Culture, Media and Sport Committee

Oral evidence: Tourism, HC 614

Tuesday 6 January 2015

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Written evidence from witnesses:

- ABTA
- UKinbound
- British Beer & Pub Association
- Bournemouth Borough Council
- National Coastal Tourism Academy

Watch the meeting

Members present: Mr John Whittingdale (Chair), Angie Bray, Conor Burns, Tracey Crouch, Paul Farrelly, Mr John Leech, Steve Rotheram, Jim Sheridan, Mr Gerry Sutcliffe

Questions 219-288

Witnesses: Mark Tanzer, Chief Executive, ABTA, Deirdre Wells, Chief Executive Officer UKinbound, and Brigid Simmonds, Chief Executive, British Beer & Pub Association, gave evidence.

Q219 Chair: Good morning. This is a further session of the Committee’s inquiry into tourism. For our first panel, I welcome Mark Tanzer, the Chief Executive of ABTA, Deirdre Wells of UKinbound, and Brigid Simmonds, who is coming as Chief Executive of the British Beer & Pub Association but, as a former chairman of the Tourism Alliance, you will possibly range a little wider. I begin by asking you to give a general view of how you see the state of tourism today, both inbound and outbound. Who would like to start?

Brigid Simmonds: I am very happy to start. I would say that domestically, from a pub’s point of view, we are now seeing a little bit more money in people’s pockets. Obviously we have been enormously helped by the cut in beer duty in two consecutive years—and we would like to have a hat trick, please, this coming year—which has created serious investment in this country. But it is a fragile recovery. It is fragile in the sense that people go out but they perhaps have less money to spend. I think wages are still fairly pulled back and we hope there will be some change this year.
From a British pub perspective—and bearing in mind that third on the list of things that overseas visitors want to do when they come to the UK is to visit a great British pub—we would say that good pubs are doing very well in this environment and we are seeing a spread of visitors, both domestic and international. I thought it was very interesting that in *The Daily Mirror* today, which is backing the VisitEngland Superstars, one of their 10 shortlisted is a publican from Kensington. It is interesting that he probably sees domestic and overseas tourists visit his pub and he apparently is a stand-up tourist advertisement all of his own.

**Deirdre Wells**: Thank you for the opportunity to contribute. I think inbound tourism is one of the UK’s real success stories. We have seen huge growth since the Olympic and Paralympic Games. In 2013 it was £21 billion to the economy and certainly, although the final figures are not in yet for 2014, all indications are that that will rise by a further 3%. I think it is worth noting that the success of inbound has been with a backdrop of quite a difficult fiscal environment over the last few years.

These contributions put inbound tourism as the seventh biggest UK export earner and that puts us on a par with the pharmaceutical industry and the automotive industry, which I do not think is that well realised. As Brigid says, it can reach all parts of the UK and there is certainly a growing trend for international visitors to want to experience different parts, hidden parts, real experiences within the UK, including going to pubs, and every single additional visitor that we bring to the UK brings £630 in additional revenue, which is about £216 in Exchequer funding.

It is exciting and, although we have seen some exponential growth, it is also worth noting that all indications are that we could see a further growth—6% per annum—over the next decade. Of course we are a people industry. As we expand and become more successful, we employ more people and we employ people in parts of the country that perhaps need employment most. I think we have been particularly successful with our flagship tourism offer in terms of heritage. But our events, whether the Games, the Rugby World Cup coming up, or the Grand Départ, and also the rise of screen tourism, whether it is “Downton Abbey” or “Doctor Who”, mean that we are seeing a huge rise in visitor numbers.

In terms of challenges, we still have about half of them coming only to London. I think there is a knowledge gap around what is on offer regionally, so working with destinations through our tour operators to come up with some dynamic tourism itineraries is key just to handhold the international visitor through what is available outside London. We do need to look at how we can work better with destinations in order to develop that packaging.

In terms of the visas, which is obviously one of the biggest issues that comes up for inbound visitors, we have been extremely pleased with the development of UK Visas and Immigration in terms of their improved processing and particularly online applications from China. That has translated into real growth and we would like to see that rolled out to other markets. One of the things I would particularly like to draw the Committee’s attention to is the fact that we are seeing real evidence from our members that longer-term multi-entry visas are most in demand, partly because a number of them are sought by business travellers who will bolt some leisure on to their visit. While our competitor to the US very recently brought in a 10-year visa for just under £100, ours is currently £700. I
think there are some opportunities to look at the visa system in terms of working with those very lucrative markets.

Chair: We will obviously come back to some of those issues in due course.

Q220 Jim Sheridan: Just out of curiosity, I think you said that visiting a pub in Britain is the third most popular. What is the first and second?
Deirdre Wells: It is cultural heritage, so visiting iconic destinations or attractions would be first and second.

Mark Tanzer: Good morning everybody. I will speak from an outbound perspective of British citizens going overseas, but a significant proportion of ABTA’s business is domestic as well. I would say that the market for our members is steady or flat, depending on which way you look at it. If you look at their overall turnover of about £30 billion, it has not moved but the margins are under great pressure. With what has historically been a high oil price and a lot of capacity out there, the profit margins have not been as strong as historically, certainly in 2014. The holiday is a very important part of the British citizen’s deal with life and it is something they are very reluctant to give up on, so I think that has helped sustain the industry through the economic recession. It is a very tight market and, as Brigid said, it is quite a fragile situation I would say. With low margins, any other shocks to the system could be very damaging.

Q221 Chair: ABTA represents travel agents. Is that in the broadest terms?
Mark Tanzer: We represent tour operators, who are the principals who will put the holiday together, and then the travel agents as well, who will be the distribution channel for those holidays to be sold. We also have cruise companies. So we have a broad mix of travel organisers within ABTA. It is not just the travel agents. It is the large tour operators, the Thomas Cooks and the TUIs as well, who are members of ABTA.

Q222 Chair: Presumably the traditional high street travel outlet is under attack from people now booking online and doing their own shopping around, using the internet in the way that lots of stores are but particularly in the travel business.
Mark Tanzer: Yes, there has been a consolidation in the membership. Within the membership we have the big online players as well. We have not restricted the membership to high street travel agents. The big online players will be members of ABTA too, but if you look at the total number of corporate ABTA members it is about 1,200, whereas it would have been 3,000 or 4,000 a few years ago. That consolidation has been at the retail high street end of it. That business has been picked up by other members within ABTA, so the overall revenue has not changed. It is just that the distribution of it between the members has changed.

Q223 Mr Sutcliffe: Good morning to everybody. Back to pubs with Brigid. How important are pubs to tourism and tourism to pubs? What is the impact?
**Brigid Simmonds:** I have already said that we are third on the list but four out of 10 overseas businesses come to visit a pub during their stay. We support almost 1 million jobs in the UK. In pubs 46% would be under the age of 25 and probably 50% would be female. We are both a manufacturing industry for beer and also have that pub side. Obviously in rural areas many pubs rely on tourists. We have worked very much with VisitBritain and VisitEngland; with VisitBritain on the GREAT campaign, and no doubt we will come back to that a little bit later. With VisitEngland what we have tried to do is implement their strategy. Just before the Paralympic Games we picked up: why making your pub accessible is important; 25% of the population have a long-term disability, many of them very loyal customers. How can pubs have facilities and encourage people to go and use their facilities?

We have also worked with local destination management organisations: visitpeakdistrict.com had tourist information points in their pubs. The destination provided the leaflets. We provided the facilities. There are people in pubs probably until midnight to give you information. Often we find that, besides that, when people go in there they want to stay and have a pint or have a meal. For example, Chatsworth promotes the pub and the pub promotes Chatsworth. Ale Trails; the Tour de France, which Deirdre has already mentioned, and the legacy from that—as you know, the link between sport and tourism is hugely important to pubs. To me, not every pub is a tourism pub but pubs are enormously important to tourism, they work well with tourism and we are very keen to play our part in that.

**Q224 Mr Sutcliffe:** Moving on to the effectiveness and importance of the bodies that promote tourism, do you think the national and subnational tourism promotion is good enough? Do you think things could be improved? Where are the strengths and weaknesses in the national and subnational bodies that we have?

**Brigid Simmonds:** The strength, certainly with VisitBritain and working with No. 10 has been in the GREAT campaign. We would like to see that GREAT campaign extended and given permanent funding for at least the next five years. We would also like to see somebody from VisitBritain sitting on the board of UKTI and vice versa. BBPA in terms of beer exports, which are worth £630 million to the UK economy, we are third on the list of food and drink. We work very closely with UKTI in promoting beer as an export and we have seen growth of 24% since 2008 outside the EU, so that is important.

In the case of VisitEngland, my real concern is about the haves and the have-nots. You have the core cities. You have Visit Kent, Visit Cornwall and Visit Yorkshire who are well funded and well organised. In the case of Cornwall, they have lost a lot of funding recently from their local authority, which I think is a real concern. However, I have a concern that there are places like Visit Exeter that would really struggle in that area. We are not seeing the co-ordination since the RDA funding disappeared, and I am afraid LEPs are not stepping into that breach, and they have just been given a whole lot of money. If you took 1% of that and gave it to tourism, that would help. Unless VisitEngland is given more money to act as that co-ordinator, I think there is a real fear in the future that some places will continue to do well, but others do not get tourism and do not understand it. If you look at pubs, 85% of pubs are SMEs. They will not see that bigger picture of marketing to a bigger area, and that is the role of the DMO and indeed VisitEngland.
Deirdre Wells: Can I just pick up on that? I would completely endorse what Brigid says about the effectiveness of the GREAT campaign. Harnessing the delivery mechanisms, that can only be harnessed from No. 10, in terms of the soft-power agenda through the Foreign Office and trade and investment, through UKTI, has been fantastic. The brand is very strong. It is very visible. It has driven upward perceptions of the UK, but that has translated into bookings and a lot of our members are reporting strong traction on the back of the GREAT campaign. So I completely endorse it long-term. Like any good brand, it needs to build and be reinforced over a long period of time.

Again, in terms of VisitEngland, I think there is absolutely a need to corral the regional tourism product—if I may put it in that way—in a way that makes sense to the consumer and to travel trade. The geopolitical boundaries that we all work with do not make sense to the consumer. I think, particularly in the international sphere, most are looking for a varied itinerary that may take in cities but may also want to take in coast and rural communities. Having a situation, as we do at the moment, of 200-plus destination management organisations all competing for people’s time and money is just not viable.

I think the LEPs have the right geopolitical spread to be able to engage with travel trade. Our experience to date is that they are not as focused on tourism as we would want. So we have a job to do yet, in terms of getting their engagement to the level that they are perhaps with other industries that may not be as successful as ours.

Q225 Mr Sutcliffe: What about these Business Improvement Districts? Have you had any contact with them?

Brigid Simmonds: We would be enormously supportive of Business Improvement Districts and I think that, when you have a ministerial presence here, it might be worth exploring further. I have been involved in the Great British High Streets campaign, which is a DCLG campaign. It has been fascinating looking at the winners and how many of the winners, first, had a tourism interest but, secondly, had very effective Business Improvement Districts.

I know we have not seen any TBIDs, partly I think because of getting people to understand what TBIDs are all about and the marketing is more difficult, but if you build them on the back of retail BIDs: so Belper, which won the overall prize, is next to a World Heritage Site. Norwich Lanes, which won one of the city sites, has been very much about implementing that particular area. I went to Colwyn Bay, which won the coastal community site. It is very much about not only the high street but the new beach. It is about how you work with social enterprise. It is about pop-up shops. It is how all those things implement together and in a place that has 27 national monuments, because they all have listed buildings. There is that link.

For us, Business Improvement Districts are enormously important. They are important to the local economy. Nottingham was a very good example of that. Where those partnerships work well they have been enormously successful. My concern is that outside DCLG that knowledge of those partnerships, which is important to the Home Office, to DCMS and to all sorts of other places, is not picked up in the way that it should be.
Q226 Mr Sutcliffe: Is DCMS the right place for tourism?

Brigid Simmonds: I believe it is. Gerry, I have been around long enough to remember when tourism was in the Department of Environment. I am afraid in those days it was a very small cog in a very big wheel. I think the interaction between sport and tourism is absolutely important. Deirdre has already talked about the Rugby World Cup, the Olympics and all those other things. Unlike some of your previous witnesses, I have met the Minister for Tourism. I met her with my chairman. She went down and brewed a beer with Shepherd Neame. The Secretary of State was the first person who understood what beer duty and pubs and beer is all about and encouraged the Chancellor to give us the first duty cut. I am in favour of DCMS. I think, like all Government Departments, it has seen cutbacks in terms of civil servants, but I think they understand our industry. However, there are more things they could do.

Q227 Mr Sutcliffe: I just think that, with the positive way you have talked about the potential growth of 6%, it is an area where we should be investing more. It is just the co-ordination. You made the point about the ideas in different areas, and I know Welcome to Yorkshire is funded in a different way from perhaps some of the others. Where in Government should the lead come from do you think?

Brigid Simmonds: I would be in favour of a tourism council. I think the tourism council we have at the moment is too narrow. To be honest, it has not done very much in the time and it probably will not have time to do very much before the election. If you got together and had some subsets that looked at, for example, the Great British High Streets and the effect it could have on all the other Government Departments, from Transport to the Foreign Office, that would be a good use of a tourism council. I would also like to see more trade association investment. It is all very well having chief executives present—and my chairman sits on it—but I still think that the trade associations would be better at filtering out that information. I am all in favour of a tourism council or group of Ministers, which I know you had in your time in DCMS. The only two Departments I do not deal with are Education and the Foreign Office. In many ways, so much of tourism crosses so many Government Departments. You have planning in DCLG. We would have concerns about the practice guidance plan for tourism and how it has disappeared. There are issues where Government Departments could get together and it needs that leadership to do that.

Deirdre Wells: I have to declare an interest, having worked in DCMS, so I would say this, wouldn’t I? One of the interesting things about the success of the GREAT campaign is the fact that it enables tourism to permeate the big Departments of state as a major industry. I think being able to do that at a domestic level is just as important, if not more so, with domestic tourism being 80% of the business. DCMS being close to the cultural heritage and the sport, which is such a big part of the tourism offer, is key, but some of the delivery mechanisms through DCLG and Transport are crucial. I think that buy-in needs to be included in the tourism council, which is a good step in the right direction but needs to have a wider remit.

Mark Tanzer: We deal with so many different Government Departments. We are quite happy with tourism sitting where it does at the moment provided that the linkages, as has been said, are there. Sometimes the interests of different Departments are moving in different directions, so your immigration policy may be saying one thing and your tourism...
wants in a visa policy will be saying something else and I think it is terribly important that those dialogues happen in a structured way. If I look at the way other countries organise their tourism business at a governmental level, they tend to have much more cohesive bodies, I would say, for directing tourism than we currently have in the UK. Maybe the tourism council will help to change that, but historically it has been a question of all sorts of bilateral discussions with Departments rather than one discussion about how you build a successful tourism business.

Q228 Mr Leech: I want briefly to return to Gerry’s first question about how important pubs are to tourism and ask a slightly different question about whether it is the pubs that are important to tourism or the products that are important to tourism. Obviously a lot of people go to Germany for the Oktoberfest or they go to Belgium for Belgian beers, but they are not going for the pubs in Belgium or the pubs in Germany. They are going for the products or for the events. Is it the pubs that are important or is it beer in England or whisky in Scotland that are the driver of tourism?

Brigid Simmonds: I think it is a mix. I think people go to the pub because it is iconic, it is British and it has a heritage and there is some experience of that. If you look at the way that pubs have gone, we now serve 1 billion meals a year. So a lot of people go to eat in pubs. We have 40,000 rooms in pubs. So, again, a lot of people go to stay there. I think that is one side.

The other side is there has been a huge growth in small microbreweries. There has been a huge growth and an interest in real ale. There is an interest naturally in provenance both in terms of beer, which is a totally natural product, and in terms of food and where it comes from, and you are likely to find that in a pub. There is a mixture of good product and of something that is iconic that people want to go to. I think it is also value for money in a way that people are looking for value for money and they are looking for that casual dining experience, which you will find in the pub.

Q229 Mr Leech: But is there a different split between internal tourism, UK tourism, and external tourism from abroad where people are coming specifically for the whisky in Scotland or specifically for the beer in the UK as opposed to, “Oh, we want to go to a British pub”, whereas in this country people are deliberately going to areas where they have nice pubs and they will get nice food and drink?

Brigid Simmonds: The interesting thing about our pubs is that in pubs seven out of 10, I will call it, still solely drink beer. You can drink draft ale only in a pub. You can buy a bottle in a supermarket, but that is not the same thing. So, whether you are an overseas tourist who wants to come here and drink beer because it is our great British drink—and you had the French Prime Minister who said, “What would we like to be exported most to France? A great British pub”—you have that mix, but you will obviously have regular customers week in/week out who will go to the pub. They will go to the pub on a regular basis because they want to drink a particular type of beer or they want to have a particular meal. I do not think it is easy to segment it in an obvious way. I think it is a mix of both overseas and domestic tourists.
**Deirdre Wells:** There are two “jargony” words that keep popping up in inbound tourism, which are “authentic” and “experience” and that is a growing trend. I think domestically and internationally people are looking for an authentic experience, whether it is going to a real proper English pub or having local food and local beer. That is where there is a real opportunity because that is a growing and sustained trend, particularly with international visitors. I think identifying those places that can either produce an authentic experience or an authentic product is important and there is a huge potential there.

**Brigid Simmonds:** VisitBritain’s first theme for the year is about the countryside. They are doing quite a lot of work with German tourists. Quite a few of them come as backpackers. We already have five categories of great pubs on our website. One of them is about natural beauty. We will be linking with VisitBritain to promote those great pubs in various parts of the UK to fit in with their campaign.

**Q230 Jim Sheridan:** Do you think that the pub and restaurant industry is part of their own problem in the sense that they take advantage of major events? For instance, recently in Glasgow we had the Commonwealth Games. I do not think that is unique in the UK, in the sense that all the prices in pubs and restaurants around Glasgow coincidentally increased when the events moved in. Likewise, with the Ryder Cup. I think the general public perceive that as the pub industry basically exploiting the public by taking advantage of these events and increasing their prices. Is that fair? I have heard anecdotal evidence of this happening. Do you have any comment on that?

**Brigid Simmonds:** I think that would be the true of the whole of hospitality. I came to Glasgow for the Commonwealth Games. I think people paid to stay in a budget hotel what I paid to come back on an overnight sleeper service. That is almost a factor of demand in that sense. If you look at the Tour de France, Timothy Taylor have some wonderful pubs in Yorkshire and took advantage of the Tour de France. They now have people going back to those pubs because they were on the route of the Tour de France. I have been to the last five Commonwealth Games. I think you will find that the same would be true of Glasgow. People will have seen the visuals on the television around the world and they will want to go back to Glasgow and then they will visit those premises. I think pubs have to take advantage of these events when they come along. It may disadvantage some people locally and prices may go up, but that is a feature of demand and I think that would be true across the whole of the tourism industry.

**Deirdre Wells:** That is absolutely true. There are two elements to staging any of these major events. There is what happens during the event, and some of that can be around excessive pricing due to demand, but most of these major events are global broadcast events as much as ticketed events that people go to during the events themselves. I think that is where the GREAT campaign has been very successful in capitalising on those broadcast opportunities to—exactly as Brigid says—encourage people to go back and visit those places where those events took place. Most of the real rise from the Games was after the Games took place. It is important that the tourism and hospitality industry in those areas capitalises on the post-event bounce as much as the events themselves. I would be hopeful that Glasgow, and all the areas that are hosting the Rugby World Cup this year, will be thinking in those legacy terms about who is coming after the event as much as who is going to come during the event itself.
Q231 Jim Sheridan: You used the words “capitalise on these events”. Is that not just greed?

Deirdre Wells: I think it is important—

Jim Sheridan: They have the increase in the crowds coming into the pubs. Why do they need to increase the prices?

Brigid Simmonds: A lot of pubs are struggling with all sorts of viability issues from—

Jim Sheridan: But these pubs are not struggling. These pubs are full.

Brigid Simmonds: —increased business rates to the price of electricity. I think pubs have to take advantage of those sorts of opportunities to make up for perhaps January when fewer people will go there.

Q232 Steve Rotheram: Gerry spoke about co-ordination at a governmental level and I noticed that, Brigid, you said what LEPs Nottingham or RDAs did to attract tourism and, Deirdre, you said LEPs do not focus on tourism as much as they should be. So it is also about a regional and a local focus. What is it that LEPs are not doing that they should be doing better?

Deirdre Wells: We were disappointed with how few LEPs had got tourism in their strategic plan. That might sound like a bit of a bureaucratic answer, but I think having tourism writ large in a plan means inevitably that they will be held to account. One of the things I have been very encouraged by is we spent a lot of time in the north-west with a number of members, notably Liverpool, Manchester United and Manchester City Football Clubs, and they have seen huge increases in international visitors.

We conduct a number of what we call discover programmes, which are opportunities for tour operators who are London based to explore parts of the UK and build itineraries and engage with local suppliers. We are working with Manchester, Liverpool, Cumbria and Lancashire to do a large-scale event in the spring, to bring more than 50 or 60 buyers to the north-west and look at building product that is not just about the fantastic cultural offer of Liverpool or the vibrant city life of Manchester but it looks at the coast and builds those compelling itineraries.

To a certain extent we are stepping into the breach a bit at the moment, but we are working with destinations that are a mixture of those cities that have very strong public sector support for tourism and those that are struggling with funding. I think a geopolitical structure such as the LEP could support that, which would have a mix of that rural and urban offer. Doing it in that LEP-sized slice—if I could put it that way—is what is helpful for travel trade to be able to engage. They cannot visit every destination individually. There are models that we can talk to LEPs about, about how to engage with travel trade particularly from an international perspective, but I think very straightforwardly putting tourism as a priority and recognising the employment opportunities, frankly I think LEPs are missing a trick if they do not jump on that bandwagon.
**Brigid Simmonds**: The problem for a lot of LEPs is that their core role is about inward investment. How do you marry up inward investment with what we are talking about in tourism? I have Andy Wood, who is chief executive of Adnams. He is the chairman of the LEP for Norfolk and Suffolk. He understands that, but there are an awful lot of LEPs that do not see it that way and they are about to be given £6.5 billion. As I said before, if you top-sliced 1% of that, it would take us back to the funding spent by RDAs for tourism. They also have control of the applications for EU structural funds, which again have been very important for tourism. I do not think they are given enough direction. They are encouraged to do more about tourism, but I think that very few of them are taking that into account and almost none that would be providing funding for their local destination organisations, which I think is vital to the future of tourism.

**Q233 Steve Rotheram**: You mentioned the two Manchester clubs and Liverpool Football Club. There is another club in Liverpool called Everton.

**Deirdre Wells**: Yes, sorry. They do not have membership though, so they need to join.

**Q234 Steve Rotheram**: Yes. They are based in my constituency. Half of my electorate are potentially Evertonians, so you cannot miss them out. In regard to the mixed picture that you are saying with LEPs, is it that there is no joined-up governance, not government?

**Deirdre Wells**: Yes. It is a messy structure for people to have to engage with. Brigid mentioned earlier the idea that you would have a small group of big boys—or however you want to describe it—that it is easy for either government or the travel trade to engage with because they have that sort of cohesive structure that makes it easy to deal with. I think inevitably that means that you exclude people who are not part of a city public authority or are not in a strong structure. So I think it is about how you encourage collaboration between different destinations. That could be through better governance, and should be, but there is always an opportunity for collaboration when there is money involved.

Targeting the funding, whether it is DEFRA funding for rural growth or LEP funding, that allows people to bid in, in order to work collaboratively, so that you do not have a situation where you have rural tourism competing with another rural tourism product, or city competing with city. I think the north-west is a very good example of where you have two very big cities who work very collaboratively now—having for years not—because they recognise what each can bring to the table, whether it is a new direct route into Manchester from China, the wonderful cultural product in Liverpool, but they are different offers. They are very keen to bring in Cumbria and the rural surrounding areas, because they know that will suddenly deliver you a five-day itinerary rather than a three-day city break.

**Q235 Tracey Crouch**: Before I go on to the issue of taxes I want to ask a follow-up question on the GREAT campaign. Deirdre, I saw obviously that you were very instrumental in the delivery of that campaign. What were the conversations that were had with the Foreign
Office in particular about, for example, showcasing British produce in foreign embassies? Certainly I and the Chairman were in a foreign embassy last year and they were serving French wine. You would not go to a French embassy and have them serve anything other than French wine, and I wonder what kind of conversations were being had to ensure that we are showcasing our produce as well as our country as a whole.

**Deirdre Wells:** I would say that the GREAT campaign was a fantastic idea. If I am honest, it has been a slight slow burn for some Departments and I think that it is probably only now that it has permeated the consciousness of all Departments. I saw things very much from the other side and I recently undertook a mission to Colombia, which was supported by the GREAT campaign. We had the full weight of the Foreign Office and UKTI supporting a rather small group of 13 tour operators who did huge amounts of business. We saw 100 outbound tour operators from Colombia every day for over a week. There is a huge interest in the UK. This is on the back of the new direct flight from Bogotá to London. When you see how you can pull a lever in London and in Bogotá and how the whole GREAT campaign mission can support businesses it is fantastic, but it took a while to get there.

I think the campaign director has been very keen to ensure that things around showcasing UK food and drink are much more part of the DNA of the embassy structure than it has been. I know that we have literally taken English tea to China. So there are some iconic PR stunts that have happened over the last few years, but I think we are getting much better at mainstreaming English food and drink as part of that showcasing of the English product.

**Brigid Simmonds:** My experience would be totally the opposite in that sense. We struggle to get British embassies to serve British beer, and you summed it up in everything that you said. We have two parts of the GREAT campaign. We have “Pubs are GREAT” where we have three different posters. One of them shows a cricket pitch and you can show it as “Sport is GREAT” in dry countries. We also have “Heritage is GREAT”, which has beer on it and shows different styles of beer, but we struggle to get embassies to stock British beer. Interestingly, during the World Cup I had a very good discussion with the Foreign Office in Brazil and they have since come to see us and we do obviously have some meetings with UKTI in this area, but we need to do more and it is not a problem about us supplying it.

**Tracey Crouch:** So there is more to be done than putting up a few pop-up stands?

**Brigid Simmonds:** Exactly, yes.

**Q236 Mr Leech:** Why is there a problem? We are often told that beer does not travel very well, but you are saying there would be no problem with—

**Brigid Simmonds:** Absolutely not. You would obviously need to give us a time to get it there. I think it was the Minister who was saying that we exported £11 million worth of beer to Australia last year. That is the other side of the world. We are perfectly able and we do export to a lot of these markets all the time. There are issues to do with taxes and we also have a TTIP issue, particularly with the United States where we want the tariffs changed. Small brewers in the United States get small brewery relief here. Small brewers in the UK do not get the same advantage in the United States, so we are working with that
with BIS and with DEFRA. There is no problem about us supplying beer in overseas embassies, but we very rarely get asked to do that and indeed get engagement or help to make sure that that happens.

**Tracey Crouch:** As someone with a vineyard, I ought to say wine travels incredibly well.

**Brigid Simmonds:** It is 2% of the British market.

**Q237 Tracey Crouch:** Mark, can I just ask you about Air Passenger Duty, in particular, your views on the recent changes to Air Passenger Duty and perhaps what more you want to be done and the impact you think that might have on the tourism sector?

**Mark Tanzer:** We see Air Passenger Duty as a very significant drag on what could be and is a successful industry, both for people going out and people coming in. It is a cost for incoming visitors because they leave again, as it is for people travelling abroad from the UK. Ideally we would like to see it done away with completely. We recognise there are budget constraints within the Treasury at doing that in one go, so we welcome the changes that have been made in the banding structure, which was a reduction of £200 million, and now the announcement that it will be eliminated for children under 12 and then under 16 next year. It is small in the context of £2.9 billion, which is what was taken in Air Passenger Duty in 2014, but I think it is a recognition that it is a damaging tax on families and also on certain destinations.

Research by PwC has demonstrated, from their point of view, that eliminating it would not only allow more travellers to come in but the revenues would be replaced by an increase in GDP and more taxes paid here. If you look at what other countries have done, they have generally eliminated Air Passenger Duty for exactly those reasons. They see traffic being diverted towards other countries and the gain is offset by a much bigger loss in business. We will keep the pressure up because we think that the economic case is sound. We would like whichever Government is in power to do a public review with a view to reducing and then ultimately eliminating Air Passenger Duty.

**Q238 Tracey Crouch:** At the moment you see APD as a real limit on competitiveness and growth?

**Mark Tanzer:** Yes. It is very difficult to say particularly who is not flying to the UK because of it, but anecdotally a lot of people are using Schiphol or other overseas airports, particularly business travel, because the costs are low. A business class flight, transatlantic and APD are very significant. I think there is a loss of business there and it is a tax on families who are taking their holidays in a very, very value-driven market. We all know that the consumer purse is very tight at the moment and that is money that is going straight out of that into the Government’s coffers.

**Q239 Tracey Crouch:** Some might argue that high levels of APD mean domestic tourism grows instead. People perhaps cannot afford to go abroad, so they stay at home and make the most of what we have here in the UK.
**Mark Tanzer:** We have no problem with people choosing to holiday within the UK, but I think there has been a view historically of outbound = bad and domestic = good and if everybody stayed at home it would be good for the economy. We commissioned research that demonstrated that the outbound sector contributes over £50 billion to the economy, not just because of money spent on travel services but all the things you buy to go on holiday and so on, and generates employment of 1.3 million. It is a very significant business in its own right within the UK.

Beyond that—and this is a broader point that I would make—there is an international market for tourism out there that we could have a very significant share of as the UK. We are good at tourism. We are good at organising. We have had a lot of experience of the growth of mass tourism and how you put arrangements together, how you keep people safe and how you protect them. I do not think we should just limit our view of tourism to what happens within these islands, to be honest. How do we create successful companies that are able to take their share of the huge growth in international arrivals and international tourism? Not necessarily coming to the UK, just point-to-point tourism. We could organise that. I think we want successful companies here that are able to exploit that opportunity. We should not just think about the zero sum game of where a British tourist will take his or her holiday.

**Q240 Tracey Crouch:** Deirdre, does UKinbound have a particular view on APD?

**Deirdre Wells:** Yes. Like Mark, we welcome the new changes because, as Mark says, we are incredibly successful at attracting visitors to the UK, but it is a very competitive world out there and we have countries—like France and other neighbours—snapping at our heels, some of which have abolished APD. I think there is a real drive, whether you are at the budget end or even at the higher end of the income bracket, to look for good value and a good deal. We have a fantastic tourism product, but we are on a menu of choice and we need to keep our eye on the ball to make sure we are still delivering value. APD does push us down the list in terms of that value. It is interesting that we are normally fifth or sometimes even third in terms of tourism destination in the world, but when you come down to taxation competitiveness, we are 134th. Compared with some of our other neighbours, there is a perception that the UK is an expensive destination and I think we need to do all we can to make sure that that perception is eroded as much as possible, whether it is to do with our taxation system or whether it is to do with offering value products. For example, some of the wonderful gastronomic pubs that we have now do a lot to help that perception of our food and drink, both its quality and value. Our free museums do huge amounts to mitigate this perception of being an expensive destination, but we always need to keep our eye on and maintain our competitive edge.

**Q241 Tracey Crouch:** Are you a signatory to the Cut VAT campaign?

**Deirdre Wells:** Yes. We recognise that the fiscal environment is difficult right now. There is certainly evidence that cutting VAT—particularly in relation to food provision—would create more jobs. A number of our competitors have already done this or are proposing to do it so, yes, we need to do all we can to maintain that competitive edge.
Q242 Tracey Crouch: I think the Cut Tourism VAT campaign is directed primarily at accommodation and attractions and not restaurants.

Brigid Simmonds: We have done a lot of work on the food side. Even if you had a 5% cut, by the work that we have done with Oxford Economics, that would create another 140,000 jobs. But I am realistic in the political environment that we are in about what the cost is of reducing it. The cost of cutting food would be greater to the Treasury but the job creation would probably be greater as a result, because you would need more people in a pub to work there if you have more customers. But on the costs in accommodation and attractions, we would not be against the accommodation because we have 40,000 rooms in pubs, but it does not perhaps create as many jobs.

I think we are political realists in terms of the deficit. For us, if you look at what the beer duty cut has achieved, we have a £15 million investment over three years for major international companies in promoting British beer for that. We have seen a £400 million capital investment and, interestingly enough, the amount that the Treasury thought it was going to cost us has not been borne out in reality. In fact, now we are just about back in growth in terms of beer sales. It does have that effect and we reckon that 16,000 more people will be working in the beer and pub industry than there were before the cut took place.

Q243 Tracey Crouch: Out of interest, if you could only do one would you cut Air Passenger Duty or would you lower the rate of VAT on tourism services?

Brigid Simmonds: I am not convinced that that is the discussion we would have, but we would certainly be supportive of the Air Passenger Duty cut. More money in people’s pockets obviously gives them more money to spend in people’s pubs and, frankly, anything that makes our country more competitive. If you look at it, 10 million people—or perhaps it is more than that—visit the UK. One million fewer US visitors come to the UK than they did a decade ago. One of the reasons for that is to do with our competitiveness. That affects us as an industry.

Deirdre Wells: There is a list of asks that the tourism industry perennially comes to Government with, and I think the taxation basket is a very challenging one right now. As Brigid says, we are also realists about the opportunities for Government of whatever persuasion to be able to address that. We certainly would support an Air Passenger Duty reform. I think the case is proven that the benefits would be achieved far more quickly. With VAT reduction there would be a period where there was a fiscal gap, which we understand could be difficult, but I think there are other things that Government can do. As I said in my opening statement, the cost of visas would be where I think we could see both a perception and reality change in terms of value for the UK if you suddenly reduce the 10-year visa significantly. That would see some growth in number, which could be hugely beneficial.

Brigid Simmonds: Just to come back to VAT for a moment, if you go into a supermarket and buy pizza to take home you pay absolutely no VAT on that, whereas, even if it is part of a meal deal, if you go and eat it in a pub it is obviously going to be 20%. That is a real disincentive for people to go out. Anything that could redress that balance would be of real interest to my members.
Q244 Tracey Crouch: Finally, the system of business rates, do you think it could be reformed in order to help the tourism industry and how realistic do you think any prospect of reform is?

Brigid Simmonds: It is something BBPA has been campaigning on. We were very pleased to see the reduction in the small business rate relief or the extension of the small business rate relief and, indeed, the cap on business rates overall. Also the increase from £1,000 to £1,500 for every pub or every retail premises that has a rateable value under £50,000 is significant for us; 15,500 pubs will benefit from that change, for small business rate relief anyway. We would like to see small business rate relief move from £12,000 to £18,000. That would have brought another 7,500 pubs back into it.

There are some practical concerns. First, a lot of local authorities do not apply the reduction. You have to apply for it. Sevenoaks is making all its pubs reapply for this £1,500 instead of £1,000. That seems to me absolutely ridiculous. There is no reason why we should not move to a situation where those reductions were built in and you got them immediately you were there. The problem with getting a complete relook at the system is you either have to reduce the amount the Government is going to take or you have to bring more people into the scope of paying business rates. It can be up to 10% of the business costs and there are pubs that are paying more in business rates than they are on rent. That cannot be right, but unless the Government is prepared to look at that overall picture and change the system entirely, if it is a zero sum game, then on the next revaluation you are bound to find an awful lot of pubs that are paying more, which is one of the reasons why they put off the revaluation, because some other sector of the industry has fallen through the floor in terms of the market.

Yes, we are very keen and very grateful to the Government for the help they have given us, but we do need to do more on business rates because it is a huge burden for pubs and it would be for any other premises, from travel agents onwards.

Q245 Chair: In terms of your list of asks, can I ask each of you to identify where you see the biggest problem in terms of regulatory burden and that would cover both Government-imposed regulation and European-originated regulation.

Brigid Simmonds: I have a whole range of regulations, so I am very happy to start. I was part of John Penrose’s deregulation task force. I will say that in practice a lot of changes that my members would like are to do with behaviour. Almost every CEO would say that planning regulations and the delays that come into planning—either caused by planning officers or by planning committees at local authority level—cost them real money and people do not think about it, but that is about behaviour. It is not about regulation.

We are very pleased with the changes that were made in music regulation. The two in the bar rule and the fact that we are now moving to 500 in terms of capacity, that is good news.

Q246 Chair: A campaign led by this Committee, I might add.
**Brigid Simmonds:** Indeed. We are very grateful for your support. Some change in other places has been absolutely glacial. We wanted to scrap the fact that every time you want to make a change to your premises licence you advertise in the local newspaper. The Home Office consulted on it. There was a huge campaign by local newspapers that they were losing money, not that anyone believes that people look at advertisements in a local newspaper for when a premises is moving its fire extinguisher or whatever it is doing. It can cost up to £500 each time they put an advertisement in, so we have seen absolutely no change at all.

One that is specifically for DCMS is around gaming machines. You have to pay £50 for something that is a natural entitlement, which is to have two machines in your pub. You have to pay another £50 every time the licensee changes. DCMS asked us about a year ago whether that regulation should go. I can see absolutely no reason why that regulation should still be there. Nothing has happened.

You cannot pay beer duty online. It is all done mechanically on paper. HMRC claim that it is cost that has stopped them from moving forward but, again, that is totally wrong in this day and age. A lot of premises’ licence fees cannot be paid online, and local authorities will not accept the fact that they could even pay by one cheque because they say it is far too difficult to trace. So taking two regulations out, but I would be fascinated to see how they are going to do that for pubs under the Bill that is currently going through BIS into the House of Lords, which is putting huge regulations on the tenanted pub sector. I have not seen anyone suggest that they are going to take regulations away from us to help compensate for that. We have seen some change, but there is much more change that we would like to see.

**Deirdre Wells:** It is worth remembering, of course, that tourism generally is a conglomeration of SMEs. Regulatory burdens that impact on any small business are felt particularly hard in the tourism sector, so I would endorse what Brigid says about doing all we can to reduce burdens wherever possible.

In terms of two specific issues, both domestic and European, which impact on my members, I have mentioned visas a number of times. In addition to the 10-year cost, I think changes to doing more online, making the processing a lot smoother, the demands for paperwork, the process improvements that we have seen in markets such as China are very welcome and they need to be rolled out to other markets as soon as possible. As 95% of people who apply for a visa get one, the decision point about whether they are legitimate travellers or not generally is made within the service level agreement time. But the process to get there can sometimes be a lot more burdensome than a consumer, or particularly a tour operator organising group tours, might want. I think further improvements along the lines we have seen would be very welcome.

From the European perspective, the main concern for my members is around the tour operators’ margin scheme, which was brought in as a simplification of the Sixth VAT Directive. I think anybody who has ever read anything to do with it knows it is far from simple, and over the years a number of disparities there have grown up as to how it is applied in member states. The Commission has been calling for a review for some time and took a number of member states to court last year, as you may be aware. The ECJ found against the Commission. One of the worrying things that came out of that judgment
was an implication that wholesale suppliers, which at the moment in the UK are treated outwith TOMS, should be included.

We are very strongly supportive of HMRC’s current stance that, until the Commission review happens—and we recognise that there is a need to review this rather complicated process—that the ECJ judgment should not be enforced. As Mark has said already, we are a country that has a huge very successful industry of both inbound and outbound tour operators and if the fiscal environment is not right it is very easy for them to offshore. We would like the current status quo to be maintained, subject to a review that will be held in full consultation with the industry across Europe, but until such time as that review happens the ECJ ruling should not be enforced and we are grateful to HMRC for holding that position.

Mark Tanzer: We would like to see the regulation of travel insurance sales removed. It was brought in by the last Government and it was regulated as a financial service product, which meant that travel agents were no longer able to sell it unless they went through an appointed representative route. The result is fewer people are travelling with travel insurance. We did our own research that said that 25% of people under 25 are travelling without any insurance at all. We are currently doing a campaign with the Foreign Office to alert people and encourage people to take out travel insurance for skiing, given the costs of injuries and so forth.

There is an example there of how the Foreign Office is saying one thing and then Treasury is saying, “You need to do it through regulated means”. We have not ever had any sign of consumer detriment through the sale of travel insurance and the travel agent is often the best person to give the right advice because they know who is travelling and exactly what the details are at the time of purchase. I think that would be a simple change that would be to the great benefit of the customer and also the Government and consulates when they have to look after people who do not have any insurance. That is one.

As you rightly said, Chairman, there is a review going on in Europe at the moment, which has been going on for years, about package travel regulations and how you protect people either from repatriation purposes or refund if their holiday company goes bust. I think that will come to some kind of resolution this year and—assuming that we are still in the EU—we will be subject to what comes out of that. I think the ATOL scheme is very important. That is the way the UK implements the air passenger side of that directive, so if you are going on a holiday that involves a flight you are protected under the ATOL scheme. The machinery for implementing that will need to be reviewed in the light of the new directive. It is very important that what comes out of that, and the Government’s role in that, delivers a scheme that is affordable and does not create a very significant increase in costs ultimately for the customers but for the companies as well in providing those protections.

Brigid Simmonds: A bit more flexibility would also be helpful. For example, at the moment you cannot sell a bed and breakfast with a meal in a pub as a package because of these regulations, otherwise you would have to go through this whole system of having insurance and bonding and all of those things that are hugely costly. Despite Government support, I am not sure that we are able to amend the directive as we would like at an EU level, but getting the implementation rather better—and I think that goes forward with a slightly more light-touch EU—would be enormously helpful to the domestic tourism industry.
Q247 Mr Leech: What evidence is there that UK transport infrastructure, including airport capacity, is adversely affecting tourism?

Deirdre Wells: It is incredibly important that we have the right routes, the right number of routes and the right capacity to be able to deal with the 6% per annum growth that we are expecting over the next few years. We have contributed rather heavily to the Airports Commission review and await the next Government’s decision on that with some interest. I think uncertainty in our industry is incredibly difficult, as a number of my members plan their itineraries two or three years out, so having some sort of surety about the ability of the UK to meet the demands going forward is really key. Whatever the final decision is, we need to make sure that we have a high quality hub airport, and also airport capacity that is future proof, at least for the next 40 to 50 years. That is crucial, so a short-term decision is not helpful in any way.

There have also been some really significant developments in terms of regional airport capacity and new routes. That has been welcomed, whether it is from Manchester or Edinburgh; lots of new routes being built. We have a fantastic transport infrastructure. Our train connectivity is fantastic. It is not very well known outside these islands and it is not terribly leisure friendly; we are talking about group friendly. One of the things we are doing at the moment is working with a number of train operating companies to develop much more leisure friendly packages, to encourage more people to visit destinations that are within an hour or two hours of London. There is huge potential there, but we need the engagement of both the train operating companies but also the transport providers once you reach the destination. So what happens when you arrive at York Station? How do you know how to get to Castle Howard easily? Being able to engage with destinations, in terms of packaging that transport and that first and last mile either side of that transport is really key.

Q248 Mr Leech: As a tourist going abroad, I have to say I do not think about what the transport infrastructure is going to be like when I get to my destination. Are foreign visitors different from UK visitors in terms of the way they plan their holidays? Surely for people coming into the country, isn’t the first thing that comes to mind, “How am I going to get from London to Oxford” or, “How am I going to get from A to B once I am in the country?”

Deirdre Wells: It depends. Some of them will obviously have prepackaged, preplanned transport arrangements, so they will have a fully planned itinerary. There are those who will do a mixture of independent travel in London and then a planned excursion to Bath or Stonehenge. I think what we need to do is to make sure that, for those who have the potential to want to explore further afield, they understand what good value it can be and how easy it is to get around. There is a lot of evidence that people are put off by driving outside London because we are driving on the wrong side of the road, but they are not confident enough about how the transport system works outside London. So I think it is a knowledge gap as much as anything.
Q249 Mr Leech: Where do you get this evidence from?
Deirdre Wells: VisitBritain produce incredibly good insights into the international consumer so we tend to use that. It is one of the most valuable things that they produce for the industry. It helps our members inform how they build itineraries and it also helps us to engage with destinations about how we can improve; we do very well in lots of areas of tourism but where are the gaps that we need to improve on?

Q250 Mr Leech: Is there any evidence that specific parts of the UK are missing out as a result of poor transport infrastructure, so people are coming to the country and then not getting out to specific destinations?
Deirdre Wells: Yes, Cumbria would be an example.

Brigid Simmonds: Blackpool would be another. It is much more difficult to get on a train to Blackpool than it is to Brighton. That is no surprise. I think some of our coastal communities are suffering from some of those infrastructure problems.

Q251 Mr Leech: Is there anything specific that we ought to be doing to support those traditional old style coastal areas, which used to be big destinations for domestic tourism that perhaps are not as big holiday destinations as they used to be?
Brigid Simmonds: Well, learn from some of the best practice, and I have already mentioned Colwyn Bay. I would encourage any coastal community to go and look at that. As I understand it, we have £32 million in the Coastal Communities Fund that is being spent by application to the Big Lottery Fund. Again, some national co-ordination about whether that could have a theme. One of the themes that you could look at is the huge number of houses in multiple occupation in seaside resorts, which is clearly a problem in terms of product. Improving that product, as well as the infrastructure of how you are going to get there, is quite important. So that money could be better co-ordinated. VisitEngland have a role of national tourism co-ordinator. They should be used, whether it is with that or working with LEPs or with DMOs, that is a role. I fear that it is being spent by different Government Departments because of the way that money comes out or by something like a lottery fund. Therefore, you do not get the co-ordination and the best use of that money.

Q252 Mr Leech: The closing of Blackpool Airport, for instance, what impact do decisions like that have in terms of planning to try to get people out to destinations like Blackpool? Because that is a commercial decision by a private operator, whereas for people coming into London, getting up to Blackpool is pretty difficult. Getting to Blackpool by plane would have been much easier.
Deirdre Wells: Yes, indeed, but most international visitors are going to want to take in London, unless they are repeat visitors. The vast majority will want to take in London, either on its own or as part of a package. So working with destinations about their connectivity to London, and highlighting how easy it is to get within an hour or two hours of London is really important.
The bigger damage to Blackpool is the connectivity of the train. Any loss of airport is to be regretted but I think the fact is—whether it is trying to get from Manchester to Blackpool or from London to Blackpool—that those cross-connectivities are very difficult to navigate, even for a domestic visitor never mind an international visitor. Thinking about what that journey is—and particularly in relation to how congested our roads are—a lot of our visitors are on a restricted time itinerary, so being able to maximise the train infrastructure is critical in getting them around to destinations.

**Q253 Mr Leech:** Is that the Government’s job to intervene to ensure that the route to Blackpool from London or from Manchester is good enough for tourists?

*Brigid Simmonds:* I think for tourism that has to be part of their decisions about how they are funding rail infrastructure. We absolutely welcome the additional funding that has recently been announced, because that is how you are going to get visitors away from London and out to visit other parts of the country.

**Q254 Mr Leech:** Is there a danger, though, that the priorities of any Government would be to get commuters from A to B and simply getting people to their jobs, rather than worrying about the tourism industry getting travellers to—

*Brigid Simmonds:* I think that is a danger but that is why this sort of inquiry is so important. It is easy for tourism and tourism policy to be something that is nice to have but not essential to Government. It is absolutely essential that we think in all of these things—whether it be visas or transport—about the tourist industry, the importance it has to the British economy and how we can have that at the forefront of all our minds when any Government makes any decision about anything.

**Q255 Jim Sheridan:** Can I move on to skills and training? Brigid, my notes tell me that your organisation has expressed some concerns about apprenticeships and even part funding. Would you like to share those concerns? I am intrigued also about what kind of apprenticeships are we talking about.

*Brigid Simmonds:* We are talking about apprenticeships in pubs and apprenticeships in brewing. Obviously manufacturing, like most manufacturing industries, employs fewer people, but there are an awful lot of apprenticeships that work in pubs and it is something that we encourage.

There are two issues. First, there is the difficulty of getting access to the funding. Robinsons in Stockport is one of the best examples, because they worked with the local Chamber of Commerce. The local Chamber of Commerce put in somebody who actually worked in Robinsons, and they worked with the individual pubs to understand how they could access the funding and how they could work on apprenticeship training. We work very closely with the British Institute of Innkeeping, which is our professional association. I do have fears that if the Government suddenly decides that small businesses are going to have to pay part of the costs of apprenticeships that they will stop doing it, because I do not think that they will have an understanding of why they should put money in that way.
What I do think has been beneficial is the announcement in the autumn statement that there will be no NI on apprentices under the age of 25. That is a good thing. However, there is this issue about perceptions. It is what I would call “the Mums factor”. I go back to my Mum and say, “I am going to work in a pub” and she says, “What do you want to do that for?” Yet we offer training that goes all the way to degree level. You can now work in a pub and across the whole of the pub sector in a variety of different roles, and with lots of training and education along the way.

So I think there is a perception issue, apprenticeship funding is part of that, but we do need to make it simpler and I worry that we have these pathfinders at the moment that are looking at chefs and, indeed, front of house staff. There is a vast difference between being a chef in a pub and a chef in a silver service restaurant. We have produced and are about to launch with the Department for Work and Pensions, a pub chef’s film to encourage people at colleges to look at being a pub chef, because it gives you a lot of flexibility and you can be running your own business at a relatively early age.

We work very closely with Jobcentre Plus in trying to encourage more people to go into the industry, but I think apprentice funding and the differences between the types of: “Let’s not make it too rigid, let’s have more flexibility in the system”, and I would really encourage the Chamber of Commerce route, which worked for Robinsons, to be extended elsewhere.

**Q256 Jim Sheridan:** What is the difference between small independent pubs and small independent engineering companies?

*Bridgid Simmonds:* A lot of pubs are leased and tenanted, so they would not be run by a company. So Robinsons do have managed pubs but a lot of their pubs would be leased and tenanted and would be an independent business. That is not any different particularly from engineering. Except I imagine with engineering a lot of them would be managed, which would be more like the hotel sector. So it is those small, very independent businesses that struggle to have an understanding of how on earth they get this funding to run apprenticeships. They need to be encouraged to think that it is a good thing for their business, because there is time and effort in management once you have an apprentice—

**Q257 Jim Sheridan:** Surely training in skills and apprenticeships will enhance your business?

*Bridgid Simmonds:* It will.

**Jim Sheridan:** Therefore, why should the taxpayer have to pay for that?

*Bridgid Simmonds:* There has actually been a greater understanding, and I think in the pub trade an awful lot of training takes place; a lot of companies will do it. I think when you are a small, independent business you struggle to have that understanding. It is a bit like the marketing I talked about earlier.

**Q258 Jim Sheridan:** All small, independent businesses have that problem.

*Bridgid Simmonds:* Yes, they do; they do.
Jim Sheridan: So why should the pub industry be any different?

Brigid Simmonds: We are not any different in that sense. I think that we are using the apprenticeship system well. We are encouraging apprenticeships and we are taking on apprenticeships. Where I think the pub industry is slightly different is that a lot of people have direct entry, because you do not need a lot of professional qualifications to go into our sector. So, when you are there, what a lot of my members are interested in is how we do the onward training and the upward training, even for older apprenticeships, where it is slightly more difficult to find that funding.

Q259 Jim Sheridan: How long would an apprenticeship take in the pub industry?

Brigid Simmonds: We do everything from taster sessions, which can be four weeks—that is something that we do with the Department for Work and Pensions—to full scale apprenticeships, which can be anything up to a year or two years, and they can go on over that period of time.

Q260 Jim Sheridan: Finally, on the pub industry, which is going through a difficult period. A significant part of the problem is they are competing with supermarkets, and there are far more people unfortunately who are consuming alcohol in the house rather than going to the pub. That causes other problems in terms of health and so on. What can the Government do to help the pub industry in terms of competing with supermarkets? In Scotland we have put a price cap on alcohol and so on.

Brigid Simmonds: We do here. We have a ban on below cost selling, which is less than duty and VAT, which was introduced. I think there are problems with minimum pricing—this is probably not the time, but if you wish I am very happy to write to you about that afterwards—in terms of it being a total population measure. It will not make it significantly cheaper in a pub; it will still be much cheaper to buy alcohol in a supermarket. So 70% of alcohol is now sold in the off trade but in pubs still and in beer, specifically, 50% is still sold in a pub. The best thing that the Chancellor can do is to give us another cut in beer duty because that substantially helps a pub. If you look at increases in prices in pubs, they have been less than inflation ever since the beer duty cuts were increased. But business rates, energy costs, there are a whole range of regulations that need to be looked at to help pubs.

Q261 Jim Sheridan: I have to say, it would be remiss of me not to mention a share in the All-Party Parliamentary Scotch Whisky and Spirits Group, not to mention that we should look for a cut in the whisky industry as well. The beer industry has had quite a good deal recently.

Brigid Simmonds: Yes, we work very closely with the whisky industry, particularly, in terms of all alcohol. If you look at overall alcohol consumption it is coming down; 19% since 2004. Overall the metrics are good, and that is why I think that the work that the alcohol industry does overall, particularly with the Portman Group, should be something that you should all support.
Q262 Conor Burns: I will take us back to where we started. Deirdre, in written evidence you stated that the issue of greatest concern for your members—with over 57% putting it at the top of the list of issues that need further improvement by Government—was about visas. Who is your champion in Government on the question of visa reform?

Deirdre Wells: Obviously, the Department for Culture, Media and Sport have been very helpful. We have been working very closely with UK Visas and Immigration who have done a lot recently to engage proactively with stakeholders. A couple of things that they have done, which have made a massive difference, is first to improve their communications, because I think there are a lot of myths out there in the industry about how difficult it is to get a visa. So they now produce country profiles for every country from where a visa is required, which was incredibly useful when I went to Colombia because I went armed with them, which I think busts some myths about what is needed and how long it is going to take. Those sorts of myths do have quite a long tail. The account manager system, which they have institutionalised in some of the GREAT countries, has also been helpful.

We had a case very recently with one of tour operators who was experiencing difficulties in getting a group from China over the Christmas period. We were able to ring Beijing, and the account manager in the embassy from UKVI was able to personally help that company to expedite a very large group of tourists to the UK. So those sorts of personal engagements with tourism have been helpful. Their movement to become much more digital by default has also helped in terms of online processing. As I say, improvements are happening all the time. I think there is still that need to ensure that we remain competitive, so looking at the 10-year multi-entry visa in terms of its cost is important. The improvements made in China in terms of increasing the number of visa application centres, doing more online, super premium services, those sorts of changes need to be rolled out to other markets. India is the biggest of the BRICs, which I do not think is necessarily recognised in terms of inbound tourism numbers. Everybody talks about China a lot but India is incredibly important. So widening those improvements out to other key markets is essential.

Brigid Simmonds: We currently charge £83 for a visitor visa but it costs the Government £136 to process. As Deirdre has already mentioned, we charge £737 for a 10-year visa but the take-up in business regions is much less. We would love to see the 10-year visitor visa extended to encourage more leisure visits. People would be encouraged to come multiple times and, if you charged £136 for a 10-year visa for reasons of leisure, that would cover the costs of Government. There are policy decisions like that that people could be looking at. Also, when Schengen goes biometric, sharing with some of those biometric centres again would help us because we are competing against 28 countries that are in the Schengen arrangement, and we are competing against something at the moment that does not require the biometric cover that we require here.

Q263 Conor Burns: What do you think has been the impact in terms of growing these myths, of the rhetoric of the current Government in terms of bogus colleges, net migration and the Home Secretary’s recent statements about sending foreign students back to their home country before allowing them to apply for work visas? What has been the impact
of that, in terms of creating mythology in some of the countries that we want to encourage visitors from?

**Deirdre Wells:** It could be significant. One thing that is very interesting in the recent Anholt brand survey—which is a survey of 50 countries in terms of perceptions—is the UK comes out third overall. Third for tourism. But when you look at welcome, we are down to 13th. There was a brief shining moment after the Games where we rose to 10th and we have dropped back again. The rhetoric that is quite often in the media around immigration does get picked up abroad. There is a real danger that there is a perception that visitors are not welcome, whether they are here for legitimate leisure reasons or economic reasons. Decisions about introducing a visa bond for India, which were abandoned, sent our prospective buyers from India into freefall. So we have to be really careful. We all understand the national security realities, but I think we have to be careful to balance that with an overarching message that, for those who are coming here for legitimate leisure reasons, who are bringing huge additional revenue to the UK, we are welcoming. We are open for business. We are open for people to visit us. We have to be a little bit careful about how that is demonstrated.

**Q264 Conor Burns:** As a sector, are you doing anything to work with our colleagues in higher education, universities and colleges, to link the two together about the rhetoric deterring some students from coming here who would benefit the UK economy enormously?

**Deirdre Wells:** Yes.

**Brigid Simmonds:** Certainly the wider tourism alliance in the UK—the colleges—is very much represented in our membership. We have worked very hard with them. I think they have seen some of the rhetoric that has come out as a real disincentive for people to come and be educated here, and yet you only have to look at our universities and colleges, how important that income is for them to continue to exist that they have the overseas people coming here. At the end of the day, wouldn’t it be great if we could take students and people here on education outside the numbers of immigrants. I do not know how possible that is, but that would certainly make a big difference and it would stop the concerns that we would have here about how they are treated. A lot of universities are seeing reductions in the number of people coming here because of those problems.

**Deirdre Wells:** Education is obviously one of the pillars of the GREAT campaign and there is also a pillar dealing specifically with the visa arrangements. A lot of work has gone into encouraging educational visits to explain how simple it is to come to the UK, but it only takes one negative headline to impact and undermine that engagement in a particular market. We have to be careful that the huge and very supportive investment that has gone into the GREAT Campaign is not undermined by careless rhetoric about immigration that is not based in fact.

**Q265 Conor Burns:** Your reference to the GREAT Campaign nicely dovetails into my concluding question. Right at the very beginning when you were all making your opening statements, there were references LEPs, to local authorities, to the Department for CLG, to the Department for Transport, to the GREAT campaign that was led by No. 10, to VisitBritain and other agencies, to different regional agencies promoting their regions as
places to visit. It was only when one of my colleagues prompted you and mentioned it that anyone mentioned DCMS. With all the evidence sessions that we have had, I am just left with an overarching impression that there is not a bringing together facilitator within Government to be the champion of this sector. How damaging do you think it was that it was several days after the last reshuffle before the responsibility—the label “tourism”—was handed to a named individual? It seemed to be an afterthought. What I am saying is: do you think there is an argument for taking tourism out of DCMS and placing it elsewhere as a standalone voice that has the authority, the financial weight of the revenue and the impact on the UK economy that I think tourism would deserve?

Brigid Simmonds: I would not be in favour.

Deirdre Wells: No.

Brigid Simmonds: I think, for the all the reasons that I have previously stated, that there is a co-ordination between the different interests, from the arts to culture to sport, that DCMS has that works well within tourism. If you were in another Department you would just become a very small part of a Minister’s responsibility.

Q266 Conor Burns: It sounded to me like you were happy with it because it is all happening around it.

Brigid Simmonds: That is just a matter of co-ordination across Government. With the right support from No. 10 and from the Treasury, and with a tourism council that did bring Ministers together and Ministers who had an interest from other Government Departments, I think that could work.

I had problems with the “Good Practice Guide on Planning for Tourism” that we are responsible for, which disappeared with the new National Planning Policy Framework. DCMS worked really hard to get that planning guidance put on VisitEngland’s website. We have yet to see whether it is a material consideration, but you need a champion who is going to go to other Government Departments. Behind the scenes DCMS do an awful lot of that and I think their role is quite important. I do not see that support—even if I was looking at BIS—for us as an industry, even in terms of manufacturing and certainly not on the pub side, that we have had from DCMS. They should be the natural place that gives us that support.

Deirdre Wells: Also the engagement we have received from No. 10 on the GREAT campaign has been second to none and we have seen the results on the back of that. I would like to see something similar in terms of the domestic tourism product also at that level. I think Brigid is right that engagement from the Treasury, engagement from the Home Office and the Foreign Office at that level is key, whether it is for the international market or for the domestic market. The rest of it is co-ordination. I think DCMS do an excellent job in championing and working very swiftly—because they are a small Department they can do that—to respond to particular issues.

Mark Tanzer: It is a sector rather than an industry. If you take a pub and someone organising an airline flight, they are very different activities. I do not know how you would define industry around these Committees but it is a very, very broad sector. I think trying to find a single place that will be able to give focus to all of those activities would be a challenge. I think it is a question of commitment from the top. All these different
aspects are interdependent to a certain degree, so we share the common infrastructure of airports, access and the same tax environment and so forth. But then they have to recognise that there will be very different challenges for different parts of this thriving sector.

Can I make one point, Chairman, which goes back to the skills? A lot of this discussion—quite rightly and naturally—has focused on the physical assets of the UK: how do you market them and develop them and exploit them? I think the intangible assets of the skills are absolutely critical. We did an analysis that showed that tourism is developing those very skills that are going to be the future of our economy: they are digital; they are marketing; they are logistical; they are international.

I come back to the earlier point that, if we take our horizon beyond the shores of the UK to the world market and opportunity, getting the Government to see that successful strong companies will be able to exploit that and that they should be doing everything they can to give those companies the room to develop by not inhibiting them with taxes, and all the other problems, that opens up a much bigger opportunity than just the purely domestic aspects of tourism. As your deliberations go forward, I hope you keep that opportunity in mind as well because the danger is we will miss it, because other people will fill that gap and they will take their share of the international tourism market. Where we say we should have had 10% of that, we will end up with our usual 0.5%.

Chair: Thank you very much. Those are all our questions. Thank you for coming.

Witnesses: Councillor John Beesley, Leader of Bournemouth Borough Council, Samantha Richardson, Academy Director, National Coastal Tourism Academy, and Professor Adam Blake, Bournemouth University School of Tourism, gave evidence.

Q267 Chair: Good morning, if we can move to the second session. Thank you for your patience. I would like to welcome Councillor John Beesley, the Leader of Bournemouth Borough Council; Samantha Richardson, the Director of the National Coastal Tourism Academy, and Adam Blake of Bournemouth University School of Tourism. We might start—as we did in the first session—with your giving us a general overview of how you see the health of the tourism sector at the moment.

Samantha Richardson: Globally and nationally it is quite a positive picture. We have seen great growth over the last few years. If you look at one in three of the jobs created are in the tourism industry, then that is a great success story. If we look at coastal tourism it is much more of a mixed picture. It is valued at over £7 billion in 2012 and it represents 30% of all domestic overnight trips. The figures that we had just before Christmas for 2013 show a slight decline in that overall of 0.4%. As a highly seasonal business, it presents its own unique challenges that give different destinations different pressures and issues. It is also dominated very significantly by SMEs. I know that the whole of tourism has 80% of SMEs but that is much greater in coastal destinations.

At a local level the picture is very mixed but there are success stories in there, particularly, if you look at Bournemouth, which is seen as a leading coastal resort. The economy there is
worth £500 million. It has a much lower seasonality and that is partly helped by its accommodation stock. The success there is that it has seen a 9.4% growth in its GVA over the last four years. So the picture is very mixed. The subnational structure changes to tourism have had a big impact on coastal tourism over the last few years.

**Councillor Beesley:** I will just introduce myself, if I may. I am leader of Bournemouth Council. I am also though—and have been all of my career—involved in the hotel and hospitality business and I am a Fellow of the Institute of Hospitality. I have two perspectives. One is obviously a local government perspective but also with quite a lot of experience in the trade itself. I hope that balance is one that enhances my vision, particularly around the tourism industry nationally but, most specifically, how we approach tourism within Bournemouth.

Bournemouth has some very high aspirations. It already believes itself to be Britain’s premier resort but that is nowhere near where we want to end up. We do want to compete with the best in Europe but ultimately our aspiration is to become a world class resort. Of course, that means that we have to invest heavily over a very long period of time. That process has been underway for some years now. Although the recession has been a bit of an obstacle, it has not been an impediment that has put us off track for the longer term. Indeed investment is occurring at this moment in Bournemouth on probably an unprecedented scale, despite the fact that we are still coming out of recession—some distance behind London, of course—but nevertheless we are attracting investment and interest from many external partners. That has been predicated, I believe, on a lot of work that we have done over the last seven years or so, in order to form partnerships, in order to build on those partnerships, and for other people then to want to be part of it. That seems to be working well for us.

That is not just a parochial view, although I do hope our partnership working on a wider scale is one that focuses the industry’s attention on Bournemouth, because a number of the issues that we have been hearing about already this morning are ones that not only affect Bournemouth but clearly the whole country in terms of tourism. I believe that coastal resorts are a significant part of tourism in this country—I would, of course—but, nevertheless, I do believe that there is generally the possibility for a resurgence in resorts, particularly those that are prepared to take some risk, are prepared to invest in themselves and have a longer term vision and strategy that will deliver over the next 20 or 30 years.

**Professor Blake:** The best word to summarise how tourism has done over the last five or six years for the UK is “okay”. It has not been doing any better than that. We have the highest number of visitor arrivals in 2013—more than we have ever had before—and we do have growing inbound tourism, but it is growing at quite slow rates, which means that we are dropping down the league tables internationally and we are losing market share internationally. We could be doing better even than we are there.

In terms of domestic tourism, again it has grown slightly over the last five or six years. I think we now have about 5 million more domestic trips than we did before the recession started. The domestic tourism industry is still waiting for the great staycation effect to materialise. We have had a massive drop in outbound tourism but that has not materialised as a big boom for domestic tourism at all. Behind both of those—the inbound and the domestic effects—is the exchange rate. The exchange rate has been a big factor since 2008 where we had a big drop in the value of sterling, which has made it very difficult for outbound
operators because those holidays are much more expensive than they used to be. That is why
we see that big drop in outbound, which has not materialised yet as a big staycation effect.
That is what is supporting our inbound. If we see a reversal of the exchange rate back to
where it was before 2008 I think we would see real problems in inbound and domestic.

Chair: Thank you.

Q268 Conor Burns: I would be interested to know what value, if any, you attach to
the funding of tourism campaigns and how you think those moneys might be better spent and
better targeted. Think VisitEngland and so on, which is often perceived by people outside
London as being “visit London” rather than “visit England”.

Samantha Richardson: If you look at their figures, the VisitEngland RGF campaign has
been hugely successful. I think there have been challenges with it and we speak to certain
destinations that will say they do not feel they have been as well represented as they could
have been or, because of the conditions that were on the funding, that it has not enabled
everybody to participate in it as much as they would like to. I think the GREAT campaign
has been very good and very successful. There are other publicly funded projects that have
been generally successful. But I think the key thing is there is no co-ordination between
those publicly funded projects and there isn’t the real opportunity for anyone to participate
in them, either because they are constrained through their ability to be aware of them and
to apply for them and go through the application process, or they do not have the skillset
to monitor and maintain the funding criteria once they actually have it. So I think there is
much more that could be done to widen the remit of those projects.

Councillor Beesley: I would like to add that, while that core funding is absolutely critical
to domestic tourism and while it is easy for a major resort to come on to the back of that
with its own campaign, it is far more difficult in a very diversified industry for that to
apply to smaller resorts, smaller destinations and, indeed, rural tourism. That means that
one ends up with a disjointed offering that does not match the perception being given on
the national scale. The opportunities are there. If we look at the next two campaigns that
are coming forward from VisitEngland—Heritage in Spring and Family in Summer—for
many places that suits very well. Of course, somewhere like Bournemouth is going to put
its back into making sure that those national campaigns work on a local scale. But I can
see, unless there is proper co-ordination and resource elsewhere, that that money will be
very hard to account for in terms of an increase in growth in domestic tourism. While the
national picture may be easy to identify, when you get out of London it is going to become
very, very much more difficult.

Taking up the point made by Mr Burns a moment ago, there is a very strong perception
that it is more about “visit London” than “visit Britain”. I say that having spoken to many
people around the country who have that same perception. Although those who live in the
south, those who operate resorts in the south, perhaps are closer to London, those who are
much further away suffer a disadvantage as a result. Even those of us who are relatively close
feel a total detachment from the work that is being undertaken in London—very good work,
terrific growth and an example worldwide of how to market a capital city.

Samantha Richardson: Can I just come back on that? The other thing that has hindered
those projects is the subnational structure and the ability for VisitEngland to be aware of
what is put into those campaigns. They do not have that network now of going out regionally and then down to locally to get the information to make those campaign as rich and as wide as they could be, so that is another point that is—

**Q269 Conor Burns:** Why is that?  
**Samantha Richardson:** The removal of the RDAs. You would have had VisitEngland working through the RDAs and the regional tourist boards and then down to the local authorities. Now VisitEngland need to work with 200 plus destination management organisations and you do not have that strength of connection between the two.

**Q270 Conor Burns:** Are you suggesting the LEPs are not taking up the mantle of the RDAs?  
**Samantha Richardson:** No, not yet.

**Professor Blake:** The only thing I would add is that marketing England for domestic holidays is very difficult to do because, if you are in England, you do not necessarily think of England as being a destination in itself. You think of different parts of England and the things you would like to do as destinations, and that is where you need that co-ordination, that link up with local marketing, because VisitEngland has to work through the different destinations that we have. We are not just one big destination if you live in the middle of England.

**Q271 Conor Burns:** I was approaching it from a slightly different angle, which is how we get visitors who are coming from outside the United Kingdom to visit England. How we get them to go beyond the capital city. Professor, are there any international examples that you have come across where people have had more effective marketing campaigns, where they are marketing the entirety of their offering throughout their country rather than concentrating on the capital city?  
**Councillor Beesley:** This has been a problem for British tourism for as long as I have been involved in it and probably for generations before. For foreign visitors coming to our country London is always going to be the focal point but so, too, are places like Bath, Stratford, and York and so on. You can understand why, because people are on restricted time, many are on a restricted budget and they want to see the places that they have heard about. With the demise of the regional tourist boards—the demise going back earlier than that of the English tourist board and BTA and so on—things have moved to a stage that is far more concentrated with much less resource. That is bound to have an impact. I am quite optimistic about the roles that LEPs could play in this in future. Certainly, in terms of the Dorset LEP, of which I am a board member, there has been some movement towards a focus on tourism and most of the discussion now takes place between, “How does that focus work through either rural tourism or the resorts along the coast?” and, “How can we co-ordinate that so that we all get a share of the cake?” That has been much of the challenge.
It is going to be down to individual LEPs as to how they make that work but since tourism is such a major part of the County of Dorset, and the LEP is bounded by the boundaries of the county anyway, it is bound to the case that many board members want to see tourism at the top of the agenda. The difficulty is co-ordinating that effort, co-ordinating that rare and diminishing resource and making it work better than we would be able to do individually. That is where I think much of the work needs to be done in the future.

*Professor Blake:* There can often be quite an impetus to try to spread tourism around the UK as it comes into London, and to get tourists to go elsewhere other than just to London, which can sometimes not match the reality of what then happens. I think the evidence for that I would say would be the Nations and Regions Group in London in 2012, which was set up to try to get visitors to go out around the country while they were visiting London during the Games. But in reality it did not do that much during the Olympics. It was envisaged as something that would be a major spreading of tourists around the country, but that never materialised.

We have that as an ongoing process. Everybody outside London would love to see more foreign tourists being spread around the country. We can get Government support for that in theory, but the actual practice of it is far more difficult and does not really seem to work very well.

*Samantha Richardson:* Just to add to that and the Olympics point, particularly. I think there was an opportunity missed. It goes back to the earlier point that, by that time, the regional tourist boards had gone and in many cases LEPs were not yet established or supporting tourism. So you had a gap there, in which the industry was desperate to make the most of the opportunity but did not have the structure and the co-ordination to capitalise on that.

**Q272 Tracey Crouch:** Professor Blake, let’s talk VAT. I understand that you are an expert on this. The inner VAT geek has come out in me. Can you tell the Committee precisely how strong the arguments are for applying a lower rate of VAT to tourism services?

*Professor Blake:* Yes. First, I am not a VAT specialist myself. I am an economist and I concentrate and specialise on a particular type of economic model that is very useful for looking at things that affect more than one product or sector at the same time. Tourism is a very good example of this and that is why I am working in the School of Tourism essentially, because these types of models are used all around the world in tourism to look at the effects of taxes on tourism as well as lots of other things. We can distinguish between not just tourism as a single thing but different types of products that tourists purchase and the effects that they have.

Part of the work I have done, which you are aware of, is about VAT and tourism and the impact of cutting VAT on accommodation and attractions. That work that Bournemouth University did was for the Cut Tourism VAT campaign. In this modelling process we compared the impacts of cutting VAT on tourism against other types of tax reductions, including cuts to corporation tax and the general rate of VAT, and we get a marked difference in the relative efficiency of how much extra GDP you get for every pound of revenue you give up, when you cut VAT on tourism.
The real reason for that I think is twofold, one of which comes down to the reason why the European Union allows tourism to be one of the products on which Governments are allowed to have a reduced rate of VAT, which is that our ideal tax system, in terms of product taxes, is a mix of two different things: it needs to be simple and easy to administer, which is why effectively we have a single standard rate of VAT, but we can also recognise that the most efficient tax regime would have tax at different rates on different products, largely due to how readily people switch away from purchasing products when they become more expensive, when they become taxed. For example, tobacco, petrol, cigarettes, these are things that have very inelastic demand and, therefore, are more efficient ways of raising revenue. That is an often-quoted fact. On the opposite side, products with elastic demand, where if you were to increase prices you get a big shift in demand, are ones on which we would ideally see lower rates of taxation. That comes into play with tourism, because tourism is generally more towards that end of the spectrum of how high we would ideally have tax rates on different products. That is why the European Union allows the reduced rate.

We have a second argument, which is that, because we have reduced rates around Europe and because effectively we have a higher standard rate of VAT anyway than most other countries, we are taxing our domestic product now at a much higher rate than our imports are being taxed at in other countries. We know that taxing imports and domestic products differently is one of the most inefficient ways of raising tax revenue that we can have, and arguments in economics go back for 150 years about the dangers of protectionism and taxing imports at a higher rate than we tax domestic products. Every economics graduate has done a trade course that largely shows different ways of how damaging and distorting trade taxes are.

What we do not see in any economics textbook that I am aware of, and any economics course, is the argument against taxing domestic products rather than imports, and essentially it is because why would we ever think of doing that? We would never think on any other product of applying a domestic tax at a higher rate than we are taxing imports, and our general VAT system is set up so that they are charged at exactly the same rate. The principle is that at the point of consumption both imports and domestic products get charged the same rate. The only problem with that comes when the products are consumed in different countries where, therefore, we end up paying different rates.

Q273 Tracey Crouch: Your model found that at the moment the current system disadvantages the UK tourism industry, hence the reason why those who take your findings on want to see a cut in VAT.

Professor Blake: Yes. From the economic standpoint it is a matter of which taxes are the most efficient at raising revenue and therefore should have higher taxes, and which are least efficient and therefore we should ideally see lower tax rates on.

Q274 Tracey Crouch: In your model, though, you did both accommodation and admissions. Did you do any modelling where you desegregated the two and just did either admissions or accommodations?

Professor Blake: We did, but not in the actual report, so there would be a bit of digging up of files but I could go back and find out.
Q275 Tracey Crouch: I just wondered if anyone had looked at the specific arguments for or against reducing VAT on just one of either admissions or accommodation and whether or not that had an impact.

Professor Blake: I am sure we did look at it, but it is not in the report. What is in the report is a joint work between myself, what the numbers are coming out of the model that we do, and it is a Cut Tourism VAT campaign report, though, so it is also what they want to present.

Q276 Tracey Crouch: Yes, and we had the Cut Tourism VAT people in front of us. Just a final question. You were listening to the previous witnesses and we had a conversation about Air Passenger Duty. Are there any reasons that you can think of, from an economic point of view, that the Government has resisted reducing VAT on tourism, given the fact that obviously your modelling shows that there will be an increase in the future of public benefit, and that there is no European harmonisation legislation that would prevent the Government from reducing VAT? As an economist, do you think that it is because of the immediate impact on the budget?

Professor Blake: I think, certainly at the moment, yes, it is very difficult to persuade anybody in the Government or in Treasury to reduce a tax in any sense. That is always difficult anyway, but in the current climate it is even harder. This is beyond my remit, because I am the economist who does the analysis and provides the figures, but what the Cut Tourism VAT campaign then became frustrated by is the fact that they do see some tax cuts being made in other areas that we do believe are not as efficient ways of boosting GDP as cutting tourism VAT would be.

Q277 Tracey Crouch: So you do not think—and I mean this with the greatest respect—that there is any question about the economic modelling itself?

Professor Blake: There are always questions. I always welcome people taking me up on any point in the modelling. This is just one model, and it has been done by one person, so I would be happy to make it more transparent and to have other people look at the work and for them to do similar things with slightly different models. I would be happy for all that to happen.

In HMRC and Treasury they have other economic models that they can use themselves, but they are not necessarily set up to include tourism in the same way. So they would then need to do that for them to check the results. One thing that they do like to do with any tax change is have in-house modelling, so that they know exactly what is going on, and this is not an in-house model or simulation in that sense.

Q278 Tracey Crouch: Just very briefly, I would probably be right to assume that the other two witnesses would be in favour of a cut in VAT?

Samantha Richardson: Certainly the businesses that we speak to would be in favour, yes.
Q279 Tracey Crouch: Do you see a major impact on coastal communities? I am thinking of my own coastal communities around Kent, for example. Around the Thanet area, presumably, they would welcome a boost from VAT reduction.

Samantha Richardson: Yes, coastal businesses in particular operate at the margins, and if it is not a good year then it can have a significant impact on their viability to continue, so anything that is going to help improve the profitability of the business is going to be welcomed.

Councillor Beesley: Just taking up that point, it is not just about the financial impact. It is around a level playing field. We are in competition outside of the UK and I think it is important that we understand that economic instability we then suffer as a result. I know that your Committee has already had Tourism Alliance here as witnesses, and Ufi Ibrahim—who is the Chief Executive of the British Hospitality Association—I believe is their champion. I have discussed the issue with her on a number of occasions and I quite understand the amount of work that has gone into the data, which is a very persuasive argument. Any argument that demonstrates up to £4 billion of additional revenue, and 80,000 new jobs being created after a period of time, has to be a persuasive one. But of course it does come at a cost initially of I think £600 million or so and there is risk as far as the Treasury see it. In the current economic environment and the current state of the deficit, it is perhaps bound to be a risk too far for the Government to want to take.

However, as an objective, I think there are sound reasons for pursuing it. It is unfortunate that we cannot have an open debate on the subject, which I believe would open up a lot of other information that could come through from practitioners in the industry. At a time of course when the pound is so strong against the euro we have another fact militating against British tourism, and that just compounds the issue.

Q280 Conor Burns: Moving away from VAT and looking more generally at the state of the UK tourism sector, particularly in terms of coastal towns, a large number of coastal towns have declined quite rapidly in the post-war period. What steps do you think could be taken to halt and in some cases reverse that, accepting that it is not all but is many?

Samantha Richardson: The first point is to understand coastal destinations and what makes them different. There is no doubt that they have had a significant period of decline, post-war, but there is a feeling that in the last five years the data would suggest that that has been slowed, if not stopped. It is a more complex environment than just looking at other tourism destinations. The coast is very heavily dominated by the prominence of small to medium-sized businesses. We did some research looking at the opposite way, at corporate representation on the coast. We have just finished that work now and to take one example, if you looked at accommodation brands—and we looked at major hotel chains, holiday parks, caravan organisations—just 0.8% of their properties are based on the coast. So what that is showing you is that the number of SMEs in coastal destinations is huge, and the pressures of an independently-owned business and the resources, the backup and the support that they have, have implications for how tourism is managed, co-ordinated and delivered, and how change is delivered in those destinations. So the role of the public sector I believe is therefore much greater in coastal destinations.

You also have the issue that the importance of the public realm in coastal destinations is far greater than, say, in a city or a more urban space. Most people will go for the beach; that
is what research tells us. They want to go to be on the coast. That is a public resource in many cases, and a huge expense to maintain, as I am sure John will elaborate on, but it is an important part of the visitor experience. Therefore, the extremities of coastal destinations make them slightly unique, and each destination is also very, very different in terms of its structure, in terms of the way that it is organised. Some destinations have Business Improvement Districts, some have LEPs that are very supportive of tourism, others less so.

You have some where the boundaries cross what is the destination to the tourist, so if you take the example of Bournemouth what a tourist sees as Bournemouth could be Poole Borough Council, Bournemouth Council or Christchurch and East Dorset. If you take the scenario of Skegness you have East Lindsay District Council that covers the whole coast there, and therefore it is a completely different set-up. So I think there is not one quick win to say, “This is how you fix coastal destinations”. You have to take each of those areas in isolation and say, “What is right for that destination? Where are their source markets? Where are their opportunities and what is the right product market fit for that destination to take it forward and to grow and develop?”

I think the other big picture item is the perception of the coast. We all have this image that the coast is in decline, and if you look at what has been happening in many coastal destinations, over the late 1990s and into the early 2000s, you had huge investments in the public realm in many destinations as a result of the RDA—new seafront promenades, beach resources—and so the picture in destination can generally be more positive than is being perceived on a national scale, so there is an issue around tackling the perception of coastal destinations.

Councillor Beesley: I think my contribution is going to be a little more parochial. While that is something that perhaps you might expect me to apologise for, I am not going to because I think that what we have managed to do in Bournemouth in terms of investment and fostering investment externally is a model that works, and it is one that others perhaps could learn from. That is not to say that it has all been straightforward. It has not been easy for anybody. Certainly much of my time is spent on economic development, not just in tourism but on our other economic sectors within Bournemouth, but when I focus on tourism it is about setting in place the mechanics that are going to attract investors. I think the local authority—and this will be true of all coastal resorts—has a very important role to play in fostering the environment that is necessary to create that economic activity.

I will give you a couple of examples. One is that we have recently completed our seafront strategy. We have seven and a half miles of seafront, and not only is that a lot to maintain but in terms of long-term development it comes at a very considerable cost. So we have set ourselves ambition around those seven and a half miles over the next 20 years and we have begun that process in the current year with three projects, one at one end, one at the other, and the biggest one is right at the centre where the seafront and the pier are the entrance and the gateway to our seafront offer. We have done that part of it with an investment of council resources of about £4 million.

The difficulty of course, going forward, is that we have no more capital remaining at this end of the recession and certainly there is no revenue to support capital. So we now need to generate more investment externally and we are looking to the Coastal Communities Fund to do the second phase of that particular project. I think we have pump-primed it, as we have a number of other projects around the resort, in a way that has encouraged external investment.
We currently have somewhere over £100 million of gross development value occurring in Bournemouth. We have pipelined another £140 million to £150 million, so it is £250 million of investment that we can see and we can see where that is going. Much of that is coming into tourism or tourism-related projects, new hotels in particular. That is a very positive outcome of that long-term investment.

We have also begun to benefit from the success of two Business Improvement Districts. We did two at the same time; I think we were the first destination in the whole country to do so. One was the town centre, as you would expect. The other one is a coastal BID, and that coastal BID is focused on tourism along the coastal part of the town. Between the two of them they are generating around £1 million of additional revenue per annum. They are both going very well. It is early days—they have only just come into their third year at the moment—but they do work closely with each other while at the same time having completely different economic focus. So those two are important.

The third area is with the LEPs. As I intimated earlier, the LEPs are getting to grips with tourism throughout a wider area, and following through from the previous works done by the RDAs Bournemouth has got used to not getting any of that capital investment—indeed we got precious little out of the RDAs and most of what we have ever done has been generated internally. For example, we built our conference centre without any subsidy and, with the exception of a small contribution from the RDA in refurbishment very late in their time, we have done all the work and investment ourselves.

I think if a local authority takes the view that it has a vision that is deliverable, but at the same time has limited resources, it has to focus on where that investment is going to come from, other than just from Government. But it needs to come from Government as well, to help pump-prime, because resources are so scarce. I think there is a virtuous circle in there and those who go about it in the right way, I suggest, can get some particularly positive outcomes relatively quickly. That is the model we followed.

_Samantha Richardson_: I have to say certainly that, if you look at the destinations that are successful on the coast, they are working in a very similar way to the way that Bournemouth does, with the local authority really delivering on that leadership, direction and strategy that is required in order to make a difference in those destinations.

_Q281 Conor Burns_: If I can ask a final question on this, because you answered a question I was going to ask, which was what the secret of Bournemouth’s success was. I was going to ask what marked Bournemouth out as being different from similar places when you look at them, because Bournemouth has never gone into the cycle of decline that some other seaside towns have, even before some of the things that you described there.

Going forward, the Government clearly recognises the challenge and when Government talks to colleagues in coastal constituencies, I do not recognise in Bournemouth some of the attributes that their programmes are intended to fix, so clearly other towns have declined quite significantly. What do you see as the potential of the Coastal Communities Fund in helping halt or reverse some of the decline, and indeed adding to those already thriving?

_Councillor Beesley_: I think my view is broadly similar to that for LEPs attracting funding. I think it needs to be in a competitive climate. I do not think it is the case that it should be
spread evenly across the country; evenly across resorts. I think it has to be a soundly-based business case, but it is far more about having a long-term strategy that is deliverable and having the evidence to support deliverability from experience within that resort, perhaps before the Government was involved in funding in a particular area, and just being able to demonstrate that the Government are going to get value for money, value for the council taxpayer as well as for the national taxpayer in every pound that is spent. That is my philosophy and has been right throughout my career, because I think that is an expectation that is realistic. It is an expectation that delivers results and it is one that is accountable, not only to taxpayers but to the authority itself in terms of attracting external investment from the private sector. The place that can deliver, that has a track record for delivery, is one that is going to attract more investment. That has certainly been our experience over the last few years and, going back to the amount of pipeline investment that is coming through from the private sector, I think that is a good demonstration that accountability is at the core of it.

Q282 Mr Sutcliffe: Can I ask what the local buy-in is like from the local population in Bournemouth? What is the buy-in from local people about the strategy?

Councillor Beesley: I think I will answer that question at two levels. The first is with the wider tourism trade. It is a very fragmented industry and has lots of representative bodies and so on. Some years ago we set up something called the Bournemouth Tourism Management Board, which is technically 51% private sector and 49% local authority. I always stress those figures because it has to be industry-led. Local authorities and Government can pump-prime and put in place the seeds of growth, but what they cannot and should not do is deliver everything. They should be looking to the private sector to invest and if the private sector sees something they like they will invest. So we have that buy-in across a very broad range of business through the Bournemouth Tourism Management Board. Of course that then leads to the economic impact of tourism, which is not just about hotels and restaurants; of course it is not. It is about suppliers of goods and services, which is borough-wide, county-wide, and probably wider than that.

I think there is a recognition that the economic activity of tourism in the resort has a very widespread effect for people generally and has a feed-in, interestingly, into our other three sectors of economic activity within Bournemouth. That recognition is one that I think people want to be part of. They want to be living and working in a successful environment, and I think they see that.

Samantha Richardson: To add to that, personally I think the Coastal Communities Fund is critical and it is fantastic that there is a dedicated resource that coastal destinations can compete for. It is interesting that, when we started speaking to other destinations around the coast, there were many who felt that it was difficult to get funding through other schemes—either through BIS or other areas—because the coast was not seen as a particularly strong place to invest, whereas CCF gives them dedicated resource where they are just competing with the coast. I do think there are challenges or changes that could be made in order to improve the way that it is spent. I agree with John, absolutely, that it should be competitive and focused on the areas that can deliver the greatest growth and development potential.
I think the other really key thing is that it needs to look more holistically at the development rather than a scattergun approach of smaller projects, and expand the timeframe in which it enables projects to happen. Most projects have a two-year lifespan through the Coastal Communities Fund. That will have a significant impact on the decisions that project will make in terms of the development, so that it can achieve its objectives within that two-year timeframe. If it is given a five or 10-year timeframe, with key milestones along the way, then you may make different decisions in terms of where that money is spent and for a much better and more sustainable and holistic improvement.

Q283 Conor Burns: Do you think its remit is too wide or too narrow? Can you tell us the differences in the sort of things people are bidding for? I know for example in Bournemouth we are bidding for the improvement—the upgrade—to our seaside offering and linking it through the gardens and into the town centre for a holistic town centre seafront offering. I imagine there are other former resorts who are bidding for very different things. What sort of things are other people going for?

Samantha Richardson: Because it is open to anyone you have everything from museums that are looking to upgrade their physical structure, you have skills projects that have been put through, but you tend to see that the ones that are successful are the ones that present a joined-up and more holistic approach to the business plan that is put forward to the Coastal Communities Fund. I think there is this feel at the moment that it needs to be geographically spread and therefore sometimes you see projects getting money whereas the impact that that project is going to have in the longer-term is quite minimal.

Councillor Beesley: I think that comes back to the measurability of the outcomes. A comprehensive approach, which is what we set as our strategy in other parts of Bournemouth over redevelopment, generally has to be a better way forward than a scattergun approach that is just picking up odd projects, which might in themselves be quite visual but perhaps strategically do not fit and certainly do not have any kind of deliverability long-term that is going to make any sense. I think what we are trying to do, and trying to bid for through Coastal Communities, is to achieve just that. That comes back to what I was saying at the beginning, rather than it being spread across the country it does need to be seen in terms of every bid in its own right, and what its deliverables are going to be.

Samantha Richardson: The other thing is that there needs to be more co-ordination between funding projects. If you look at some of the activities that are happening on the coast at the moment in Blackpool, you have an employer ownership pilot skills funded agency to deliver skills improvements for Blackpool, which is almost entirely focused on the visitor economy. But because it is through the SFA and BIS there is not necessarily that joined-up approach, in terms of sharing the lessons and the impact of what is done there for the benefit of other destinations. Similarly, within the Coastal Communities Fund that sharing of best practice is really key if you want the Government resources to be spent wisely.

Q284 Jim Sheridan: Councillor Beesley, I have attended many Labour Party trade union conferences in Bournemouth and thoroughly enjoyed the experience; contributing
significantly to the local economy at the time, I have to say. We have not been invited back for a number of years. I do not know the reason why. Maybe you or the local MP may shed some light on why we have not been invited back, but we live in hope. Having visited Bournemouth on a number of occasions there is no doubt that there is a large congregation of foreign students, which are a very rich pool of potentially cheap labour for hoteliers and other people and so on. In terms of looking long-term, especially after the recent suggestion by the Home Secretary that when students’ time is over they should not be encouraged to stay here, what plans have employers to incentivise indigenous people in Bournemouth to take seriously the whole situation of apprenticeships, for instance, and training in Bournemouth?

Councillor Beesley: I will come back, if I may, to the first point you made. We invite all the political parties and many other organisations all the time. They do not always respond positively but we are certainly open for business. Bournemouth is recognised as being one of the top five conference destinations outside London. I look forward to the day when the Labour Party come back and regularly hold their conferences in Bournemouth, as I do the Conservative Party. We have the Liberal Democrat Party coming this autumn, so we are still very much in business.

In terms of foreign language students, Bournemouth is the second largest centre for that industry in the country, second only to London. We have 29 accredited language schools and the stipulations for those are quite rigid. We attract some 40,000 foreign language students. That is in addition to having two universities and a very vibrant college of further education, so you can imagine, together with tourism generally on top of that, how the population of Bournemouth swells particularly during the summer months very significantly.

In terms of foreign language students, I was listening carefully to the visa issue with your previous witnesses. It is one that both Mr Burns and I have spent a lot of time on trying to persuade the Home Office to understand the impact that some of those issues have on the local economy, because they have significant issues. Most of those students obviously are additional income for local families. They add to the local economy in the money they spend and, perhaps more importantly, in the longer-term they are ambassadors for our country when they return home worldwide and later come back with their families or indeed their children in turn come back. It is an issue that has a lot of merit and positive aspects that I do not think are fully understood by Government in some of the policies that are in place.

As an example of that, I would like to perhaps add that one of the issues when you get to the subject of regulation later that is a major problem in Bournemouth is about host families being subject to fostering checks when looking after young foreign language students. That of course has a very debilitating effect on the industry going forward. It has had a very negative impact and it is one that is difficult to recover from. We heard earlier from witnesses about India as one of the BRIC countries and how news travels very quickly, particularly bad news, and it is a very long-term recovery from that. We have been through that process in Bournemouth, as I am sure other resorts in particular have. It is one where we need to be careful, because the benefits of tourism from abroad at every level has very long-term impacts and we want to make those positive impacts wherever we can.

Q285 Jim Sheridan: I think it is accepted that the SMEs are the main backbone of the tourism industry, and you would have heard previous witnesses express some concerns
about the industry—whether independent or global—having to pick up any responsibility or finance responsibility for training and so on. Is that the case in Bournemouth?

Samantha Richardson: I think it is the case in any coastal destination or in any SME to a certain extent. One of the things that we have been doing is offering subsidised training to tourism businesses to improve the customer service and other aspects and, even though the courses are subsidised, there are challenges to getting businesses to get involved.

Q286 Jim Sheridan: Subsidised by whom?

Samantha Richardson: By the Coastal Communities Fund project. The challenges that businesses face are predominantly that pressure of time and resource, in terms of committing to a particular time that a training course is going to happen far enough in advance that you can run the course and take that risk on running the course and it not having enough participants to be an effective training course, and the operational pressures of working in a small business. There is also the added cost that you do not particularly see as much in a large business of filling that gap of that person who is on that training course. You do not have a pool of housekeepers or receptionists to put in place while that receptionist is on the training course. You have to pay someone else to come in, so you have the cost of the person attending the course and the cost to cover someone covering reception. All those together make it challenging for SMEs to commit.

Q287 Jim Sheridan: As I said earlier, how different is that to an engineering company or whatever?

Samantha Richardson: I do not think it is, other than the fact that within engineering you can plan your production or you can plan when you may have quieter or down times but within tourism you do not have that luxury. Particularly increasingly now we see tourists booking later and later. They can be 24 hours before their arrival or even turn up in destination without accommodation booked. Therefore, planning when your staff might be available is a much greater challenge.

Councillor Beesley: I would add that the skills gap is a major concern to most people in the hospitality industry, not just SMEs. If you go to the very largest employers—people like Premier or Travelodge—they are suffering from a skill shortage just as much as anybody else. That skill shortage is one that has been a result of an expansion in tourism, particularly in terms of eating out, so there is a real skill shortage in terms of chefs and there has been for some time. The industry itself is doing quite a lot about that. I mentioned the British Hospitality Association earlier, and they have led an initiative called the Big Conversation, which has had a huge amount of industry support. That has been about getting young people in particular, and those who are unemployed, into jobs and into apprenticeships in the industry, because that is the future. When there is a skill shortage it is no good just relying on those who are already there, so we have to find ways of brokering and getting those people into the industry, getting them trained, giving them a career path. The British Hospitality Association has played a major role in that and launched its initiative, the Big Conversation I think in April of last year. That is one example of what the industry is doing to help itself.
**Q288 Jim Sheridan:** Can I follow up on that? I hesitate to use the word “indigenous” but how many indigenous people have taken up the opportunity of training and building a career in the tourism industry? Also, in terms of school kids, are we going out to the schools to tell them of the advantages and the prospects of tourism and career development? How many indigenous people are we taking on and taking advantage of these schemes that you are talking about?

**Samantha Richardson:** It varies greatly, depending on the destinations that you are looking at. If you take some destinations, one that springs to mind is Skegness again, there a huge percentage of the local residents work in the tourism industry, and the challenge they have there is obviously it is a very seasonal destination and they are unemployed for the winter season. Bournemouth is slightly different in the sense that it is a more year-round operation and, therefore, you can offer year-round job prospects, although you still have to have a seasonal workforce to cope with the summer.

In terms of the industry as a whole, People First published a report a few weeks ago that said that the main thing that people were missing was customer handling skills, in terms of applicants and work readiness. That is where the Government can help in terms of schools and education in making sure that the young people who are coming up through the system are aware of what is expected of them in the workplace. But in terms of customer service and customer handling skills, they are skillsets that will benefit not just tourism but all industries. There is a role there that I think Government can play.

In terms of the industry, we have a challenge that the industry needs to take on board in terms of challenging the perception of tourism as a career. It is often seen as low skill and low paid. I have only ever worked in tourism, and I think it is a fantastic career that has many great opportunities. It is growing rapidly and it is an exciting industry to work in, but we do not portray that story to the people coming up through the school system. That said, there are examples of really good initiatives. There is one at Bournemouth called the HALO Project that works with schools to educate them about the tourism industry, its importance to the local economy and the benefits of having a career. Again it is picking up on those examples of best practice and sharing them so that other destinations can benefit from it.

**Professor Blake:** It is worthwhile pointing out that the reason that this is different in tourism to other companies, like an engineering company, is where the benefits go from training staff. In any other company if the company pays for training the benefits of the training are internal to that relationship between the employer and the employee. Within tourism if that means we have more satisfied guests—better service quality it is usually called—then it means that they might return to that destination at some point in the future. They might give positive feedback somewhere, and that increases more people coming back. It is not just back to that firm; they then go and spend money at the restaurant next door, at the attraction and so on, so that has a widespread impact coming from investment in things like training.

**Samantha Richardson:** We also need to look at more innovative ways of delivering training. One of the projects that we have done is our Bournemouth Ambassador programme. It is an online training course that is intended primarily for frontline staff, so people interacting with the customers. We have had more than 1,500 people go through that in a year, so the industry does want to participate but it needs the flexibility to participate in the right way.
Chair: Thank you. That is all we have, so I thank the three of you for coming this morning.