

## **Tourism sector bid for the Industrial Strategy**

### **Purpose of report**

For discussion and direction

### **Summary**

The industrial strategy invited industries to develop bids for a sector deal – bespoke support to help that sector to become more productive and thrive. The tourism sector consulted on its needs and launched a tourism sector bid on 12 October 2017.

This discussion will explore the proposals in the bid, and the contribution that councils can make to supporting tourism.

The discussion will open with short presentations from Anthony Pickles, Head of Tourism Affairs for VisitBritain, who are championing the bid, and Brigid Simmonds, Chief Executive of the British Beer and Pub Association, representing Tourism Alliance – a leading sector association.

### **Recommendation**

That members of the Culture, Tourism and Sport Board discuss and provide direction.

### **Actions**

Officers to progress as directed.

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## **Tourism Sector bid for the Industrial Strategy**

### **Background**

1. The visitor economy is one of this country's fastest growing economic sectors. It was worth £126.9 billion to the UK economy in 2015; is Britain's seventh largest export industry; and Britain's third largest employer. It supports almost one in ten jobs, many of them acting as first jobs for school leavers and graduates.
2. 36.1 million overseas visitors came to the UK in 2015, spending £22.1 billion. Britain ranked eighth in the United Nations World Tourism Organisation's 2015 international tourists arrivals league table; and sixth in terms of tourist income. This is a slight decrease from 2014.
3. The UK's top three visitor markets were France, Germany and the USA, accounting for 30 per cent of all international visits. London accounts for 54 per cent of all inbound visitor spend, the rest of England 34 per cent, Scotland 8 per cent and Wales 2 per cent.
4. Britain runs a large tourism deficit mainly because the domicile population is much more likely to holiday abroad than other countries. Currently, less than 40 per cent of our total holiday spend goes on domestic tourism, meaning this is an area for significant growth.
5. Brexit will open up new challenges and opportunities for the visitor economy. The role of councils, VisitEngland and VisitBritain will be key in helping local economies maximise the potential benefits and work to mitigate potential downsides.
6. The LGA responded to the consultation on developing the bid, and this response is attached with Board papers. This submission is referred to several times in the bid, in relation streamlining of funding and support for SMEs, and assistance to help them modernise business models where the local market has changed character.

### **Tourism sector bid**

7. The document, as well as making the case for the tourism industry, contains four key asks:
  - 7.1. A 10-year tourism and hospitality skills campaign to boost recruitment, skills and long-term careers providing the industry with the workforce it needs;
  - 7.2. Boosting productivity by extending the tourism season year-round and increasing global market share in the business visits and events sector;
  - 7.3. Improve connections to increase inbound visits from more markets by 2030 by making it easier for overseas and domestic visitors to not only travel to the UK but explore more of it;

- 7.4. Creating 'tourism zones' to build quality tourism products that meet visitors needs and expectations, extending the tourism season and fixing localised transport issues to improve the visitor experience.
8. The aim of the bid document, in putting forward these asks, is to:
  - 8.1. Boost productivity by one per cent;
  - 8.2. Deliver an additional 70,000 jobs;
  - 8.3. Build the most competitive tourism market in Europe by 2025;
  - 8.4. Increase the value of Tourism to all corners of the UK.

### **Analysis**

8. The proposals are broadly positive and align to the ambitions, and concerns, that members authorities have raised in relation to Brexit. However, while the focus in the bid is understandably on tourism businesses, there are missed opportunities to recognise some of the areas where councils either have a direct interest in, or where they can contribute to the support offer for, the tourism sector. These mainly relate to the role that councils can play in providing infrastructure (roads, transport, broadband, cultural and leisure services), and in skills provision.

### **Key opportunities and points for discussion**

9. **Skills** - The LGA has long recognised that skills reform is needed in order to ensure that training for young people reflects the job market in the local area. We have recently developed the [Work Local](#) concept to devolve and rationalize skills funding. We believe there is a positive opportunity to scope out how this could benefit the tourism industry through some in-depth study in local areas. The British Hospitality Association, as the sector lead on skills, and Tourism Alliance have indicated an interest in exploring this with us.
10. **Tourism zones** - Building on the success of the Government's Enterprise Zones, areas will bid to central government to acquire status as a Tourism Zone. The bid proposes 5 zones are identified. We believe the LGA is well-placed to help with the promotion, identification, and short-listing of these areas, and can potentially align the support of leading learning and economic advisers programmes with them. Many aspects of the proposal respond to concerns raised by member authorities, such as difficulties relating to the final mile of travel to destinations.

11. However, there are some aspects of the tourism zones that would need to be discussed in detail to ensure that they worked for councils as well as businesses, although none are insurmountable issues. These include:
  - 11.1. **Business rates** - Building on the success of Enterprise Zones, the bid proposes that all business rates growth generated by the Tourism Zone will be kept by the relevant local enterprise partnership and local authorities in the areas for 25 years. This is generally welcome, but will need to reflect live discussions about localisation of business rates and redistribution mechanisms.
  - 11.2. **Planning** – the bid proposes that Tourism Zones will have simplified planning rules through local development orders to ensure that destinations have enough accommodation and bed space to meet demand and the right mix of accommodation types (hotels, self-serviced apartments etc.) to attract overseas visitors. There has been significant change in the planning system recently, and it will be essential that any simplification is locally determined and designed to meet the local context, rather than national criteria. We would suggest that detailed discussions on this are undertaken with planning officers, and would be happy to help facilitate this.
12. **Primary authority** – The bid proposes that Primary Authority, where a business contracts with an individual council for assured advice accepted by all councils, is extended to a range of areas that are outside the current scope of the legislation where its inclusion would provide considerable benefit to tourism-related businesses. This includes regulation covering licensing, gambling and planning.
13. For example, Primary Authority could cover the licensing of businesses that sell very small amounts of alcohol (e.g. historic attractions and vineyards that provide tastings or B&Bs that would like to offer a drink with an evening meal for a small number of guests).
14. The LGA recognises that there are significant opportunities to improve the regulatory system and refocus it to supporting businesses to be compliant, and grow safely and responsibly. Primary Authority has a key role to play in this shift. However, we have concerns about removing some of these licences from local oversight, based on feedback from member authorities.
15. In 2013, we published Rewiring Licensing which set out alternative ways in which licensing systems could be reformed, and tested this approach with Cornwall Council. Feedback was positive, and the hospitality sector was felt to be the most significant beneficiary. We believe this approach, coupled with an extension of the Better Business for All scheme (run by Regulatory Delivery in BEIS) and the introduction of Community and Ancillary Sales Notices would be more appropriate mechanisms for simplifying the regulatory burden, and also more effective.
16. It is possible that Primary Authority would be appropriate for the more technical aspects of licensing conditions. For instance, not in determining whether or not CCTV was

required by the premise, but for determining the technical specifications of that CCTV system. The LGA has had some early conversation with Regulatory Delivery about this.

17. **Broadband** – the bid identifies improved broadband access and digital creativity as the key route to unlocking greater productivity in the sector. This coincides with the LGA's broadband campaign, and councils have a key role in challenging infrastructure providers to improve their offer – particularly in rural locations. We would be happy to work together with sector bodies to align our lobbying, as well as attempting to drive improvement in key locations.
18. **Tourism tax** – The bid makes no reference to the introduction of a local tax on tourism and hospitality businesses for reinvestment in the local area. The LGA accepts that UK accommodation already operates at a higher VAT level than many European counterparts and must remain competitive. However, it is important for key tourist destinations that money from the sector is reinvested in the local infrastructure and services that helps create destinations of choice.
19. There are other alternatives, although the tourism tax is the most familiar to visitors to Europe, such as Business Improvement Districts (BID). It could be a requirement of an Enterprise Zone that a BID is established. However, although this would have the positive impact of involving the businesses in where investment is targeted, the investment would be on top of their existing financial commitments.
20. There is little appetite among the sector to contemplate local tourism taxes. However, there is an industry campaign for the reduction of VAT on accommodation, which could be achieved after we have left the European Union. It is possible a compromise could be developed that would allow for local taxes if overall VAT were reduced, leaving businesses better off but also able to influence local investments. The LGA does not normally comment on tax issues unrelated to local government, so advocating this position would need to be cleared through wider LGA structures.

### **Key asks**

21. We suggest the following asks/offers are made of VisitBritain and Tourism Alliance, and the bodies they are working with on the bid:
  - 21.1. A general offer to publicly support the proposal and assist in lobbying for its acceptance
  - 21.2. A request of a place for a Board member on any stakeholder or discussion groups that are put in place to take the bid forward
  - 21.3. An offer to convene a roundtable between councils and sector bodies to discuss how tourism zones can be shaped, including the possible role of a local tourism tax or other financial investment mechanism; and assistance with advertising and shortlisting if they are taken forward

21.4. A technical roundtable with planning officers to explore the planning issues

21.5. A joint-research project to explore how Work Local could address some of the workforce and skills issues identified by the bid

### **Implications for Wales**

22. This an English debate and the WLGA lead on lobbying in Cardiff. However, a similar debate is being held and any learning will be transferrable.

### **Financial Implications**

23. There are no direct financial implications for this work.

### **Next steps**

24. Officers to progress as directed.

## ANNEX A

### Organisation information

**VisitEngland** is the country's national tourist board and as part of VisitBritain, is a Department for Culture Media and Sport non departmental executive body. Their role is to maintain distinct activities to develop and market English tourism.

The Spending Review 2015 announced that VisitEngland and VisitBritain will work more closely together. Technically, VisitEngland and VisitBritain have always been one organisation – the British Tourist Authority, but they have acted independently with separate governance and organisational structures. Until the Spending Review, Government policy was to formalise the separation.

The **Tourism Alliance** seeks to establish and maintain a favourable operating environment for all businesses involved in the delivery of tourism, particularly in England. Their main purpose is to lobby government, both in the UK and in Brussels, on the key strategic issues facing the industry.

Their Members comprise leading trade association and destination management organisations within the sector. Together, they represent over 200,000 businesses. The TA also sits on the government's Tourism Council, which advises on tourism issues and opportunities.

The **British Beer and Pub Association** is the leading body representing Britain's brewers and pub companies. The Association is more than a century old and was originally founded as the Brewers' Society in 1904. Our members account for some 9 per cent of beer brewed in Britain today, and around half of the nation's pubs. These members are also diverse in their activity – from international brewers, to market-leading managed pub companies, the nation's largest tenanted pub companies and historic family brewers.