

LGA response: VisitBritain consultation on a sector deal for UK Tourism

7 August 2017



About the LGA

The Local Government Association (LGA) is the national voice of local government. We work with councils to support, promote and improve local government.

We are a politically-led, cross party organisation which works on behalf of councils to ensure local government has a strong, credible voice with national government. We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems.

Key messages:

1. The Government's industrial strategy provides a critical opportunity to drive the creation of a successful, world-leading economy and the LGA welcomes the Government's ambition to drive growth and tackle the economic imbalances in different parts of the country.
2. The visitor economy is one of this country's fastest growing sectors and councils are keen to support it. We believe that a sector deal for the tourist industry would enable collective action to drive further growth and help address some of the issues that have inhibited the growth of tourism in some areas of the country.
3. It is vital that any sector deals that the Government makes recognise the importance of the places they operate in and depend on and have the support of local leaders.
4. Councils invest £70 million per year on business support, visitor information and destination marketing. They spend £2.6 billion every year on culture and heritage and support major cultural, business and supporting events. They also lead on planning and infrastructure development that is critical to the visitor economy.
5. For councils to support their local businesses and play their part in increasing the visitor economy, they need access to the levers that will create the conditions for growth. The Government can further enable councils to support and grow this sector by:
 - Devolving the £10.5 billion national employment and skills funding to groups of councils, and combined authorities where they exist.
 - Allowing the pooling of all local infrastructure funding to enable councils and groups of councils to deliver infrastructure needs according to local priorities.
 - Ensuring access to fast and reliable digital and mobile connectivity, which is a necessity for households and businesses across the UK.
 - Building on existing locally led economic strategies and partnerships.

Briefing

6. The LGA and our member councils are ready to work with VisitBritain, the Tourism Industry Council and government departments at a national level to create the right environment for the tourism sector to thrive; and locally with the businesses and communities in our areas.

Consultation response

Role of councils

Councils invest £70 million per year on business support, visitor information and destination marketing, according to DCLG statistics¹. They spend £2.6 billion every year on culture and heritage and support major cultural, business and supporting events.

They also lead on the spatial planning, regulation and infrastructure that underpins and thriving visitor economy. These may not always be described as an investment in tourism, but are essential if it is to happen.

However, councils will have lost 75p in every £1 of core funding by 2020, leaving an overall funding gap of £5.8 billion². The savings that will need to be made will inevitably affect not only those direct services that councils provide to support tourism and local businesses, but also indirect services like planning, transport and even maintaining the verges and street furniture that make places attractive to visit.

Any sector deal for UK tourism will need to reflect the challenges facing local government and ensure that councils are fully able to use their full potential to develop the visitor economy.

Improving productivity

Councils are working hard with local businesses to improve productivity and extend their local offer beyond the core visitor season, drawing on local heritage and cultural traditions.

For instance, the village of Wellow in Nottinghamshire comes alive on May Day as people visit to see and take part in its traditional English celebrations. Similar activities can also be widely found in Cornwall. Christmas Markets have also become something of a mainstream phenomenon and, while many will draw almost entirely on the local market, the largest – such as Birmingham and Bath – have a reach that extends far beyond that.

Case study: Sportshire

Staffordshire Council identified that they had a low number of overnight stays and subsequent visitor spend in comparison to regional counterparts. They've launched a new strategic approach to sport – 'Sportshire' – which aims to address this. In year 1, they hosted Ironman Staffordshire 70.3 and the UK Corporate Games, attracting 16,000 visitors to the area and an economic impact of £5.4 million.

¹ Department for Communities and Local Government statistics, February 2016, www.gov.uk/government/statisticaldata-sets/local-authority-revenue-expenditure-and-financingengland-2014-to-2015-individual-local-authority-data-outturn

² <https://www.local.gov.uk/about/news/75p-every-ps1-core-government-funding-councils-cut-2020>

However, councils report that while many local operators are enthusiastic about the possibility of extending the season, many traditional providers are struggling to adapt their business models to meet the different demands that extended operation requires. There needs to be continued advice and support to help them do so – and we touch on how some councils are providing this in our response in the skills section.

Some of this work could benefit from financial incentives and support, which are currently not tools available to councils. For instance, local tourist taxes are common in other countries and some local areas have expressed an interest in introducing them to the UK. We believe that councils should have the ability to consider the introduction of these new taxes where it is locally appropriate. This would need to be done after full consultation with the local community and businesses, and be part of wider discussions about making the tourism sector financially competitive.

Business Improvement Districts are an alternative way to raise funding for specific projects and allow businesses to have direct involvement in the way the money is spent. Some have proven very effective at addressing local issues and boosting day visitors. However, we are not yet aware of any BIDs taking advantages of the new power to work across local authority areas to promote tourism. Some initial work was done by VisitBritain to encourage this, but it is an area which could benefit from further investment of resource.

We have previously supported Government's intentions to review the role Local Enterprise Partnerships can play in supporting local growth, particularly in light of research demonstrating the high level of fragmentation of growth funding. Some Local Enterprise Partnerships (LEPs), such as Wiltshire and New Anglia, have already recognised the importance of tourism to the local economy and included measures to support it in their plans.

However, responsibility for any future government funding for local growth, such as the Local Growth Fund, should sit with combined authorities and councils. This will enable business leaders of Local Enterprise Partnerships to focus on providing hard-edged strategic business advice and influencing national economic strategy.

Key recommendations for the tourism sector deal:

- Invest in advice and support for businesses looking to change their business model to meet new demand, potentially through economic growth hubs
- Provide councils with the power to consult on and introduce a local hotel levy or tourist tax to fund activities and improvements that boost the visitor economy
- Invest further in cross-boundary Business Improvement Districts with a visitor economy focus
- Devolve funding for local growth to combined authorities and councils.

Better infrastructure & connectivity

Councils have a central role in developing the infrastructure for local areas. Their role in accessing finance, identifying investment and coordinating delivery of improvements and services makes them essential to unlocking the tourism potential of areas. For instance, Worcester City and Worcestershire Councils

worked with Sustrans to create a new riverside loop to the national cycle network, leading to a 20 per cent boost to nearby bar and restaurant sales.

However, the general ongoing pressure on council revenue budgets has meant that discretionary services have had to be reduced, including those that support transport infrastructure like rural bus routes – often so critical to getting tourists from the train station to the local destination.

Reductions in Government subsidies, changes to the way the English National Concessionary Transport Scheme is funded and reductions of 40 per cent to core council funding between 2010 and 2015 have also called into question the future of many bus services. Our [Missing the Bus publication](#) sets out some of the key issues facing the provision of local bus services.

However, despite their best efforts, councils are finding it difficult to identify further innovations that can sustain existing services. The Bus Services Act has brought some helpful changes in promoting better partnership working but changes in rules and funding that support local public transport are really needed to improve the ability of areas to attract, and retain long-term, tourists to the area.

The government could do more like agreeing to fully fund the statutory concessionary fares scheme, which is a national burden imposed on councils by government as well as choosing to devolve bus service operators grant (BSOG) - a public subsidy that is currently paid to all operators regardless of the profitability of a route.

Digital connectivity is also vital to the ability of areas to market themselves and increasingly a factor in visitors' decisions about where to visit and stay. However, despite its importance the quality of digital connectivity across the country remains mixed, with the result that many of our most popular tourist attractions miss out on the marketing boosts gained from visitor promotion of the destination on key social media sites.

Through the Superfast Broadband Programme, councils have invested over £740 million to extend fast and reliable broadband connectivity to the hardest to reach. Many are aiming to extend local provision beyond the programme's national target of 95 per cent of premises by the end of 2017. Despite this excellent progress, 1.4 million households, including a quarter of all rural premises will still be unable to receive 10Mbps download speeds when the national programme ends later this year.

Reliable mobile connectivity is similarly variable across the country, while 98 per cent of premises will have 4G coverage indoors from at least one provider by the end of 2017, geographic coverage is weighted significantly in favour of urban areas, with only 37 per cent of the UK's rural landmass able to access a 4G signal compared to 89 per cent in towns and cities. Announcements relating to 5G investment are welcome, but Government will need to maintain focus on extending 3G and 4G coverage in order to maximise the benefits of digital access right across the country.

Councils have also informed the LGA of their concerns at the accuracy of Ofcom's mobile coverage data. Ofcom needs to adopt a more rigorous form of coverage verification which better captures mobile user experience and allows councils to have more constructive conversations with mobile network operators regarding future infrastructure deployment and quality of provision.

Key recommendations for the tourism sector deal:

- Fully fund the statutory concessionary fares scheme and devolve the BSOG, so that councils can promote sustainable routes that connect residents and tourists to key destinations
- Require Ofcom to adopt more rigorous forms of coverage verification to hold providers to account
- Continue to invest in 3G and 4G coverage.

The skills for the future of tourism

Councils want to stimulate their local economies, so all residents contribute and benefit from growth. Working across functional economic areas with businesses and local partners, they are building on their unique ability to integrate services for vulnerable people and anticipate and respond to local employer need, which includes the tourism and hospitality sectors.

Yet their ability to address unemployment and skills demands is constrained by the fact that current mainstream and re-engagement employment and skills funding, worth £10.5 billion (2016/2017), commissioned nationally by Whitehall or their agencies for providers to deliver, is scattered across twenty different national schemes.

Often, because of the national approach to commissioning, this fails to meet the needs of the local economy and their residents, prevents effective service integration, and often duplicates, and results in a mismatch between skills supply and demand.

Ultimately, the most sustainable way to improve the country's track record in producing successful entrepreneurs and business leaders is to have a skills and career's advice system that is much more locally responsive to the needs of employers and individuals.

The Local Government Association, in partnership with the Learning and Work Institute (LWI), has developed [Work Local: our vision for a devolved and integrated employment and skills service](#). Work Local is a positive proposal for change to help thousands of people into work, inject hundreds of millions of pounds into local economies, close the widening skills gap, and deliver better outcomes at lower cost by taking into account local circumstances. It would be:

- A 'one stop' service rooted in place
- With clear and responsive local leadership
- That is driven by local opportunities and needs
- A common national framework for devolution of financial control, strategy and delivery
- Improving the experiences of individuals and employers
- Governed by 'local labour market agreements' between central government and each combined authority or group of councils

Led by combined authorities and groups of councils, in partnership with local stakeholders, Work Local areas will plan, commission and have oversight of a joined-up service bringing together advice and guidance, employment, skills, apprenticeship and business support around place for individuals and employers. Analysis by LWI reveals that across a medium sized combined authority, Work Local could each year result in 8,500 more people in work, 6,000 people increasing their skills, additional fiscal benefits of £280 million and a benefit to the economy of £420 million.

We believe this would have particular benefits to the tourism sector, where there is often perceived to be a lack of a career path, making recruitment and retention

challenging. Consolidating skills and employment advice to meet the needs of the local area would enable the development of locally relevant career paths for the tourism sector. We also know that the tourism industry is particularly reliant on workers from overseas and already struggles to fill many vacancies. This challenge has the potential to become more significant following our departure from the European Union if there is not investment in making the sector an attractive industry for new employees, and providing them with the skills they need to flourish within it.

We also know that the sector's many small businesses need support to develop skills such as marketing, accounting, and customer service. Councils have been providing direct support on this, as well as flexing their regulatory services (as outlined in the next section) to help local businesses. However, coordinated support and devolution of national funding would help them to be even more effective and supportive.

Key recommendations for the tourism sector deal:

- Devolve non-levy skills funding and loosening restriction on the apprenticeship levy
- Enable local areas to develop an all age careers service
- Devolve the Shared Prosperity Fund (successor to EU funding)
- Allow local coordination of the skills system
- Support local commissioning of contracted out employment support
- Integrate Jobcentre Plus and council 'one stop' pathfinders in every Work Local area
- Devolve Growth Hubs to Work Local areas

Case Study: Trading Up

Broadland District Council has delivered a training programme called 'Trading Up' to small and medium enterprises operating in their rural visitor economy. The programme was funded by Norfolk County Council.

The training was directed towards any business that wanted to attract more visitors to Norfolk. Participants included bed and breakfasts, cafés and taxi operators.

The programme found that often small businesses, as well as lacking finances, lack the skills, awareness and understanding of how to improve their quality of offer. The programme offered a course of free training sessions covering key tourism aspects including customer service, marketing, business and consumer law, IT and internet skills.

Case Study: Calderdale's Business support

The majority of Calderdale Council's tourism offer is delivered by small and medium sized businesses (SMEs) such as bed and breakfasts, restaurants and local attractions. The council recognise the importance of supporting these businesses to deliver a quality offer to encourage higher spend per visitor and a high quality experience to both leisure and business visitors.

They support more than 50 tourism SMEs directly through one to one advice over the phone or face to face. This support ranges from advice on setting up a business, marketing services to other formal quality assessment support.

Building product

Councils across the country acknowledge the major offer of London to tourists, but remain frustrated at the lack of investment in developing regional products that encourage visitors to travel around the area of key visitor attractions, rather than making day trips from London. The Discover England Fund has the potential to address some of these issues, but needs to be more accessible and tested in a greater number of places. A major investment in consolidated ticketing structures, and relaxing rules preventing accommodation providers from offering tickets to local attractions as part of a visitor offer also need to be developed as part of the sector deal.

There is an increasingly crowded space when it comes to local partnerships or organisations promoting economic growth, with or without a specific tourism focus, so we would advise against mandating a particular approach to coordination.

However, the value of a coordinated approach which allows local authorities and businesses to collaborate to boost the local visitor economy is undeniable. This could be delivered and encouraged through devolution deals, making it easier for local partners to secure the resources needed in order to bring forward development. There has been some good progress through recent devolution deals with emerging mayoral combined authorities, but more can be done so that people and businesses in all areas can benefit.

Many local areas are also in the process of developing cultural strategies, which will reflect many of the key components of the local tourist offer, and the boost to visitor numbers for Hull, and previously Liverpool, as UK City of Culture has demonstrated the value of culture to local economies.

However, while councils are taking local steps to coordinate their activities and investments, independent research reveals the maze of complexity in the Government's spending to support economic growth and regeneration, and it is still too fragmented and wasteful.

Independent research commissioned by the LGA reveals that over £23.5 billion of identified planned spending on supporting growth and regeneration is spread across 70 funding streams, managed by 22 government departments and agencies, each with different objectives, timetables and rules. This makes it difficult to join up interventions and achieve economic growth and improve productivity.

Cutting through this red tape and consolidating funding around areas would maximise the impact of the available funding.

We believe that devolution deals and combined authority areas, where they exist, may be a more appropriate place than tourism zones for pooled funds and incentives to sit. However, tourism zones would extend the benefits of this approach to areas without either a deal or combined authority and we would support exploring the idea further.

Key recommendations for the tourism sector deal:

- Streamline the 70 economic funding streams managed by different departments and agencies to allow for areas-based bids
- Support further devolution deals and combined authority areas
- Continue to invest in the Discover England Fund and ensure more places are able to develop innovative solutions.

- Explore targeted tourism zones to create tourism hotspots

Regulation that works

Councils and LEPs invest a significant amount of resources to support start up and growing businesses, whether it's through planning advice or formal structures designed to support growth such as Growth Hubs.

Alongside Growth Hubs, council regulatory services also play a critical role in helping businesses to start and grow, through the day to day provision of advice and guidance on relevant regulations and requirements. Council officers have the knowledge and experience to provide technical support to businesses in a range of areas, including food safety and hygiene, health and safety, consumer protection, import and export requirements. This helps them to meet regulatory requirements in a timely and cost-effective way, freeing up business time and resources.

An effective but proportionate regulatory offer is critical in enabling new and small tourist business to thrive, while sustaining the high standards that promote consumer confidence. A number of councils, including Cornwall, are investing in Better Business For All approaches, which enables council's regulatory expertise to be used for business support.

The primary authority scheme is one way in which businesses can access this expertise at an extremely competitive price; the service is charged at cost recovery levels, significantly less than the market rate for equivalent consultancy advice. There are numerous examples of primary authority relationships saving businesses hundreds of thousands of pounds. However, this type of supportive approach is also replicated outside of primary authority structures through councils' relationships with other local businesses.

However, while there is scope to further align regulatory services to support growth, we would caution against significant deregulation. The risks of a single high-profile failure can cause major long-term reputational damage to an area, and the focus should therefore be on streamlined, better regulation approaches rather than deregulation.

We do not believe a single primary authority could provide advice to the entire tourism industry, but note that eligible businesses can already register for the scheme to receive advice on areas of critical importance to the tourism sector, for example food, health and safety, fire safety. Furthermore, the extension of the primary authority scheme means that individual businesses will in future be eligible to agree primary authority arrangements with local council regulatory teams.

The LGA's [Rewiring Licensing](#) also set out a vision for licensing simplification and Cornwall Council has tested how these principles might apply to the hospitality industry. The council found that up to 45% of licensing applications relating to caravan holiday parks were returned due to errors and introduced a number of changes, including a single point of contact for businesses, which have improved the process.

The planning system is a key tool that can support councils to maximise the growth potential of special character rural areas through sustainable tourism. Across the country communities are backing new development, and councils are approving almost nine in 10 planning applications.

However, councils' ability to shape places and encourage sustainable tourism has been hampered by successive planning reforms since then which have

centralised decision making and reduced local influence. Restoring the full range of powers to local planning authorities that have been removed since the implementation of the new NPPF, and making their implementation voluntary, would enable councils to plan places that are attractive, build on local character, and appealing to visitors.

Key recommendations for the tourism sector deal:

- Encourage wider take-up of the Better Business For All approach
- Take a risk-based approach to considering regulatory reform
- Adopt the LGA's proposals to simplify and streamline licensing to make it easier for businesses to get the licence and permits they need to operate
- Call for stability and certainty in the planning system, restoring the full range of powers to local planning authorities that have been removed since the implementation of the new NPPF.

Conclusion

Councils are an essential part of the system to promote and develop the visitor economy, acting as one of the largest sources of investment in the sector. Many are already working directly with their local tourism businesses to support them develop the skills they need, provide the infrastructure to attract their customers, and the regulatory support to build and keep customer confidence in services high.

However, there is much more that councils could do with the sector if they were given devolved powers to make targeted, strategic decisions about the investment of existing funds for economic growth and skills training provision, as well as the tools to hold broadband and mobile providers to account.

We have set out some of our key recommendations for how this could be done, and the benefits for the tourism sector in this response. However, this response is necessarily brief and more information on some of the key recommendations can be found in the following documents:

- The LGA's [response to the Industrial Strategy](#)
- [Local solutions to boosting the visitor economy](#) – the role of councils in supporting tourism, and how devolution would enhance their contribution
- [Rewiring Licensing](#) – the LGA's proposals for simplifying licensing
- [Work Local](#) – LGA proposals for an integrated and devolved employment and skills service
- [Missing the bus](#) – exploring the future of public bus services
- [Boosting digital connectivity](#) – the LGA's campaign to improve broadband and mobile provision

Councils are already playing their part in boosting the visitor economy, but we could do more if the Industrial Strategy and sector deal provide councils and businesses with the tools set out in this submission. We look forward to discussing these proposals, and any other ways in which councils can work with their local tourism sector, with VisitBritain, the Tourism Industry Council, and Government.