



## Impact of Covid-19: Economy, Infrastructure and Skills Committee

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### Introduction to bacta

1. Bacta is the trade association for the amusement machine industry and supply chain.
2. There are c310,000 amusement machines of one kind or another in Britain's arcades, pubs, and clubs. Pre Covid-19 our members generated over £1.6 billion in revenue, contributed £2 billion to the UK economy and supported 34,000 employees. Taking into account associated businesses this nearly doubles the sector's contribution.
3. Our members are owners and operators of High Street over-18 arcades, family arcades at the seaside, suppliers of machines to pubs and clubs and the manufacturers and distributors of all types of amusement machine. These range from children's rides to video games, from fruit machines to penny falls, from pinball to basketball, and all types of games in between.
4. Our industry is heavily regulated to play a role in the leisure ecosystem across the UK, playing a vital part of the tourist economy in Wales, and in bringing footfall to every high street.
5. We are submitting evidence to this inquiry to highlight the impact Covid-19 is having on the amusements and tourism industry in Wales and to ask for further support to the industry.

### What has been the immediate impact of Covid-19 on the sector?

6. The immediate impact of Covid-19 on our sector has been catastrophic. While a number of UK Government and Welsh Government measures are very welcome, our industry is just about surviving, and more support is needed to ensure business continuity. The industry supply chain has received no support under the various Retail Leisure and Hospitality support schemes operating in the nations of the UK, and seasonal businesses will somehow have to try and survive until Easter 2021 before they see any meaningful income.

7. As of 20<sup>th</sup> March, seaside arcades, High Street adult gaming centres and the pubs and bars bacta members supply with pool tables, juke boxes and fruit machines closed. Many are of these businesses are second or third generation family firms. They contribute directly around £2 billion to the UK economy, more if associated businesses are taken into account. They employ 34,000 people, and at the coast in particular support our heritage, our piers and our British seaside culture. As things look, seaside arcades will have to survive, if they can, a whole season with no income.
8. The Committee is directed to towards last April's Report by the House of Lords Committee on Regenerating Seaside Towns.<sup>1</sup> This Report highlights the importance of supporting coastal communities and the role of seaside arcades in supporting them.
9. Despite government support and drastic cost cutting, costs continue. at between 45% to 55% of normal. While supply chain cooperation can help with payment schedules, ultimately bills have to be paid.

### **The support of the Welsh Government and wider public sector**

10. The situation in Wales has been more problematic than in other parts of the UK, as Welsh Government and local authority decision-making has meant that many high street and seaside arcades have not been able to access the rate-related Retail, Leisure and Hospitality Grant.
11. The situation at the coast is compounded by the fact that in essence the businesses only generate revenue during the holiday season, from Easter to the August Bank Holiday. No potential dates for opening in Wales have been provided, despite arcades being open already in other parts of the UK.
12. Furthermore, the lack of direct engagement in Wales is in complete contrast to other parts of the UK. We have yet to be able to secure a meeting with any Welsh Government minister or official, or local authority official, to discuss the unique nature of our industry. We have only recently been able to engage directly with officials, and whilst that has been a positive experience, it took many months and considerable determination to find the right individuals who were able to correspond with us directly.

### **Retail, Leisure and Hospitality Rate Grants**

13. In order to support businesses at risk of closure because of the Covid19 pandemic, the UK Treasury provided funds related to business rates. This included a grant of £25K for retail, leisure and hospitality (RLH) businesses with rateable values of £15K-£51K. Business in retail, leisure and hospitality will also receive rate relief for 12 months.
14. As local government and business rates are devolved matters, the devolved nations received consequentials and each has applied very similar grants, though with some minor amendments. Each of the governments have provided some guidance for eligibility, which is slightly different across the nations.
15. In England, the Ministry of Housing, Communities and Local Government provided guidance<sup>2</sup> on the nature of businesses to receive the grant and rate relief. These include tourist attractions, leisure facilities and bingo halls. The Local Government Association has published further guidance following discussions with the Tourism Alliance to ensure

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<sup>1</sup> <https://publications.parliament.uk/pa/ld201719/ldselect/ldseaside/320/32002.htm>

<sup>2</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/877758/Expanded\\_Retail\\_Discount\\_Guidance\\_02.04.20.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/877758/Expanded_Retail_Discount_Guidance_02.04.20.pdf)

that local authorities give consideration to businesses that may not have been explicitly mentioned, including amusement arcades.

16. In Scotland, the Scottish Government has provided a lengthy list of businesses that should receive the grant<sup>3</sup>, including amusements, bingo halls and entertainment centres.
17. In Northern Ireland, the Northern Ireland Government has provided guidance<sup>4</sup> with a list of eligible businesses, including amusements and bingo halls.
18. In Wales, the Welsh Government has provided slightly different guidance<sup>5</sup>. It includes guidance to exclude casinos, betting offices and gambling clubs from receiving the RLH grant. Most local authorities have provided the rate grants to the high street and seaside gaming centres across Wales. Bacta contacted the Welsh Government to request that clearer guidance could be provided to local authorities to ensure that amusement arcades were included in a list of eligible business, but it refused to do so, and allowed local authorities discretion on which businesses were eligible.
19. Whilst amusement arcades are heavily regulated to ensure that they are leisure-focused, and have a different make up of games than betting shops and casinos, the decision to allow local authority discretion meant that officials in councils across Wales could decide to refuse the grant, arguing that the amusement arcades are similar to betting shops and casinos.
20. The consequence of this decision is that nine local authorities in Wales have provided the grant, three have refused the grant and three have provided a variable response. One has provided the grant and since demanded a refund.
21. In some local authority areas, the decision seems to be based on location, so that arcades at the seaside are eligible, but arcades on high streets are not.
22. At least one council has refused an amusement arcade that has a licence as bingo hall, even though bingo halls are eligible for the grant.
23. Further, the process was established quickly and without any right of reply or feedback system, so there is no way to challenge the decision made. This mean that at least one local authority, Ceredigion, gave the £25K grant to a local amusement business, and then changed their decision and requested the grant to be returned. This has had a significant impact on the business and the individuals involved.
24. We would argue that the flawed nature of the decision-making process has allowed local authorities to make entirely arbitrary decisions, without any evidence or understanding of the regulatory matters.
25. Further, as an industry body we have been hugely frustrated by the lack of direct engagement on this matter. We have held constructive discussions in England, Scotland and Northern Ireland to ensure that policy-makers understood the nature of the amusement arcade businesses and how they were heavily regulated for leisure and that clarity was required to ensure fairness. In Wales, we have not had any meetings to

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<sup>3</sup> <https://www.mygov.scot/non-domestic-rates-coronavirus/retail-hospitality-leisure-support-grant/>

<sup>4</sup> <https://www.nibusinessinfo.co.uk/content/coronavirus-£25000-retail-hospitality-tourism-and-leisure-grant>

<sup>5</sup> [https://businesswales.gov.wales/sites/business-wales/files/MA-RE-0992-20%20-%20Retail%2C%20Leisure%20and%20Hospitality%20Rates%20Relief%20Scheme%202020-21%20-%20Guidance%2C%20Grant%20Acceptance%20and%20Offer%20for%20Local%20Authorities%20-%20Doc%201%20Guidance%20%28E%29\\_1%20%282%29.pdf](https://businesswales.gov.wales/sites/business-wales/files/MA-RE-0992-20%20-%20Retail%2C%20Leisure%20and%20Hospitality%20Rates%20Relief%20Scheme%202020-21%20-%20Guidance%2C%20Grant%20Acceptance%20and%20Offer%20for%20Local%20Authorities%20-%20Doc%201%20Guidance%20%28E%29_1%20%282%29.pdf)

discuss the detail of this matter. All correspondence has been by e-mail, with no prospect of face to face discussion.

26. One reason for this could be that there is no policy official responsible for regulating entertainment, leisure and gambling at the Welsh Government as it is not devolved. We have found it a challenging process, therefore, to speak to a named official or department responsible for this industry, and we would ask the Committee to consider ensuring that this is rectified in its recommendations.

**What will the likely long-term impacts of Covid-19 be on the sector, and what support is needed to deal with those?**

27. It is unclear at this stage what the likely long-term impacts will be on the industry, however, what is clear is that without further financial support from the UK Government and Welsh Government several family run seaside arcades and Family Entertainment Centres will have to close their doors. Thousands of jobs could potentially be lost in areas with some of the most serious social and economic deprivation.
28. Furthermore, due to the seasonal nature of our seaside industry, and the fact that in essence our members businesses only generate revenue during the holiday period, our members are unlikely to see any meaningful income until Easter 2021. Long term support will therefore be required to help our industry through this uncertain time. We have outlined a number of measures below which could further help the leisure and tourism industry and our members.
29. Whilst arcades are now open in other parts of the UK, with regard to reopening in Wales, we believe that the lack of a specific policy official or team responsible for this sector means that we have been unable to discuss the safe reopening of the industry. There is currently no potential date for reopening in Wales.

***Calling on the Welsh Government to issue guidance to local authorities which details that arcades can rebate or extend arcade premise licenses***

30. As mentioned, amusement arcades and leisure businesses have rightly had to close their doors due to Covid-19. Our members have been asking Local Councils to rebate Premises Licence fees for arcades. As local authorities cannot undertake their usual enforcement or inspection duties and are therefore not incurring any costs as a result, it would seem quite unreasonable for these fees to be paid for when premises are shut. Council have told us they are unable to refund any fees due to current legislation (Gambling Act 2005). We suggest local authorities are given the power to rebate fees.
31. Alternatively, licences could be extended or a proportionate discount could be applied to licences for the following year for those businesses that survive the current crisis. They have the power under the Gambling Act to do this. Government should provide instruction/guidance to local authorities on this point.
32. This would not be a major cost to local authorities, licences on average cost £1000 per annum; however, it would go a long way to support our members during this unprecedented time. Furthermore, as stated above, local authorities have not had the cost of undertaking usual activities associated with these licensed premises because they are closed, so an extension to licenses or a reduced fee would be welcomed.
33. Without formal advice from the Welsh Government, it is up to the local authority's discretion to decide whether to reduce next year's fees.

## **Conclusion**

34. Wales is the only part of the UK where there has been a postcode lottery for the vital rate-related Retail, Leisure and Hospitality grant.
35. The decision-making has been entirely arbitrary and not based on evidence or agreed policy.
36. Whilst bacta has successfully engaged with administrations across the UK, we remain concerned about the reticence in relation to sector engagement within the Welsh Government.