

BMC & Mountaineering Scotland statement on huts and clubs regarding economic and operational implications of the COVID-19 pandemic

This statement represents the views of the BMC and Mountaineering Scotland on some of the wider economic and operational implications for clubs and huts of the Covid-19 pandemic, and should be read in conjunction with our recent statement on the medical implications. We note that shortly after we issued that statement, the Government advice changed to advising against all non-essential travel and to instigate social distancing. Most of our considerations of the relative medical risks stand, but the likelihood of exposure is growing rapidly.

Although conventional club meets may not fall explicitly within the latest Government recommendations, it is understood that some clubs are already cancelling their programmes until the restrictions have lifted, or are focusing on lower risk activities such as low-key day meets with much smaller numbers attending, who also minimise proximity to each other. With few outings, the economic impact on clubs with such programmes is likely to be small. Nevertheless, clubs may have committed to accommodation and/or travel payments to third parties, and careful consideration will be needed as to the impact to that club of a lost or deferred deposit or payment, compared with the issues for providers who may have suddenly lost most or all of their income, and may be struggling to survive. We encourage everyone to take a long-term view for the benefit of the whole outdoor sector.

Clubs with huts have a more challenging position. Although closures of 'public' buildings is not yet mandatory, some hut operators have already decided to suspend operations from this week. For most of the remainder this is likely to be one of the last weeks of normal (or any) operation for some time. The likely duration of closures is unknown, with current estimates of the need for social distancing ranging from three to eighteen months.

Huts are usually operated on a not-for-profit basis, providing very low cost accommodation in amazing places for the benefit of the operators and other clubs, and the wider outdoor community. Even modest reductions in income resulting in reduced or suspended usage will have an impact on the economic wellbeing of the hut and possibly the club or other entity that operates it. The 2001 Foot and Mouth Disease outbreak is not comparable in human or economic terms to what is likely to result from Covid-19, but many clubs will be able to learn from the impact that widespread closures had on rural and mountain communities. It makes sense to start planning now for a range of eventualities.

The immediate next stage is to consider the wider non-medical implications for huts and their operators. If this epidemic pans-out as some commentators suggest, we can expect months of social distancing, and then a period of readjustment. For any operator to lose 30% to 50% of their annual income will be a major issue, and it may be significantly more. It is therefore advisable to (i) model the impact of changes to income and related expenditure and (ii) check how long current reserves will last. If reserves would last less than a year, then it would be prudent to start planning now for sourcing what may be needed – probably through fundraising, loans or “payment holidays” (if available for some elements of expenditure). Although the proportional impact may be high, the cash magnitude may well be quite low, and leeway of a few thousand pounds might make a big difference.

Some thoughts that might help us all through the next few months:

Operational:

- Unless or until there is a Government directive, the decision of if and when to close or restrict use remains with the hut operator: the BMC and Mountaineering Scotland would appreciate

notification of decisions, and subsequently when decisions are made to re-open. This will help us to share an overall picture.

- If closing, follow the usual protocols - turning off water, electricity and gas supplies.
- In addition, consult insurance policies and insurers - there may be conditions covering huts being empty for a period. In any case arrange periodic visits to ensure huts are secure.
- Re-stock cleaning products prior to re-opening. Rigorous cleaning regimes are likely to be needed for some time after re-opening.
- Ensure the huts have a thorough clean now and prior to reopening. Some huts may become so clean that we barely recognise them!

Customer Relationships:

- When cancelling existing bookings into your huts, the more notice, the lower the impact. Some operators are taking this a month at a time, others are working to a longer timeframe.
- Refunds of deposits may be requested by those who have booked, but in preference offer to reschedule bookings for later in the year/next year when we hope that everything will have re-opened.
- Consider what caveats need to be in place if bookings for future meets are still being taken, e.g. referencing the possible need to defer and reschedule if social distancing restrictions remain in place.
- Whenever restrictions lift and the huts re-open, the more full and extended long-term hut bookings are, the better able operators and users will be able to plan financially for a range of re-start scenarios.

Financial:

- Huts without mortgage or other debts probably have lower residual liabilities than those that have mortgages, loans or leases to service. If reserves are a concern, then contact lenders or landlords early and request a 'repayment holiday'. These are exceptional times: insolvency is the worst outcome for everyone, and in many situations unnecessary.
- If a club with a hut is in a dire financial position, consider sharing ownership and/or operation with another club with aspirations for a hut. Under different circumstances, this happened recently, providing a much-needed cash injection from the club that bought a 50% share of the lease, and significant ongoing support in the hut's management and maintenance.
- If the hut/club is not constituted as a separate legal entity, then the club or hut management committee members should check out the extent to which they are personally liable for any debts that the hut/club incurs: also consider whether alternative legal structures would be more appropriate.

Interim opportunity:

- Consider interim operating procedures for any maintenance work needed during the closure – how many could carry out work concurrently and maintain a reasonable social distance, and can sleeping arrangements be sufficiently separated.
- Huts that have ample reserves and may have been considering closing their huts temporarily for significant maintenance or improvements might take this opportunity to get that done, in order to not lose further revenue from income after re-opening. Use of professional contractors is a good way of supporting local companies who might otherwise be struggling for work.
- Consider the alternative role that a hut (or outdoor centre) could play for the community on an interim basis. We are aware of one hut that has been offered to the NHS, in the event that a temporary field hospital is required in that area. Some huts are clearly more suitable for this than others.

If at all possible, as a community we want to come out the end of this pandemic with as many huts and as many clubs as we're going into it. Clubs without huts will face significantly lower financial pressures than those with huts, and if they want those huts to be available in the future, then it is in everyone's interests to be as flexible and understanding as possible.

It is also in everyone's interests to try to minimise the impact, recognising that this is a global issue with far more serious personal and financial consequences than any club will face. There will be a future after Covid-19, and after extended social distancing, we are likely to have a desire to be in the outdoors and sociable like never before, so our huts, campsites and outdoor centres will be in high demand. Let's do all we can to help them weather this storm.

Jonathan White – for and on behalf of the BMC Board, following discussion with BMC officers and honorary advisors, Mountaineering Scotland, and the chairs of the BMC Clubs' Committee and Huts Group.