



Liverpool City Region All Party Parliamentary Group

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COVID-19: Addressing the Challenges facing the City Region's Hospitality and Culture Sectors 'Virtual' Meeting

Non-Verbatim Minutes of Meeting held via Zoom on Friday 26th June 2020, 12:00-
13:15

WELCOME AND INTRODUCTIONS

Alison McGovern, Chair of the APPG gave a short introduction to the second 'virtual' Liverpool City Region (LCR) APPG meeting and gave a brief description of the purpose of the meeting, highlighting the massive impact Covid-19 is having on the hospitality sector.

CONTRIBUTIONS FROM PANELLISTS

Steven Hesketh, Vice Chair of the Liverpool Hospitality Association started off by outlining the work of the Liverpool Hospitality Association, which has around 110 members with more hotels than bars. He stated that closures of members businesses are starting to come through now things are reopening. 2020 was on target to be a good year for the industry but the 23rd of March closures completely change that.

Steven's personal business in hotels has survived by helping and assisting Liverpool City Council with housing vulnerable people, which he stated completely saved the business. Despite this, 16 people have been made redundant. The number of part time staff has gone up from 13 to 20 but he noted staff's hours will drop to 5-15 hours a week. Steven expressed his worry that cash is king in the industry, and that bookings for his hotels for the next couple of quarters are all below 15% occupancy; a lot of those bookings are also pre-paid.

The hospitality industry will suffer greatly due to the number of cancelled events, especially football matches, which are the backbone of busy periods. Additionally, Steven called attention to the prospect of no Christmas parties this year, highlighting that they in fact make up 70% of net profits for the whole year and also highlighted the real concern that student accommodation will become a competitor to hotels regards the supply of cheaper accommodation.

Steven concluded that there needs to be a major tourism campaign to show off the city region and prove that Liverpool is a place people want to come to. He suggested that a VAT reduction and further grants to the industry would be huge help, and also proposed that this could be a great opportunity for hospitality to get and invest in skills.

Louise Kemp, Director of Nineteen Agency and member of Core Collective outlined her background in the hospitality business and her own business, the Nineteen Agency, that specialises in hospitality marketing. Additionally, through the pandemic, Louise has helped set up the [Core Collective](#) which formed with the aim of giving hospitality businesses advice and guidance during lockdown on how to navigate through the uncertainty that the industry currently faces.

Louise suggested the need for a VAT reduction for the hospitality industry, a policy initiative that every operator is calling for due to pressures of tight cash flow and the fact that businesses owners of the industry have no idea of what they are opening up into due to the huge lack of data surrounding these circumstances. Louise highlighted the issues that the Liverpool City Region are facing in particular, stating that the region's small independently owned operators are struggling and although lots of them have adapted to home delivery which has been successful, they are clear that it can't be a sustainable form of customer service forever.

Louise stated that customers need to be given the confidence in being able to go down their high streets and that more clarity from local and national government is needed. They need to remove many of the 'grey areas' so businesses take the guidelines seriously and suggested possibly even an enforceable list for operators to work off. Louise concluded by suggesting a helpline should be set up for the hospitality industry, focusing on businesses and their employees, in order to offer better guidance, advice and support.

Gemma Bodinetz, Artistic Director of the Everyman and Playhouse provided an update and perspective of what is happening to the £1.28 billion national theatre industry, stating 70% of theatres won't exist after October 2020 unless there is government investment and intervention. Before Covid-19, the Playhouse had the best theatre season they have had in years.

Gemma stated that theatre after theatre will be closing in the next few weeks. The details of producing a theatre show are quite specific, highlighting it takes 3 months, with a front-loaded investment, to plan a single show. There will be huge consequences for theatre groups this year if they will not be able to have a Christmas show; not being able to have a panto will have a huge economic impact on the industry. Gemma also raised some of the issue's theatres face in light of social distancing measures such as the fact that they can currently rehearse but not perform, and issues surrounding seating and people being able to use facilities when coming to see a show.

Gemma highlighted the importance of regional theatre in supporting local communities and [mentioned a report](#) by David Brownlee, commissioned by 13 of England's leading producing theatres and completed before the Covid-19 pandemic, that tracked the organisations over a five-year period, to analyse the effects of an unprecedented decline in public spending. The report found that despite massive cuts in grants to theatres, regional producing venues are doing more than ever to make a difference in the artistic and broader communities they serve.

Gemma concluded that the closing down of theatres will affect a whole network of people, from wardrobe makers, light and sound technicians and have a devastating impact on youth investment; what you can close in a blink of an eye (theatres), will take 20 years to grow back.

Andy Dockerty, Managing Director of Adlib detailed that the company supply technical production solutions comprising of audio, lighting, video and rigging equipment, that their main warehouse and offices are in Knowsley (and one in Glasgow) and that they employ 167 full time staff of which 155 are currently furloughed. Under normal circumstances they would be able to provide work for hundreds of free-lance technicians. Over the years they have been responsible for introducing 1,000's of people to the hospitality industry.

Adlib have had numerous tours and events scheduled that have all been cancelled. Normally, during the summer festival season they make most of their profit for the year with approximately 50% of their annual

income coming in a 3-month window. Approximately Adlib have had £10m worth of business disappear from 20th March till the end of August. Andy highlighted that if you multiply that by all the equivalent companies and the various supply chains and the numbers are over a £1b.

Andy stated that the industry needs two things; acceptance that the sector can't return until social distancing has gone completely. Employers need to know now, ideally in days not weeks that their staff and the industry free-lancers can be furloughed or a similar equivalent until the industry is able to return. And secondly, he stated that the industry will need capital grants, not loans. Adlib have secured a CBILS loan, but Andy said that ultimately that loan clears a lot of bad debt and interest that would have been covered by normal trading. The inability to earn will be longer than any other sector therefore losses by percentage will be greater. The accumulative debt caused by Covid-19 will affect many businesses "loans to debt" ratio and take approximately £3m off the net book value of his own business.

Andy concluded stating "This industry is worth billions to the economy; we are the invisible industry. People see what we do, hear what we do, but they never see or hear us. Our plight now needs to be heard. We are the industry everybody comes to when they want to host a charity event... I can't help but feel we are that charity at the moment."

CONTRIBUTIONS AND DEBATE

Steve Rotherham, Mayor of Liverpool City Region provided an update of the work he has been doing and called attention to the cultural catastrophe we are facing as a country, with a possible 400,000 creative jobs being lost nationally, and the creative industries themselves losing £1.4b a week across the U.K. He also raised that SME's locally in Liverpool remain extremely vulnerable stating that it would be a false economy not to invest now and ensure their survival.

Steve highlighted that many of the City Region's cultural and tourist attractions are not in Liverpool itself including Aintree, the beaches at Formby and Knowsley Safari Park. All areas are in danger of being left behind and the Combined Authority have highlighted to the Government the need for extra support and funding. He also suggested that with the right support and investment, in six to nine months' time those businesses will help support, build back and feed into the economy.

George Howarth MP highlighted that he has recently tabled an EDM on live performances which calls on Government to put together an urgent package of support to enable live performances to survive. He also positively referenced the [Shakespeare North](#) project based in Prescott.

Alison McGovern MP stated that the furlough extension issue was mission critical and that the Labour Party's Shadow Chancellor Annelise Dodds has been doing some work around this. She also said that LCR MPs will pick that up and use every opportunity to raise concerns and impact on the city region.

Sarah Lovell, Cultural Officer of the Liverpool City Region raised the point that 25,000 employees within the region are in the creative industries and that the sector within LCR is really quite unique and different to other regions. She stated that the impact on the city region if they don't support the industry through this crisis will also have a huge impact on the wider supply chains which will crumple.

CONCLUSIONS

Alison McGovern MP, chair of the APPG, thanked all speakers and contributors. Alison asked the panellists to share a message through the hospitality and cultural sectors that it is useful to Parliamentarians to provide concrete and specific examples of how Covid-19 have affected individual businesses in order for them to raise specific and illustrative case studies in Westminster.

Attendees

Alison McGovern	LCR APPG Chair and Shadow Minister for Sport	Wirral South
Derek Twigg	MP	Halton
George Howarth	MP	Knowsley
Kim Johnson	MP	Liverpool Riverside
Peter Dowd	MP	Bootle
Catrin Owen	Office of Maria Eagle MP	Garston and Halewood
Office of Paula Barker	MP	Liverpool Wavertree
Rosie Cooper	MP	West Lancashire
Steve Rotherham	Mayor of Liverpool City Region	LCR Mayor
Andy Dockerty	Managing Director	Adlib
Gemma Bodinetz	Artistic Director	Everyman Theatre
Louise Kemp	Director	Nineteen Agency
Steven Hesketh	Vice Chair	Liverpool Hospitality Association
Damian Waters	Director	NW CBI
Francisco Carrasco	Creative Director	LUMA CREATIONS
Lynne Collins	Strategic Relations and Engagement Advisor	Liverpool City Region
Neil McGonigle	Head of Cities, UK & Ireland	Uber
Olivia Tyrrell	Political Researcher	DevoConnect
Sarah Lovell	Cultural Coordinator	Liverpool City Region Combined Authority
Steve Coffey	Group Chief Executive	Torus
Steve Barwick	Director	DevoConnect
Tony Sophoclidis	Strategic Affairs Director	UK Hospitality

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