

**Item 4**

## **Government Tourism Policy**

### **Purpose of report**

For discussion and direction.

### **Summary**

This paper summarises the implications for councils of the government's recent tourism policy and suggests key messages and actions in response.

### **Recommendation**

Members are asked to comment on the key messages set out in paragraph 14, the action set out in paragraph 16 and to give any further steer on the more detailed analysis attached at **Annex A**.

### **Action**

To be taken forward by officers as directed by Members.

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## **Government Tourism Policy**

### **Background**

1. As the fifth largest industrial sector in the UK, the visitor economy has massive potential to support employment, investment and skills development. It accounts for £90 billion direct spend each year, contains over 200,000 businesses and provides 4.4% of the nation's jobs, a large proportion of them entry-level jobs in which newcomers to the labour market acquire fundamental skills.
2. Deloitte forecast that the UK visitor economy will be one of the country's best performing sectors, with above average growth of 3.5% Gross Value Added until 2020. This is an average figure across the whole country, with some parts of the visitor economy already significant exceeding this. For example, Yorkshire recorded a 6.6% increase in tourism spend during 2008 and a 10% growth in visitor numbers in 2009. In the current economic climate, these performances make the visitor economy a particularly important part of the UK economy.
3. Key characteristics of Britain's visitor economy include:
  - 3.1 Domestic tourism accounts for 59% of the sector's spend, while inbound travellers account for 14% and outbound 27%.
  - 3.2 Britain consistently ranks as one of the top six or seven visitor destinations in the world, and because of our open and international economy, business travel is an important (and high spending) element of both our domestic and foreign travel sectors too.
  - 3.3 We're comparatively weak in the lucrative international business conventions and conferences market, but are improving rapidly as large and modern new facilities such as ExCel in east London come onstream.
  - 3.4 In our leisure travel, we used to take package holidays abroad but are becoming increasingly self-confident and adventurous, so we're increasingly likely to 'self- package' instead – often online.
  - 3.5 We've always self-packaged our domestic holidays, partly because we're more confident about what we're buying and partly because package holiday firms' economics work best if you're flying to your destination, so they're naturally a much smaller part of the domestic market.
  - 3.6 We're taking more frequent, shorter breaks than we used to.
  - 3.7 We're much more likely to holiday abroad, and less likely to take a domestic break, than other European nationalities.

26 May 2011

#### Item 4

4. Councils – which ensure the quality and development of the core infrastructure of places, such as transport facilities and clean, safe and attractive public spaces – are heavily involved in supporting the visitor economy, investing over £100m per year in business support, visitor information and destination marketing. They also spend a significant amount on culture and heritage and support major cultural, business and sporting events; all of which are key attractions for tourists.
5. The visitor economy landscape is undergoing significant change nationally, regionally and locally; namely funding challenges, the winding up of Regional Development Agencies by April 2012, the potential role of Local Enterprise Partnerships (LEPs) in tourism and a new direction for VisitEngland. Board Members considered the implications of these changes for councils at their January meeting when they also received a presentation from James Berresford, Chief Executive of VisitEngland, about their new ‘strategic framework’.
6. Cllr Chris White and Cllr Stephen Castle met John Penrose in October 2010, and Cllr White and Baroness Eaton met him again on 11 January 2011, to discuss councils’ role in the visitor economy. The LG Group is also represented on VisitEngland’s ‘Partners 4 England’, the umbrella group for private and public sector organisations with an interest in growing the visitor economy.

#### Summary of the government’s tourism policy

7. In August 2010 the Prime Minister gave a high profile speech on tourism in which he underlined the economic value of tourism and said the government would work with industry and the public sector to develop a new tourism policy. He also recognised that councils have a big role to play in creating a thriving visitor economy and pledged to incentivise councils’ investment in tourism.
8. The resulting policy was published by the Tourism Minister, John Penrose, in March 2011. You can view the full strategy on the DCMS website [http://www.culture.gov.uk/images/publications/Government2\\_Tourism\\_Policy\\_2011.pdf](http://www.culture.gov.uk/images/publications/Government2_Tourism_Policy_2011.pdf).
9. There are three headline aims:
  - 9.1 **Fund the most ambitious marketing campaign ever to attract visitors to the UK in the years following 2012.** The £100m campaign, co-funded by the government and the private sector, aims to attract 4m extra visitors to Britain over the next 4 years. That equates to £2bn more spend in our economy, and 50,000 new jobs.

26 May 2011

**Item 4**

- 9.2 **Increase the proportion of UK residents who holiday in the UK to match those who holiday abroad each year.** For longer stays (4 nights or more) this would mean 29%2 of travellers holidaying in Britain rather than just 20% today (creating 4.5m extra domestic trips each year, £1.3bn more spend and 26,000 new jobs). And if we can replicate this scale of improvement for shorter stays as well, we will create a further £750m of spend and 11,000 new jobs.
- 9.3 **Improve the sector's productivity (skills, new technology)** to become one of the top five most efficient and competitive visitor economies in the world.
10. Proposals to achieve the headline aims that are particularly relevant to councils include:
- 10.1 A £100 million industry-led international marketing fund, led by VisitBritain
- 10.2 Industry-led Destination Management Organisations to bring together local tourism businesses and to forge partnerships with councils and local enterprise partnerships
- 10.3 VisitEngland will act as the national body for English tourist firms and destinations and the DMO of 'last resort' for tourism businesses in an area that does not have one
- 10.4 Government will give the tourism industry and consumers responsibility for hotel 'star rating' quality systems
- 10.5 Improve the planning process through the raft of measures being taken forward in the Localism Bill, such as neighbourhood planning
- 10.6 Create an industry task force to cut red tape
- 10.7 Prioritise improvements and repairs to road and rail networks
- 10.8 Better visitor information through improved road signage and better use of technology
- 10.9 Help to improve staff skills in the tourism sector
- 10.10 Consult on whether to lengthen the tourism season by moving the May Day bank holiday.
11. The policy does not give much more detail on the Prime Minister's pledge made in his tourism speech in August 2010 that "If a local council does more to attract tourists to its area they know they'll be picking up costs but they'll get none of the additional business rate revenue. Central government sucks in 100 per cent of this revenue generated by all local economic growth. This is just mad. Local authorities must be allowed to invest some of this back into their own communities." The Local Government Resource Review is, however, looking at ways to allow councils to retain future business rate growth.

**Item 4**

**Implications for councils and Local Government Group response**

12. **Annex A** gives more detail on the above proposals, summarises the main implications for councils and suggests the LG Group's response. Members will note that there are links with the Economy and Transport Programme Board's lobbying on infrastructure, the Environment and Housing Programme Board's lobbying on planning and the Group's lobbying on the Localism Bill and localisation of business rates.
13. The Chair of the CTS Programme Board has written to the Tourism Minister to ask for a meeting to discuss the tourism policy. In advance of this meeting, it is suggested that the Chair writes to the Minister setting out the LG Group's response to the government's tourism policy.
14. **Members are asked to comment on the following key messages and to give any further steer on the more detailed response set out in Annex A.**
  - 14.1 The LG Group agrees that the way forward for tourism must be based on **supporting tourism businesses, encouraging entrepreneurs and creating private sector jobs**;
  - 14.2 We are pleased that the tourism policy recognises the vital role of councils in leading and supporting thriving visitor economies – **decisions about whether and how to invest in the local visitor economy must be made locally by councillors** and in accordance with their democratic mandate;
  - 14.3 Many LEPs are aiming to give a lead on the full range of interlinked issues that affect local economies and upon which a thriving visitor economy rests and **there is huge potential for LEPs to work with tourism businesses**, both through special-purpose Destination Management Organisations but also through Chambers of Commerce and other bodies, to sustain and support great destinations;
  - 14.4 The **government's wider planning reforms** offer the potential to make the system simpler, quicker and more transparent. Through our lobbying on the Localism Bill, we will continue to press government not to impose rigid bureaucratic processes on local people and councils. This will help to maximise the potential of the reforms to support the visitor economy, where this is prioritised;
  - 14.5 At a time of severe budget pressures, **councils need freedoms and flexibilities to invest in the infrastructure** upon which the visitor economy relies in a way that meets the needs of local communities; we need creative ways of attracting investment, building on Tax Increment Financing;
  - 14.6 We are very keen to explore ways to **incentivise local government investment in infrastructure and the visitor economy** and encourage Ministers to develop the Prime Minister's proposal (made in his speech in

26 May 2011

**Item 4**

August 2010) that councils should keep a share of increased business rates resulting from investment in tourism support. This will be taken forward as part of the Group's lobbying on the Local Government Resource Review.

**Conclusion and Next Steps**

15. Most of the suggested actions detailed in **Annex A** are about embedding the visitor economy in existing lobbying programmes and improvement activities.
16. In addition, Members are asked to comment on and agree the following actions:
  - 16.1 Chair of the Board to write to the Tourism Minister setting out the LG Group's response to the tourism policy;**
  - 16.2 Continued liaison with VisitEngland on the implications of their 'strategic framework' for councils and appropriate engagement with their new partnership arrangements;**
  - 16.3 Chair of the CTS Programme Board to meet Sandie Dawe, Chief Executive of Visit Britain, to discuss how councils and the LG Group will relate to the refocused VisitBritain;**
  - 16.4 LG Group to submit a response to the government's pre-consultation on moving the May Bank Holiday;**
  - 16.5 LG Group to submit a response to the 'red tape task force' that highlights councils' role in helping to reduce the regulatory burden on tourism businesses.**

Item 4

Annex A

**Implications for councils and Local Government Group response**

This section highlights the main proposals that will impact upon councils and suggests an LG Group response for Members to comment on.

Proposal	Key issues for councils	Suggested LG Group response
<p><b>VisitBritain will lead and focus on a £100m partnership marketing fund</b> to launch an international promotional campaign that takes advantage of the 2012 Games and other major events which will be taking place over the next few years. The government has said that assuming this approach works during and after the 2012 Games, it should form a template for how Britain markets itself to the rest of the world for subsequent years.</p>	<p>Councils will want to ensure that the global marketing offer is connected to local and sub-regional marketing and efforts to grow the visitor economy. For example, VisitBritain's international marketing campaign needs to be informed by local and sub-regional intelligence and understanding about visitor patterns, accommodation and local infrastructure.</p>	<p>At a national level, the LG Group will want to maintain a strategic relationship with VisitBritain to discuss the implications of the international marketing campaigns for local and sub-regional areas. This will be especially important in the run-up to the 2012 Games and Diamond Jubilee.</p> <p><b>Action: Chair of the CTS Programme Board to meet Sandie Dawe, Chief Executive of Visit Britain, to discuss how councils and the LG Group will relate to the refocused VisitBritain.</b></p>
<p>The government wants <b>focused and efficient Destination Management Organisations (DMOs)</b> which are led by and increasingly funded through partnerships with the tourism industry itself. DMOs should not just be about building and marketing strong individual</p>	<p>Many RDAs supported a Destination Management Organisation (DMO) or similar body. Amongst other things, these bodies develop the local tourism offer, help improve the look and feel of destinations, support</p>	<p>The CTS Programme Board has already agreed key lines on destination management and the Chair of the Board has written to council leaders setting out the Group's position. In particular, Members emphasised that:</p> <ul style="list-style-type: none"> <li>• It must be up to councils and local partners to decide</li> </ul>

Item 4

Proposal	Key issues for councils	Suggested LG Group response
<p>attractions – vital though that is, but take an overview of all the different factors that impact upon the success of destinations, including an attractive public realm, Tourism Information Centres, the use of technology, brown signs and the skills of the tourism workforce. They should be funded by smaller-scale versions of partnership marketing fund. The policy highlights the importance of working with LEPs.</p>	<p>businesses to improve their customer service standards so that places are more welcoming and market the destination to potential visitors.</p> <p>The winding up of RDAs by April 2012 will therefore have a significant impact upon how tourism support is organised locally – with some funding for DMOs ending already, at the same time as many LEPs are aiming to give a lead on the full range of interlinked issues that affect local economies and upon which a thriving visitor economy rests.</p> <p>In many areas councils, with LEPs and other partners, are leading discussions on the future of destination management.</p>	<p>what, if any, support to give to destination management locally;</p> <ul style="list-style-type: none"> <li>• Where councils do decide to support destination management, there are three main approaches: working through LEPs, a private sector led solution by tourism businesses and direct public funding of destination management;</li> <li>• There is huge potential for LEPs to work with tourism businesses, both through special-purpose DMOs but also through Chambers of Commerce and other bodies, to sustain and support great destinations.</li> </ul> <p><b>Action: The LG Group’s emerging improvement offer to councils on LEPs should reflect their potential role in the visitor economy.</b></p> <p><b>Officers to use relevant networks to track feedback on the impact of changes in destination management and the relationship with LEPs.</b></p>
<p><b>VisitEngland will act as the national body for English tourist firms and destinations,</b> be a source of best practice, have industry-led partnership and governance arrangements and act as the DMO ‘of last resort’ for tourism businesses in places without a DMO. VisitEngland. VE is setting up a new ‘destination forum’ to bring together the DMOs</p>	<p>The current arrangements for supporting the visitor economy are complex and too top-down, with varying levels of engagement from the private sector.</p>	<p>The Chair of the CTS Programme Board has regular meetings with the Chair and Chief Executive of VisitEngland. We support stronger business engagement with VisitEngland, however we want to guard against a parallel structure that duplicates sub-regional and local relationships.</p> <p>There is an important role for VisitEngland to play in</p>



**Item 4**

Proposal	Key issues for councils	Suggested LG Group response
to discuss the implications of VE's strategic framework.		<p>encouraging RDAs - and through them DMOs - to fully involve the council and LEP (where applicable) in discussions on winding down regional work on tourism.</p> <p><b>Action: Chair of CTS Programme Programme Board to meet Chair of VisitEngland in the Autumn to discuss progress with the new arrangements.</b></p> <p><b>Continued liaison with VisitEngland on the implications of their 'strategic framework' for councils and appropriate engagement with their new partnership arrangements.</b></p>
<b>Government will give the industry and consumers responsibility for hotel 'star rating' quality systems</b> , through VisitEngland	A key concern for councils is that visitors have reliable, high quality and comparable data on which to make informed decisions about where to stay. Local regulatory services have a role to play in quality assurance.	<p>It is right that industry and consumers, rather than quangos, lead quality systems.</p> <p><b>Action: None at present.</b></p>
The government wants to see <b>better tourist information</b> by reviewing the rules around brown signs (for example, advertising is currently prohibited), encouraging destinations to work with technology suppliers and industry to provide visitor and welcome information, promoting VisitEngland's destination management guidance to DMOs and ensuring that pricing and ticket availability data is freely	Councils control signs on local roads in its area and set the local policy on brown signs. However, the council must have regard to government guidance on tourist signing for local roads, which sets certain criteria including the circumstances in which a tourist sign can be used, the definition of a tourism attraction and	<p>The LG Group supports the principle of giving councils more flexibility over local signage. Councils are best placed to understand what makes sense for their communities and to balance the need for signage with their responsibilities for road safety, traffic management and the environment</p> <p><b>Action: Lobby government to continue to give local councils more flexibility to decide appropriate local</b></p>

Item 4

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available through websites and apps to support visitors to make informed decisions.	design specifications.	<b>signage.</b>
<p>The government has launched a <b>'pre-consultation' on moving the May Bank Holiday</b> to extend the tourism season by creating a new 'landmark' holiday celebration on either 23 April (to coincide with St George's Day or a 'National Day' during the October half term to complement moves to build up Halloween and Bonfire Night.</p>	<p>Although in the longer-term the impact of shifting the Bank Holiday might be 'cost-neutral' in the short-term councils would incur costs as they revised well established plans and procedures for maintaining essential local services on the May Bank Holiday.</p>	<p>Moving the May Bank Holiday would put extra financial pressures on councils at a time when they cannot afford it. Most of the tourism industry itself seems to be sceptical about the benefits of moving the May Bank Holiday. We would need to be convinced that moving the Bank Holiday would bring real benefits to the economy and local communities.</p> <p><b>Action: Officers to draft a response to the government's pre-consultation for clearance by CTS Lead Members.</b></p>
<p><b>Improving the planning process.</b> DCMS and VisitEngland will work with CLG and councils to help councils develop local plans which allow tourism businesses to expand and flourish. The policy highlights how the government's planning reforms, including creating a fast-track approval process for any planning application receives no objections from neighbouring properties, could help to grow the visitor economy.</p>	<p>The Localism Bill is the legislative vehicle for government to implement its planning reforms, which will have a significant impact upon local planning services. The changes include the abolition of Regional Spatial Strategies and powers for parishes and newly created neighbourhood forums to develop neighbourhood plans.</p>	<p>The LG Group supports the simplification of the planning system and is working with government on the streamlined National Policy Framework. We agree that local planning should be in the hands of councils and that planning should be simpler, quicker and provide more certainty and transparency for local people and developers.</p> <p>However, we are concerned that the process set out in the Localism Bill is too complicated and costly, and we are lobbying government to simplify it.</p> <p>The LG Group is also supporting councils to develop local plans where they have not already done so. It should be up to councillors to decide how, and if, supporting the visitor economy is one of the objectives</p>

Item 4

Proposal	Key issues for councils	Suggested LG Group response
		<p>of local planning policy.</p> <p><b>Action: Environment and Housing Programme Board lobbying on planning reform to reflect the role that planning can play in creating a thriving visitor economy.</b></p>
<p><b>Create an industry task force to cut red tape.</b></p>	<p>Councils - through their support, advisory and enforcement roles - can help to reduce the burden of red tape on local tourism businesses whilst fulfilling duties to protect the public.</p>	<p>The LG Group supports efforts to free up local tourism businesses from the burden of regulation. However, this needs to be balanced against councils' duties to protect the safety and health of local people.</p> <p><b>Action: LG Group to submit a response to the red tape task force that highlights councils' role in helping to reduce regulatory burden on tourism businesses.</b></p>
<p><b>Prioritising improvements and repairs to road and rail networks.</b> Government, with tourism organisations, will work alongside the rail industry and Passenger Focus to update the available evidence relating to tourist use of the rail network through the National Passenger Survey.</p>	<p>A thriving visitor economy needs to be supported by good local road and rail infrastructure. The best way to secure local investment in infrastructure in a challenging financial climate is to support councils to find new ways of financing and delivering infrastructure so that they are not so reliant on central government funding.</p>	<p>This reinforces the Economy and Transport Programme Board's lobbying of government so that councils have the freedoms and flexibilities to invest in infrastructure in a way that reflects local priorities, and to develop creative ways of attracting investment in infrastructure, such as TIF and so that councils can recoup the cost of damage to local roads caused by utility works.</p> <p><b>Action: Economy and Transport Programme Board's lobbying on infrastructure to reflect the potential benefit to the visitor economy.</b></p>

**Item 4**

Proposal	Key issues for councils	Suggested LG Group response
<p><b>Improve staff and management skills in the visitor economy.</b> The government will work with People 1<sup>st</sup> (the Sector Skills Council for the tourism industry), the National Skills Academy for Hospitality, and the industry, to improve the behaviours, personality and skills of tourism sector staff still further, so we can deliver a consistently higher standard of professional welcome.</p>	<p>It will be local partnerships of councils, LEPs, schools, education and training providers that will make this happen.</p> <p>The vast majority of LEPs have demonstrated a desire to take a leading role in skills. LEPs could play a strategic market making role to ensure that training fits the needs of local employers and local people, in particular to drive up the quality and quantity of work-based training, including apprenticeships and support for young entrepreneurs.</p> <p>In the absence of formal powers to direct or control providers, local responsiveness will be underpinned by effective relationships between councils, providers and employers and robust labour market intelligence.</p>	<p>The LG Group has argued for a strategic market making role for LEPs to ensure training fits the needs of local employers – including tourism businesses, making the case that localisation – to LEPs – supports the government’s demand-led skills policy and provider autonomy.</p> <p>We have also argued for the importance of strong links at local level between LEPs and arrangements behind 14 – 19 learning and training, such as 14-19 Partnerships. Notwithstanding changes to the funding for 16 – 19 education, councils continue to have a strategic commissioning and influencing role to ensure provision meets the needs of local young people and employers. High-quality relationships with providers and employers and a shared understanding of need are pre-requisites for both 16-19 and post-19 provision.</p> <p><b>Action: Officers to explore the best way for the LG Group’s work on skills to feed into the government’s review of skills in the tourism sector.</b></p> <p><b>Officers to link with the Economy and Transport and Children and Young People’s Programme Boards emerging work to address youth unemployment.</b></p>