with strong environmental sustainability credentials may benefit from the heightened consumer awareness of the benefits of addressing climate change and reducing carbon footprints.
- Accommodation businesses that can cater for family and friend get togethers, such as large holiday cottages, rural hostels, caravan and camping sites and glamping sites, may be able to bounce back quickly once restrictions on social gatherings are lifted.

From Survival to Recovery

An Assessment of the Prospects for the UK Hotel & Visitor Accommodation Industry 2020-2022

In terms of potential 'losers':

- With their high wage and operating costs, hotels have been particularly badly affected and are likely to emerge from the crisis more slowly than other types of accommodation.
- Coastal resorts are particularly under threat. Research from the Centre for Towns⁸ clearly shows that coastal towns have been disproportionately affected by the lockdown, with a quarter of all workers in closed sectors. Resorts such as Newquay, St Ives, Skegness, Llandudno, Rhyl, Whitby, Minehead, Mablethorpe, and Cleveleys, with 40-56% of employment in shut down sectors, were highlighted as being especially affected. Resorts look set to lose their entire season's business. Hotels and guest houses in seaside locations could be under threat of closure as a result. Some resort DMOs fear that they could lose as much as 25-50% of their accommodation stock, leaving the spectre of boarded up accommodation businesses along seafronts.
- Destinations and hotels that rely heavily on the coach holiday market are likely to see a slower recovery given that many of these customers fall into the vulnerable over 70s age group. Seaside resorts and hotels will be particularly hard hit by the loss and slow recovery of this market.
- Geographically Londoners have been the hardest hit financially⁹, so those destinations, hotels and accommodation businesses that rely on this market for day and short break visitors may be more adversely affected and slower to recover.
- Destinations and hospitality businesses that rely on major events and sporting fixtures to drive high-rated demand are losing out on the revenue boost that they provide. This has particularly affected London, with the cancellation of major events such as the London Marathon, Chelsea Flower Show and Wimbledon. Other cities such as Liverpool and Edinburgh have lost out with the cancellation of the Grand National and Edinburgh Festival, while cities such as Manchester, Liverpool and Newcastle are missing out on the strong weekend football demand that they attract. Yorkshire will not be getting the huge boost that it receives from the Tour de Yorkshire. Many more destinations and tourism businesses will lose out if summer events are cancelled.

⁸ The Effect of the Covid-19 Pandemic on Our Towns and Cities, Centre for Towns, April 23 2020

⁹ Tracking Consumer Sentiment on the Impact of COVID-19, BVA BRDC/ Alligator Digital, April 9 2020

From Survival to Recovery

An Assessment of the Prospects for the UK Hotel & Visitor Accommodation Industry 2020-2022

- Destinations such as London, Manchester, Birmingham, Liverpool, Glasgow, Brighton, Bournemouth, Blackpool, Harrogate and Telford that have a strong conference, exhibition and business events market look set to lose out with a much slower recovery anticipated in these markets.
- Destinations such as London, Bath, Salisbury, Oxford, Cambridge, York, Stratford-upon-Avon and Edinburgh that are heavily reliant on international visitors are also likely to take longer to recover. Luxury hotels that cater for international guests will also see a much slower return to normal trading.
- With their greater reliance on business and conference tourism, major events, sporting fixtures, stag and hen parties and nightlife visitors, cities are likely to see a slower recovery.
- Wedding venues and country house hotels with a strong weddings trade are losing huge amounts of money from cancelled weddings and may be faced with very slow recovery in this market if social distancing measures remain in place for a long time.
- The cruise holiday market has been dramatically affected. UK cruise operators have suspended their operations until the end of May, June and in some cases the end of July. With the age profile of many cruise guests and the negative coverage that the industry had in the early stages of the crisis from coronavirus outbreaks on cruise ships, it looks likely that the cruise industry is going to take a long time to recover. This will have a significant impact on Southampton and will affect other cruise ports such as Dover, Liverpool and Edinburgh.
- Airport hotels have been dramatically affected by the suspension of air travel and will struggle to rebuild trade until international flights resume. Hotels in ferry ports will similarly struggle until international ferry travel starts again.
- City hostels that rely on the overseas backpacker market may take longer to recover and may find it harder to implement social distancing measures safely.

7. The Impact on Hotel & Visitor Accommodation Investment

The impact of the current crisis on hotel and visitor accommodation investment to some extent varies according to the business model adopted to fund, develop and operate hotels and other forms of visitor accommodation, together with arrangements that can be negotiated with lenders and landlords which will vary on a site by site/case by case basis.

Certainly, as hospitality businesses are forced into drawing on their financial reserves or increasing their debt to survive, their ability to invest in improving their existing product will be significantly reduced. It seems likely that few hotels and visitor accommodation businesses will invest in significant capital projects until there is much greater certainty and confidence about the market in the medium to longer term. Those that had been progressing investment projects are likely to have deferred them, and may eventually cancel them if market conditions take a long time to get back to normal. Marriott Hotels, for example, has deferred all hotel renovation project until further notice. A survey of Essex tourism businesses¹⁰ found that 75% of responding businesses have deferred or cancelled investments, developments and renovations work.

While there have to date been few COVID-19 hospitality business insolvencies, depending on how long the crisis lasts, how quickly recovery comes, and how far the government maintains financial support for the sector, huge numbers of hotels and visitor accommodation businesses could come onto the market if their current owners are forced into administration. While this could create opportunities for investors to acquire hospitality properties at lower valuations, it could leave the UK with many closed hospitality businesses, potentially blighting destinations for years to come. This could be a particular problem in seaside resorts if their seafronts are left with boarded up hotels and guest houses.

¹⁰ Visit Essex Covid-19 Online Business Survey, Destination Research, April 2020

From Survival to Recovery

An Assessment of the Prospects for the UK Hotel & Visitor Accommodation Industry 2020-2022

In terms of hotels currently under construction at the time of lockdown, where these are fully funded, developers and operators have indicated these are continuing, albeit with some delay given the new work regulations and social distancing requirements. In some cases, however, the slower pace of development has meant it is no longer cost effective to complete construction. All are concerned about opening new hotels at a time of low demand and social distancing requirements likely to mean operating at limited capacity. For these reasons also, some projects are on hold, both in terms of hotels and developments such as holiday lodge parks, and whilst they hope to restart when restrictions are lifted, they are clearly under continual review, with the first priority for funding always being the liquidity of the existing business.

Consented and planned schemes that haven't started are facing challenges in terms of two key drivers: finance and contractors. Securing lending for new schemes is delayed as banks are focusing on supporting existing borrowers. Getting realistic valuations in the current climate, and the need for supporting market feasibility studies which cannot happen with lockdown, are also holding schemes back from being progressed. Contractor availability and the impact on development cost is also felt to be an issue. Some developers and operators are using this enforced pause to work on the design and planning of schemes so that they can be in a position to move sites forward post-crisis, but with furloughed staff and planning and other staff working from home, this has also delayed action.

Many indicate that development schemes will continue to be under review given the current uncertainties, with the likelihood they will need to re-think and re-prioritise planned schemes. Whilst hotel and visitor accommodation investment partners and lenders might currently be being helpful and expressing potential interest in picking schemes up in the future, it is hard to predict the outcome that the pressure that the shutdown is putting on reserves and hence on investment strategies, with much depending on the state of the balance sheet when businesses re-emerge and start trading again.

With reduced demand, weaker performance, and the prospect possibly of widespread hotel closures it looks likely to take a long time to get back to the point where new hotel development can be supported again. Work has halted on the construction of new hotels and many future hotel projects have been put on hold. Talk of new hotel development certainly seems premature at the present time. Having said this, hotel planning applications are still being approved and there has been some press coverage of hotel developers saying that they will press ahead with new hotel schemes as soon as they can.

With stronger prospects for a quicker recovery in rural destinations and non-serviced markets, investment in rural accommodation could restart more quickly.

8. Towards Recovery Strategies

Destinations and tourism and hospitality companies need to be planning now for how to attract customers back once they are allowed to reopen. This includes thinking about which of their markets are likely to return soonest and devising marketing and communications strategies to quickly stimulate demand from these markets. In the recovery period the focus will initially need to be on helping destinations, hotels and accommodation businesses to quickly rebuild their trade.

A positive from the crisis is that it provides tourism destinations and businesses with the opportunity to reflect and recalibrate their forward strategies. This could be in terms of more focused marketing plans, addressing quality issues, and improving environmental sustainability. The crisis may give a greater impetus and urgency to addressing some of the structural changes that are needed to high streets and seaside resorts.

Our analysis points to two key areas that government, local authorities and DMOs need to focus on over the 6 to 12 months as part of their strategies for supporting the recovery of the tourism and hospitality sector:

a. Managing the Crisis and Mitigating Its Impact

Including the following measures:

- Job retention funding
- Financial support for company liquidity including grants and loans to help cover payments to creditors, ongoing fixed operating costs, and possibly rent and loan payments where negotiations with landlords and lenders have failed
- Advising hospitality businesses on managing cancellations and refunds and encouraging re-bookings
- Crisis management advice e.g. through webinars

b. Planning for Re-opening and Initial Bounce Back

Including the following measures:

- Advice on safe re-opening
- Supporting businesses in developing their recovery marketing plans in terms of:
 - Marketing advice and training;
 - Facilitation of, and financial assistance for marketing consultancy support;
 - Financial support for digital marketing infrastructure e.g. website renewal, commissioning professional photography.
- Financial stimulus to support refurbishment work during the lockdown and measures to improve environmental sustainability and disabled access
- Destination recovery marketing strategies targeted at markets that will bounce back quickly including:
 - Maintaining engagement with existing and previously interested visitors through CRM and social media activity;
 - Focusing on the domestic market first, and in particular markets that are likely to return soonest e.g. outdoor activity and adventure seekers, family and friend get togethers;
 - Value added promotions rather than purely price-driven campaigns that could damage a return to higher-rated business;
 - Campaigns that encourage last minute travel.
- Events strategies that focus on supporting deferred events and new events in the recovery phase, once it is safe to hold events again

In terms of timescales, with a return to normal trading conditions not looking likely in 2020 and possibly not until well into 2021 or even 2022, government, local authorities, DMOs and tourism and hospitality businesses need to be planning for a longer phase of lockdown, re-opening and initial recovery than they have perhaps been doing thus far.

In the longer-term government, local authorities and DMOs will also need to put in place clear strategies for supporting the regrowth and future development of the tourism and hospitality sector, however it seems premature to be looking at these issues when so much uncertainty remains. The focus at this stage needs to be on survival and recovery.

9. The Need for Government Support to Continue

While there is little evidence so far of hospitality business failures as a result of COVID-19, largely as a result of the financial support that the UK government has been able to provide, many businesses are struggling to see a way forward without continued government assistance. In the KAM Media survey of hospitality companies two thirds of those polled indicated that they did not believe that they could survive a prolonged lockdown without far reaching support from government. Many of the tourism and hospitality businesses that responded to the Essex and Sefton business surveys indicated that they will only be able to survive another 3-4 months if the current lockdown restrictions continue. Support is needed on fixed costs, rents and loan payments and it is becoming clear that hospitality businesses will need a much longer extension of the Coronavirus Job Retention Scheme given that they will not emerge from the lockdown and social distancing measures for some time to come.

With normal trading looking unlikely to return until some time in 2021 or 2022, government support for the hospitality sector will need to be maintained as lockdown restrictions are eased, at least until the end of 2020, if significant business closures and job losses in the sector are to be avoided. UKHospitality is asking for the Coronavirus Job Retention Scheme to be maintained for hospitality businesses for as long as closure is mandated, and in some form during the initial reopening period when turnover levels are likely to be substantially reduced. Financial support to help boost demand, e.g. a VAT cut for the hospitality sector, would also be very helpful.

Funding will also be needed to support national and destination-level tourism recovery marketing programmes to help the tourism and hospitality industry to bounce back quickly.

In the longer-term financial assistance is also likely to be needed to support investment in accommodation business upgrading and perhaps to kick-start the development of new hotels and visitor accommodation businesses.

Without continuing government support thousands of tourism and hospitality jobs and large parts of the country's tourism product are at risk. The challenge going forward will be whether the government can maintain the levels of support that it has been providing to the industry, and if it can't how the support that it can provide needs to be targeted to ensure that the tourism and hospitality industry has the best possible chance of recovering once the crisis is eventually over. This needs some long-term thinking and scenario planning for the recovery and regrowth phases, and could require some very difficult decisions ahead.

From Survival to Recovery

An Assessment of the Prospects for the UK Hotel & Visitor Accommodation Industry 2020-2022

Our analysis suggests that seaside resorts are particularly under threat of long-term damage which some may take years to recover from. There is an urgent need for further research into the impact of the pandemic on seaside resorts and consideration of government support measures to mitigate lasting damage to coastal economies.

From Survival to Recovery

An Assessment of the Prospects for the UK Hotel & Visitor Accommodation Industry 2020-2022



Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Environment and Economy Scrutiny Committee
Date:	14 July 2020
Subject:	Environment and Economy Scrutiny Committee Work Programme

Summary:

This item enables the Committee to consider and comment on the content of its work programme to ensure that scrutiny activity is focused where it can be of greatest benefit. The work programme will be reviewed at each meeting of the Committee to ensure that its contents are still relevant and will add value to the work of the Council and partners.

Members are encouraged to highlight items that could be included for consideration in the work programme.

Actions Required:

Members of the Committee are invited to review, consider and comment on the work programme as set out in this report and highlight for discussion any additional scrutiny activity which could be included for consideration in the work programme.

1. Background

Overview and Scrutiny should be positive, constructive, independent, fair and open. The scrutiny process should be challenging, as its aim is to identify areas for improvement. Scrutiny activity should be targeted, focused and timely and include issues of corporate and local importance, where scrutiny activity can influence and add value.

All members of overview and scrutiny committees are encouraged to bring forward important items of community interest to the committee whilst recognising that not all items will be taken up depending on available resource.

Members are encouraged to highlight items that could be included for consideration in the work programme.

2. Work Programme

14 JULY 2020	
Item	Contributor
1	Developing a Green Masterplan David Hickman Head of Environment
2	Lincolnshire Broadband Programme Steve Brookes, Lincolnshire Broadband Programme Manager
3	Team Lincolnshire and Foreign Direct Investment activities Karen Seal Acting Principal Officer
4	Introducing Separate Collections for Paper and Cardboard in Lincolnshire John Coates Head of Waste

08 SEPTEMBER 2020	
Item	Contributor
1	Skills Audit and Action Plan Thea Croxall Principal Commissioning Officer (Learning)
2	South Lincolnshire Food Enterprise Zone Simon Wright Principal Officer, Regeneration

20 OCTOBER 2020	
Item	Contributor

24 NOVEMBER 2020	
Item	Contributor

For more information about the work of the Environment and Economy Scrutiny Committee please contact Daniel Steel, Scrutiny Officer on 01522 552102 or by e-mail at daniel.steel@lincolnshire.gov.uk

3. Conclusion

Members of the Committee are invited to review and comment on the work programme and highlight any additional scrutiny activity which could be included for consideration in the work programme.

4. Consultation

a) Have Risks and Impact Analysis been carried out?

Not Applicable

b) Risks and Impact Analysis

Not Applicable

5. Appendices

These are listed below and attached at the back of the report	
Appendix A	Forward Plan of Decisions relating to the Environment and Economy Scrutiny Committee

6. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Daniel Steel, Scrutiny Officer, who can be contacted on 01522 552102 or by e-mail at daniel.steel@lincolnshire.gov.uk

Forward Plan of Decisions relating to the Environment and Economy Scrutiny Committee

DEC REF	MATTERS FOR DECISION	DATE OF DECISION	DECISION MAKER	PEOPLE/GROUPS CONSULTED PRIOR TO DECISION	DOCUMENTS TO BE SUBMITTED FOR DECISION	HOW AND WHEN TO COMMENT PRIOR TO THE DECISION BEING TAKEN	RESPONSIBLE PORTFOLIO HOLDER AND CHIEF OFFICER	KEY DECISION YES/NO	DIVISIONS AFFECTED
I020096	Water Resources East: Review of Lincolnshire County Council's Membership	2 September 2020	Executive		Report	Head of Environment Email: david.hickman@lincolnshire.gov.uk	Executive Councillor: Economy and Place and Executive Director - Place	No	
I020259 New!	Introducing Separate Collections for Paper and Cardboard in Lincolnshire	2 September 2020	Executive Councillor: Commercial and Environmental Management	Environment and Economy Scrutiny Committee	Exempt Report	Head of Waste Email: john.coates@lincolnshire.gov.uk Tel: 07557 214149	Executive Councillor: Commercial and Environmental Management and Executive Director - Place	Yes	All Divisions