

SOS

#SaveOurSeaside



For many seasonal businesses, the loss of almost an entire season due to the Covid-19 lockdown means that businesses in the sector are in trouble. With reduced capacities due to social distancing measures, a reduced footfall, and a truncated season, businesses face an existential threat. Those that survive will be facing at least two years of financial challenge with income significantly reduced and no reduction in costs. For seaside Family Entertainment Centres, the situation could not be worse.

That is why we are calling on the Government to Save Our Seaside with **three simple asks:**

1 VAT and Machines Games Duty (MGD) cut to 5% to support the Tourism Sector

The announcement of a 5% cut in VAT for tourism was a bold and welcome step - however, it does not apply to amusement arcades.

One of the major costs to our businesses is the VAT and MGD charged on the net income of amusement machines. In the case of machines attracting VAT the rate is 20%, for MGD the rate is 20% or 5% depending on the cost of play. In order to ensure that seaside amusement arcades receive the support rightly given to all other tourism and hospitality sectors we are calling for the rate for both VAT and MGD to be temporarily reduced to 5%. The cost to the Treasury will be comparatively small and would provide precisely the kind of boost seasonal businesses need to get them through the winter, ensuring that cash remains in businesses where it can be efficiently and appropriately reinvested in capital projects into the 2021 season.

2 Continued Business Rates Relief for FY21/22

The seaside arcade sector is a seasonal industry, and will disproportionately bear the damage from shutdown through the winter months. In recognition of this, the Government should carry over full Business Rates Relief into FY21/22.

3 Increase funding for the Coastal Communities Fund and bring forward the Tourism Sector Deal

Much has been made of support for Britain's cultural sectors during the pandemic, but relief has been short-term and narrow.

The Government must go further in putting enhanced funding into the structural support packages such as the Coastal Communities Fund and should implement the planned Tourism Sector Deal to not just save but develop our domestic tourism offering. As we leave the EU fully, and as international tourism is likely to remain depressed for years to come, it is essential that the Government backs the development of the UK's domestic tourism sector, and in doing so sustain the footfall that arcades will need to survive into 2021 and beyond, and acknowledges the tourism industry as one of the UK's most successful exports.

Overview

The British seaside continues to be a magnet for tourism and an economic engine for coastal communities. Prior to the Coronavirus pandemic, the hospitality industry, of which the amusement and arcade sector is a key part, employed 1 in 10 people in coastal towns and was responsible for 250 million visits annually - contributing £17bn to the economy.¹ By way of scale, Brighton Pier attracts more visitors a year - at an estimated 4.6 million - than the Tower of London or the V&A.²

Yet those figures tell only half the story of coastal towns: our beloved resorts and destinations that are also home to some of the worst levels of social and economic deprivation in the UK. Low pay, poor health and high unemployment are common features of Britain's seaside communities. Earnings, educational attainment and economic output lag behind the rest of the country. The economic and societal impact of the public health pandemic will only shed further enhance this disparity and increase the hardship felt at our seaside.

As the trade association for the amusement machine industry and its supply chain, bacta can see first-hand the difficulties faced at the coast. We have seen many of our members – the owners and operators of seaside attractions and amusements - struggling to keep their businesses alive, and some of them forced to close.³ We recognise both the loss of critical employment and the erosion of future potential that such closures represent, with further collapses likely imminent as we come out of lockdown and come to terms with the full extent of the damage to the sector.

The Family Entertainment Centres (FECs) that are at risk are invariably small, family-run local businesses. They are the heartbeat of the coastal economy – generating local jobs and drawing in visitors from all over the country. With the cost to play amusement machines set by law, FECs cannot ask their customers to pay higher prices. Instead, they must rely on investment in seaside towns to grow visitor numbers – generating a rising tide to lift all boats.

The seaside already does so much to enrich the UK culturally and economically. Despite the challenges it faces, the UK seaside entertainment industry has defiantly continued to increase its contribution to the UK economy. It continues to provide jobs and opportunities for people across the country, helping everyone from those from those trapped in struggling seaside communities to the people increasingly priced out of foreign holidays. By way of illustration - for every £1 of turnover directly generated by firms operating seaside arcades, a further £1.22 worth of turnover is supported in the wider economy and for every 10 jobs directly generated by seaside arcades, a further 4.1 jobs are supported across the wider economy.⁴

But the increasing burden of cost pressures endangers the longevity of the seaside as a viable entertainment provider. Operating profits made by seaside arcades have declined significantly, with an estimated drop from £225m in 2015 to £159m in 2018.⁵ The UK's seaside and the businesses that make it so valuable need further support and investment to continue providing their benefit to the economy and to the communities that need it most – more critical now than ever in the current economic climate.

From family business owners to the millions of annual visitors from across the generations, people have a deep investment in the British seaside. Now we are calling on the Government to take the necessary steps to Save our Seaside.

¹ APPG for the Visitor Economy. "Report into the Inquiry into Coastal Communities." <https://britishdestinations.files.wordpress.com/2017/11/2017-bha-report-appg-inquiry-into-hospitality-and-tourism-in-coastal-communities.pdf> (accessed April 10, 2019).

² Brighton and Hove News. "Brighton Palace most visited tourist attraction outside London." <https://www.brightonandhove.news.org/2017/08/02/brighton-palace-pier-named-as-britains-most-visited-tourist-attraction-outside-london/> (accessed April 9, 2019).

³ Gambling Commission. "Gambling Industry Statistics." <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-industry-statistics.pdf> (accessed April 9, 2019).

⁴ Cebr. "The contributions of seaside arcades to the UK economy." (accessed January 30 2020).

⁵ Cebr. "The contributions of seaside arcades to the UK economy." (accessed January 30 2020).



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