



### **Top Lines**

- The coach sector has been hard hit by the Covid-19 pandemic with some businesses having experienced a 90%+ drop in income for 2020 but in normal times it is fundamentally healthy and profitable.
- Despite being a central part of the UK tourism sector businesses have often been unable to access the support packages on offer to the leisure and tourism sector.
- Those coach operators that provide home to school transport are doing so at a loss due to a lack of other work.
- Government needs to step in with support to ensure that we have a coach sector that can play a full role in the country's economic recovery and continue to transport children to school safely and provide essential replacement transport.

### **The impact of Covid-19**

The Covid-19 pandemic has plunged the coach industry into a fight for its future. Hundreds of family businesses across the country face going out of business without support. While operators are doing everything they can to stay afloat, bookings are not expected to return to pre pandemic levels for many months and possibly not until 2022. During 2020 half of operators saw a drop in income of more than 75% and four out of ten expect to see at least a 50% reduction in turnover in 2021.

Coach operators have found it difficult to access the support packages that have been made available to the leisure and hospitality industry placing additional strain on businesses that were already badly hit by the pandemic.

### **The importance of supporting coaches**

Coaches play a vital role in moving people from A to B. Millions of visits are made each year by coach to attractions and places across the UK contributing £14bn to the UK tourism economy in 2019. This demand has not gone away but has been suppressed by the pandemic, especially with coach trips and tours being popular with older people – in the 12 months before the pandemic 40% of people who went on a coach trip or holiday were 55 or older.

The hopeful return of these trips and tours as the vaccine is rolled out and restrictions can be eased will not only provide some of the hardest hit by the pandemic with an opportunity to enjoy a day out or holiday but help protect jobs and businesses that rely on visitors across the country.

600,000 children regularly rely on a coach to get them to and from school safely and another 50,000 places are available during the pandemic on services designed to supplement the existing network. If the coach sector shrinks the ability to provide the level of home to school transport required, during the pandemic and beyond, will be put under strain. If this happens, we are likely to see increased travel to school by car resulting in greater congestion and poorer air quality around school gates, both of which we should be seeking to avoid. We would also see a challenge in providing sufficient capacity for emergency transport such as rail replacement or diverted flights.

## **Figures and statistics**

### *The impact of coach*

Number of jobs in the industry	42,000
Number of visits to attractions and places by coach	23 million in 2019
Contribution to the UK tourism economy	£14bn (or 10% of its value)
Number of children who use home to school transport	600,000

### *The impact of Covid-19*

Turnover down by over 50% in 2020	80% of operators
Turnover down by over 75% in 2020	50% of operators
Turnover down by over 90 in 2020	Almost 20% of operators
Expected turnover for 2021 down by more than 50%	40% of operators

### *Ability to access support*

Operators who have accessed support available to the leisure industry	20%
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## **What government needs to do**

The industry is fundamentally healthy and profitable but has been critically impacted by the Covid-19 pandemic. To help secure the long-term future of the coach sector and protect jobs across the wider tourism sector it needs short term support. Government can do this by:

1. *Encouraging commercial lenders to allow greater flexibility in finance repayments and ensure that no operator will have to start to pay back a government backed loan until they have had the opportunity to see business return.*

Due to the high costs (£250,000+) associated with the purchase of new vehicles, which has been encouraged by government, most operators use finance agreements for purchases. Repayments costs will often be £1000s per vehicle per month. While operators have been able to agree finance holidays these have now largely ended and lenders are unwilling to extend.

By working with commercial lenders to find ways to allow a longer-term viewpoint to be taken and avoid repossession of coaches or family homes, such as by covering the costs of interest payments for 12 months, this will ensure that when demand returns the industry can gear up quickly to help the economy recover.

We also need to see greater flexibility for repayment of CIBILS loans like those recently announced for Bounce Back Loans including delayed repayment dates and payment holidays.

2. *Providing full and fair access to the grants and support available to other parts of the leisure industry.*

Despite delivering 10% of the value of UK tourism the Government has failed to give the coach sector access to the support provided to the leisure and tourism industry. It has often been left to local authorities to decide whether to provide support to coach operators on a case-by-case basis.

Formal recognition from government in the guidance that accompanies support for leisure and tourism businesses that coach operators should be granted access to these funds would end the postcode lottery of support.

- 3. As soon as restrictions allow having a positive and unambiguous get on the coach message from government, including as part of any promotion of UK tourism.*

The spring and summer are the traditional peak period for coach businesses, which was wiped out in 2020. If restrictions allow we cannot afford this to happen again.

The Government must ensure that encouraging people back onto coaches forms a core part of their messaging to promote UK tourism as soon as it is possible to do so.

- 4. Following the lead of other governments across the UK and introduce a per vehicle grant based scheme for coach operators as suggested by CPT last summer.*

With no business coming in and significant challenges in making socially distanced tours viable operators will face significant challenges throughout 2021.

To help ensure coaches can get visitors back to attractions across the country and cover the high costs associated with running a coach business a per vehicle grant should be introduced to help operators trade their way of the pandemic. Similar schemes have already been introduced in Scotland and Northern Ireland.

- 5. Topping up Home-to-School payments to meet their true cost in the absence of other work and ensuring while school are closed these payments continue.*

Home to school only forms about 20% of the coach sector's income but 40% of the fleet is involved in delivery it. Rates for home to school services can be kept low as operators are able to schedule other work during the day around home to school services. Without this other work the payments for home to school services do not cover their running costs.

While demand for tourism and other work remains low it is vital that top up payments are provided to ensure those operators providing home to school services are not doing so at a loss.

While schools are closed we need the Government as it did during the March 2020 lockdown to provide guidance to local authorities to continue to pay for home to school transport as if schools were open. This will ensure services can be restarted quickly once schools are able to reopen. Experience from the previous lockdown shows that without guidance from central government many local authorities will seek to reduce pressure on their budgets by not making home to school transport payments.