Q358 Chair: Good morning. This is the final session of the Committee’s inquiry into tourism. For the first part of this morning’s session, I would like to welcome Sally Balcombe, the chief executive of VisitBritain; Patricia Yates, the strategy and communications director of VisitBritain; James Berresford, the chief executive of VisitEngland; and Phil Evans, the head of policy at VisitEngland. Perhaps if I might start with a fairly general question: what do you see as the principal challenges facing tourism at the moment?

Sally Balcombe: May I give a bit of context first? I know you will have heard this, but this is a very important industry. I am, obviously, going to comment from the international side, because that is my remit. It is a huge export earner for us at the moment. It is the seventh biggest export industry, or the third if you think about service industries. Just to put some numbers around that, for every £25 that we spend, as VisitBritain, to get an international visitor
to come to Britain, we get £640 back into the economy and £216 in taxes. In terms of jobs: 22 Chinese visitors—one new job. It is a very powerful export industry.

The second point I would make in terms of context is that it is a growing industry. We have had record years; 2013 was a record year, as you have probably seen. We had 33 million visitors and £21 billion spend. In 2014, which we have not finalised the numbers for yet, we are on for another record year—probably 7% growth in numbers and 3% in spend. It is a growing sector.

There is a “but”, and this really comes to your question about challenges. It is a hugely competitive industry internationally. Despite the fact that we have had two record years, we are losing market share. We have fallen from eighth to sixth in arrivals. You might think that a lot of that is around inter-Asia, the growth of China and how much that affects us. I would bring it back down to our most important and most valuable market, which remains the USA. We have 1 million fewer visitors today than we did a decade ago, so we have gone backwards on the USA.

Q359 Chair: Is that partially, though, because Americans generally are more averse to international travel for fear of—

Sally Balcombe: Not at all.

Chair: So it is specifically Britain that has lost out.

Sally Balcombe: Specifically Britain has lost share and volume. Italy has done incredibly well out of the USA. Germany has done incredibly well. China has done well out of the USA. So in a global landscape, we are losing share, and that is one of our big challenges. It is a landscape where we are being outspent. We are up against countries that are aggressively going after the tourism dollar. America is very aggressive. It has raised its spend to £120 million. Australia and New Zealand are very aggressive. It is a very difficult landscape out there in terms of the competition. For us, those are some of the international challenges.

Clearly, we think there are things that we can do to address those. We are always looking to partner with the private sector, and we have been very successful in raising private sector funding to address some of that funding gap. We are getting better at targeting where we need to go in terms of which customers, but the challenges are out there at a macro level.

Q360 Chair: We will come on to the detail of some of the specific issues affecting tourism in due course. Do you ascribe our falling market share principally to a lack of promotional spend compared with our competitors?
Sally Balcombe: Certainly that is part of it, because we are being outspent. We do very well with what we have got. We make it go as far as we can, and we partner very well. But if I give you one small example, Australia spends £20 million in China alone. That is more than my global grant in aid budget. That is what we are up against. Clearly there are a lot of things we can do, and there are clearly lots of things that we do, but one has to recognise that it is a competitive marketplace.

Chair: Before I come to Jim, let me give James Berresford a chance.

James Berresford: I will speak from the England perspective. The challenges are many and legion. The underlying current for tourism in this country is strong. I would not want to give Committee members the impression that tourism was a failing industry; it is not, it is a strong industry, which delivers spend and jobs into all communities. I should be very specific about that up front.

However, we face challenges. It is good to hear the growth figures internationally that Sally has quoted. Regrettably, the regions of England lag behind London quite considerably and that gap is getting wider. We have seen some welcome growth, but that gap is getting wider and the rest of the England industry is largely dependent on domestic tourism. That is a fact of life that we have to recognise.

Our challenges also include fragmentation. My organisation is relatively small and well focused. We work with about 200 different destination management organisations in this country. Getting consistent, coherent delivery in and out of London is a challenge for us. I think domestic tourism, while it has been a mainstay of our industry in recent years, is just showing signs of slowing down this year. Spend is falling away and business is falling away. Of course, one can attribute it to the fact that people are a little bit better off, if you are more predisposed to go overseas, but the strength of the pound makes it more attractive to go overseas, so we need to protect and preserve that market. That is very difficult in a fairly fragmented environment.

Q361 Jim Sheridan: This is a follow-up question to Sally. Is the tourism industry a victim of the high exchange rate—that is, the pound against the American and Canadian dollar?

Sally Balcombe: Exchange rates clearly move. At the moment, the dollar/pound is good for us—it is cheaper for Americans to come. So I do not think we would say tourism is a victim, because the long-term trend is for exchange rates to move around. It is going to be more challenging this year from other markets. Exchange rates are in the mix from certain markets at certain times. But I am making a more generic statement across the whole of the world. One of the things I would say is that value for money is always in the mix. If exchange rates exacerbate that, then that is not helpful from certain markets at certain times.
**Q362 Chair:** Obviously, VisitBritain has suffered funding cuts in recent years because of the general economic situation. Can you tell us to what extent that has impacted on your work? Are there things that you feel strongly you would like to have done but haven’t been able to do?

**Sally Balcombe:** Again, we do not want to be totally negative. I think we have done a lot with what we have had. We have brought in £1.8 billion spend incrementally over the last three years, so that has been good. We have raised £43 million in private sector funding—that has been good—but we have had our funding cut by 30% since 2010 and, if you go back to 2004, by 60%. That means that we have come down from a network of 35 countries where we had offices, to 21. There are countries now where there is no VisitBritain presence, apart from perhaps online and digitally or with partners. There are markets where we are not as active as we would like to be.

We would certainly want to address that decline from the USA. A lot of the language is all around the BRIC countries. The BRIC countries combined still only represent 60% of the value of the USA, so they are massively important to us. We need to redress some of that decline. We would need to go after that in a much more targeted way. The USA is an enormous country, and it is very expensive to market there. There is a sense that we can do a lot digitally, and we can but that does not come free. Certainly, we have not been as active in the USA as I would like us to be, despite the fact that it is so important for us.

In China, what else would I want to do? I want to go after China. There is a land grab going on in China at the moment and, although we are doing well, others are being more aggressive, as I say. Up to September 2014 we welcomed 200,000 Chinese visitors, but the last full-year figures for key competitors show that America had 1.8 million Chinese visitors, Australia had 700,000 and even New Zealand had 230,000. We are not quite getting our share of this Chinese market. Why is that important? China is now the biggest outgoing market in the world. It has overtaken the USA on a global basis. As I say, there is a land grab going on out there. You might think that some of the things I have quoted sound a bit intra-Asia, and that Australia and New Zealand are just down the road. I would point out that Beijing, for example, is in north Asia. That means that the flying time from Beijing to London is exactly the same as to Sydney. So it is not that other countries are just down the road. We are not competing with Korea or the places that are just a short hop for people in China. We are in the same competitive mix in terms of flying time and the sort of commitment that is made to go that kind of distance. If we had more funding, those two sing out as key areas where we need to do more.

The final area I would flag is Europe. Europe remains our biggest single set of markets in terms of volume. Our single biggest market is France, in terms of the number of visitors who come to the UK. The challenge here is that in our single biggest market we have two people. There is a dangerous assumption that visitors will just come. They do come, and we are thrilled that they come—
Chair: You say that you have two people.

Sally Balcombe: We have two people in France.

Chair: VisitBritain has two representatives in France?

Sally Balcombe: Correct. That is normal in a lot of our markets. We are thinly spread, and if we had more funding we would clearly look to be more active in these markets, because even retaining these markets takes effort. There is an assumption that they will just come, so one needs to be careful about that. Of course, you can’t do everything everywhere. You go after the key markets—the key growing markets, the most valuable and the key volume markets—and you do it in a very targeted way.

Chair: VisitEngland, may I put the same challenge to you?

James Berresford: Naturally we have had cuts, in line with every other public body. That is to be expected. The dimensions within which we work have changed. The regional development agencies, which were closed some four years ago, were putting £60 million per year into tourism in this country. That has all gone, and very little has come to replace it. The original idea of VisitEngland was that we would be a fairly small, fleet-of-foot organisation to help to co-ordinate the activities of those agencies, and to help them spend their money more wisely, and not in a competitive way. Unfortunately, that money was lost. Particularly from a domestic point of view, we are less able to do some of the work that was anticipated when we were set up. That said, we won a regional growth fund bid of £19.8 million from BIS, which enabled us to put something of a sticking plaster over that regional fragmentation. That fund has delivered about £500 million of spend and delivered 9,800 jobs. So, actually, domestic spend works. We were able to spend that with destination management organisations to provide a platform for them to present a unified offer in England to British people. Unfortunately that comes to an end at the end of the current financial year, but there is a great template there to show how, with a fairly modest amount of funding, we can deliver real business for English tourism. That is very important as we look forward.

We have also been beneficiaries of the GREAT campaign, and DCMS has championed that on our behalf. For the past three years, we have had some funds—this year £2 million—to mount a domestic holidays-at-home campaign. That has been very successful. You may have seen some of the adverts. We used Wallace and Gromit—a fairly populist but very family-friendly approach to the marketing of England. This year we are using Shaun the Sheep, with Aardman productions, which we believe will have a degree of cut-through as the film is going live now and is linked right across England. We are doing that on behalf of GB, so we are involving Scotland and Wales in that promotion, too.

We have to be more opportunistic with the money we get. We have a very modest core fund that allows us to be who we are, and we go after other funds. It means that there is little consistency, but we can achieve if we are successful...
in identifying those funds. There is a fair bit of money still being spent out there by certain destinations, but on a fragmented basis. We need to provide economies of scale for those destinations so that they get market reach, otherwise we Brits are a target market for everybody else in this world. That is a fact. Sally was talking earlier about how we are outspent. We need to retain and protect that domestic market. The principal target market for my colleagues north of the border in Scotland, and west of Offa’s dyke in Visit Wales, is England, so we have to protect and preserve our domestic market, otherwise the product that we love and celebrate will be eroded.

Chair: That brings us neatly to Gerry Sutcliffe.

Q365 Mr Sutcliffe: One of the consistent themes that we have received in evidence and on our visits has been the issue of co-ordination. James, you mentioned the demise of the RDAs, and I think that there are 200 destination management organisations. What would you like to see in an ideal world in terms of co-ordination, not only from within your organisation and the sector, but from Government? One of the concerns is whether DCMS is the right place for tourism and if would you be better with BIS? What are the issues around that? How better can both central and local government contribute towards developing the tourism model?

James Berresford: My view is that there needs to be some seed-corn money to encourage something like a magnet of spend from those destinations. It is very difficult for those destinations with limited budgets to get cut-through and market reach. My view is that we can provide that platform, as we have proven through the regional growth fund. The £19.8 million might sound like an awful lot, but over three years, in the context of what has been spent before, it is not a huge amount of money. I’m a believer in small amounts of national money being made available to spend with local partners to get cut-through.

Before I took this job, my hair wasn’t grey, but dealing with 200 destination management organisations is quite a challenge. We have a destination management forum where we bring them all together. We share best practice. We hold an incredibly good database of market intelligence that we share with those destinations, which could not have access to that information without us. We know where the markets are. We know where market demand is and where it is going. Some form of relationship with those destinations is really important in sharing that information.

You ask about other Government intervention. I know that our colleagues at DCMS are very focused on working across arts and heritage more broadly. They are facets of the visitor economy. We signed a partnership agreement recently with the Arts Council that has enabled there to be £10 million of arts lottery money spent on cultural tourism destinations. I think that more cross-agency work within DCMS is a very good way of achieving economies of scale.
Q366 Mr Sutcliffe: What about the local enterprise partnerships? We have seen varied evidence: some get tourism, but some don’t, because they have other priorities. How could they co-ordinate that? How can local authorities that are facing cuts help? Some are closing down their tourist information centres and things like that. What can be done to arrest that sort of thing from happening?

James Berresford: Again, LEPs were seen as the natural successors to the regional development agencies in terms of tourism, but that has not proven to be the case. I do sympathise with LEPs to a certain extent because the moneys that they have received thus far have been very much focused on projects that are not necessarily available to tourism and tourism businesses. The money that they have received is very much around infrastructure works and so forth. Infrastructure can benefit tourism, of course, but the direct funding of tourism through LEPs has just not materialised. I do not actually blame LEPs for that approach, because they have so many other calls on their money for so many other things, so I do not necessarily lay the blame at their door. Given the next round of funding, when they will have European funding, there may be greater latitude for them to spend on tourism.

You ask about local authorities. We have long been supporters of destination management plans—that is, in a destination, you get local authorities, LEPs, other funding bodies, skills agencies and the private sector all spending to one plan. There are two really good examples in the country where they do that very well: one is Liverpool and one is Bournemouth, and you can see the results. This is where an area has taken a template that we have provided for co-ordinated spend in an area. It is really not about bidding for more money; it is just about setting out a co-ordinated plan for the interests of the visitor economy in a local area. I understand the problem that local authorities have: when you are closing old folks homes and not emptying bins, it is really difficult. So it is about understanding what they currently spend on tourism and how you can spend that in a more collective, collaborative way than local government.

Mr Sutcliffe: You both talked—and the Committee accepts, I think—about how tourism creates growth and jobs, but not many people, we think, understand that. It is really about how to get that message out there—that this is where jobs for the future are going to come from, because of the growth that is there.

Sally Balcombe: Can I support what James was saying? It might look, from a VisitBritain position, as if we are less interested in the local level, but we are absolutely not. We want to see a clear line of sight from the customer, because ultimately we believe in demand-led—that is where we are going to get success. What does the customer want to buy? We can provide that kind of insight and work with VisitEngland, local authorities and the local DMOs to get that line of sight right through. You do that by the co-ordination and the joined-up thinking that we are talking about.
I support James’s point that it is not just domestic. It works internationally: there is that line of sight that we use GREAT, and the cross-Government working that we have achieved with GREAT has done that. We launched last week “Countryside is GREAT” and in that mix we have other Government agencies, the private sector and national parks. We have got all sorts of people co-ordinating and joining up, but from one vision about what we are trying to do. The idea that there is co-ordination rather than fragmentation, and a line of sight from the customer right through to the product, circling back to how do you promote that back in the marketplace, is, I think, the answer to getting that working incredibly well.

**Q367 Mr Sutcliffe:** You highlight Liverpool and Bournemouth—my colleague will be delighted that you have done that—but “Welcome to Yorkshire” is a different model that has been put there. How would you view the success, or not, of “Welcome to Yorkshire”?

**James Berresford:** What “Welcome to Yorkshire” has done unashamedly is to go for a very high-profile event and it has made an incredible success out of the Tour de France—the Grand Depart—and, shortly, the Tour de Yorkshire. It is a different approach. “Welcome to Yorkshire” has a spirit, a drive and a vision to go for one big-ticket item, and it has done that incredibly well. You cannot necessarily see that model replicated everywhere because there are smaller communities and smaller destinations, but equally effective. It is horses for courses. We should not necessarily stipulate how any one area should go about doing tourism, but there are some really good examples of where events can lead the tourism industry. The Tour de France was one; the Manchester International Festival is another. You need to look for those things that are special and unique about your area.

**Q368 Mr Sutcliffe:** Sally, you mentioned the effectiveness of the GREAT campaign. Certainly, as I have travelled around the world after the Olympics and Paralympics, the confidence in the UK seems to have grown in that we are able to stage events, particularly sporting events. You talk about the lack of resources. How can you get the Foreign Office and the embassies to help you in promoting Britain as a sporting or tourism destination?

**Sally Balcombe:** The short answer is: they do. VisitBritain is now co-located in the Foreign Office all around the world, so that has been a huge success. My team sits around the table at the ambassadors’ sessions every week along with UKTI, and we join up with the British Council. We work incredibly well with the Foreign Office to promote events, destinations and new routes. We had a very good example in Colombia, which is not a place where we have anybody on the ground or that is on our radar, but it is an incredibly fast-growing market. Avianca was putting on a new flight. We saw an opportunity to go in and help to promote that. The FCO stepped up and worked with us to put on a huge set of multi-city promotions and workshops, bringing out UK inbound tour operators and matching them with sellers. This was not just a promotion, but a sales drive. The Foreign Office works closely with us, as does UKTI. That has been one of the
key benefits of the GREAT campaign. As you say, it is changing people’s perceptions and having some results. There is clearly more that we can do.

**Q369 Steve Rotheram:** James, obviously you mentioned my first city. Some local authorities are doing their bit. There has been some criticism that agencies such as VisitBritain and VisitEngland are too London-centric in their thinking and that too much of the promotional and marketing stuff is around London. How do you react to that? Are areas such as the south-east—where we heard some evidence—Yorkshire and Liverpool for that matter missing out as a consequence?

**James Berresford:** Steve, they are certainly not missing out on our campaigns, I promise you. The regional growth fund did what it said on the tin in terms of growing tourism locally. It was very much focused on the regions of England and I am delighted to say that the great city of Liverpool benefited from that promotion. We are about not taking business from London, but growing business outside London. That is our focus. Clearly, VisitBritain has an international focus and London is the burning torch internationally. You understand that but, from an international perspective, we need to sweat our regional airports much more effectively than we do. Heathrow is at about 98% capacity at the moment, but there is no other regional airport at 50% capacity. From an England perspective, we need to be using the likes of Manchester, Liverpool, Newcastle, Bristol and so on for maybe second and third-time visitors into the country. That would be my view from an international perspective, but I can absolutely assure you, Steve, that, from a domestic point of view, Liverpool and many of our other cities and destinations are at the forefront of our marketing campaigns. They will always be so, if we have the resource to do it.

**Q370 Steve Rotheram:** Before we lose that point, could you send us some of that marketing material, if you have it to hand?

**James Berresford:** Of course.

**Sally Balcombe:** I am echoing that. We actually do a huge amount. We work with lots of the regional areas such as Yorkshire, Liverpool, Birmingham and Scotland. Yes, London is very important, but there are a couple of things to say about that point. International tourism grew in the regions faster than in London last year. That point has not really been registered. London grew by 6%, Scotland by 12%, Yorkshire by 12%, and the rest of England by 6%, so we have seen good growth.

There is clearly more that we can do and, in fact, there are two strands of our thinking. I just talked about “Countryside is GREAT”, and that campaign is all about promoting regional exploration. That promotion is all about all the parts of the UK—from parts of the north down to the south-west, Wales and Scotland. It is about promoting the idea that there is lots to do, not instead of London, but
as well as London. We are using a number of things to do that. First, we are using what we call credible voices. We are trying to get to a new customer—a customer who wants to do things and not just see them. That is particularly true out in the US, with the “look at me” selfie generation. They want to tick things off the bucket list, but show that they have done them differently and better, so we are running a much more digital, innovative campaign. We are working with VisitEngland and our partners, and targeting destinations all around the UK.

Part of that campaign is also targeting regional airports. We absolutely support the fact that there is capacity there, and that capacity needs to be used. We work with Manchester. We worked with Birmingham last summer: they had a new flight in from Beijing and they did a fantastic job on welcoming the Chinese. You have United flying into Newcastle, so we are doing a lot of stuff. One of the key things we are also doing is partnering. We are partnering Manchester with north Wales: “Fly into Manchester and go off to north Wales to see the countryside there.” So you get a city and the countryside, all outside London. We also do a lot with Liverpool. I think there is a real energy building to move this forward, but we have some work to do in terms of some of the perceptions.

Q371 Steve Rotheram: While I understand perfectly that London is the international destination of choice in this country, when people come to London, is there any evidence that we are using secondary destinations to try to attract them to extend their stay, thereby creating that market outside the capital without affecting tourism?

Sally Balcombe: We work very closely with London & Partners, and it has something at the moment called its “Guest of Honour”. Part of that is absolutely about saying, “Come to London, but also go to—” In fact, it is partnering with Wales and all sorts of places outside London to sell the idea of, “Yes, you might come to London, but go and do something else as well.” They are very supportive of that.

Chair: We heard from them last week.

James Berresford: I applaud London & Partners’ opportunities to do London-plus. I think that when you have such a captive market coming through London, more can be done to promote the rest of England to those people. That would be my observation, and hitherto, funding was made available to the then London tourist board to undertake marketing on behalf of the rest of the country to people who were here in London. That was cut. That doesn’t happen any more, and I think that probably, in the future, that opportunity will be missed.

Q372 Mr Bradshaw: Just going back to the loss of the RDAs, isn’t the basic problem with the LEPs, Mr Berresford, that they have no statutory responsibility for tourism, unlike the RDAs?
James Berresford: Indeed. They have neither the statutory responsibility nor the funding. The RDAs had the statutory responsibility for the regional development of tourism.

Q373 Mr Bradshaw: In the current climate, if there is no one with any statutory responsibility at regional or local level, as we heard on our visit to Exeter from the industry, in many places nothing is happening.

James Berresford: I think that is a fair assessment. I would go back to the fact that we were able to win £19.8 million through the regional growth fund. That was something of a stop-gap in the demise of the regional development agencies. That statutory responsibility has not been passed on. LEPs do not have a statutory responsibility for tourism, and when you do not have it in your statutory responsibility, albeit you have relatively generous budgets in the scheme of things, why would you actually deliver against tourism when you are not expected to?

Q374 Mr Bradshaw: So you have the worst of both worlds. No one has statutory responsibility, and we have now a fragmented system with scores, if not hundreds, of different organisations trying to replicate each other, but none of them doing it very effectively. Then, as we heard on our visit to Exeter, many local authorities are cutting all support for tourism, including local tourist information centres.

James Berresford: It is a difficult world. We also have to understand—or I have to understand—that for local authorities, which have been generous funders of tourism in the past, it is a non-statutory service. I understand that local authorities are often criticised for cutting tourism services. It is very difficult when you are up against some very difficult choices—I understand that. Tourist information centres are a very good example. They are closing almost daily. We have moved into that space through an initiative with Twitter, whereby we are providing real-time Twitter information with destinations to take the place of tourist information centres. I think that it will, in the long term, be a great initiative; in the short term, it is overcoming the demise of tourist information centres.

Q375 Mr Bradshaw: Given that this is, as you have just said, one of our major industries—in my region it is the major industry—what does this show about the level of Government commitment to tourism?

James Berresford: I think the level of Government commitment is reflected, at the risk of sounding like a cracked record, in the regional growth fund money and the domestic GREAT money. That is the extent of the funding. We have a core fund budget, but outwith that, we are unable to do a great deal more for destinations. There is an expectation that we, as the national tourist board for England, should do more. My core budget next year is just over £7 million. I cannot do more for destinations.
Mr Bradshaw: Which is dwarfed by the Scottish budget.

James Berresford: Indeed it is.

Q376 Jim Sheridan: Before we move on, may I expand on the point that Steve Rotheram made? Before I do that, can I say, Sally, that I would hesitate to flag up Colombia as a success story, given its human rights issues?

In terms of trying to get people to go outside London, I am constantly lobbied by the business community about the lack of connectivity of flights. Usually, the people who make decisions about relocating or investing in certain towns, cities or countries do so on the basis that they can have access to various parts of Europe. We do not have that in many of the regions. Are you working alongside the business community and the chambers of commerce to try to put pressure on the airlines to get more flights in and out of regional airports?

Sally Balcombe: Yes. We work very closely with Marketing Manchester right now. The value that we can add is really at the other end of the route. We can demonstrate that we can help to identify and build the demand at the other end of the route, because you need both ends of the route working. We work very closely with our big partners—people such as British Airways—but we also have to be pragmatic. We work with middle eastern airlines and with hub airlines because that is where some the traffic that comes into the regions is coming from—Turkish Airlines is becoming very powerful. So, yes, we are more than conscious of the need to build the route network into the regional airports and we do everything we can to advise, help, support, promote and work in partnership. We have a number of examples of clear success stories, but we have a lot more to do.

Q377 Jim Sheridan: It should be a big concern. I understand that more and more people are using Schiphol as an alternative to London, which is a negative for the rest of the UK.

Can I move on to the vexed question of allocated budgets? Some of my colleagues are keen to hear the answer to this. As I understand it, VisitScotland receives something like £60 million, compared with £20 million for the rest of the UK. I am almost certain that there are perfectly good reasons for that, but perhaps you could share them with us.

Sally Balcombe: Going forward, I think you know we are going through a triennial at the moment, and how things are going to be allocated moving forward is part of that. We are waiting to hear what our allocations will be in the future. Tourism in Scotland is entirely devolved, so it is not something that James and I are involved in, but whatever the allocations, my remit is to work with everybody. I work with VisitScotland, Visit Wales, London & Partners and, of course, VisitEngland. It is about making whatever funds are available to go further and get that multiplier effect, which we do by bringing people together.
and acting as a catalyst organisation. We do very good things with all the
different regions and bring partners in to make that money go further.

Yes, of course it would always be nice to have more, but it is about
making as much as we can with our combined effort. Both James and I were
part of a meeting only last week at which the CEOs of all the different tourism
bodies in the UK came together to think about how we collectively plan for the
future, what are the key areas that we could go after together, and how we can
get that multiplier effect. So we are looking, whatever the allocation, at how we
can work smarter and better.

**Q378 Jim Sheridan:** I am trying to establish where that £60 million
comes from. Do the Scottish Government perhaps give tourism a higher priority
and therefore allocate more money to it at the expense of other budgets? On the
face of it, it looks extremely disproportionate, to say the least. I want to
understand the mechanism for how Scotland can get £60 million compared with
£20 million. Is it a direct decision of the Scottish Government to prioritise
tourism?

**Sally Balcombe:** It is devolved.

**Q379 Jim Sheridan:** Is that the reason why it is £60 million against £20
million?

**Sally Balcombe:** It is.

**James Berresford:** It is a devolved decision by the Welsh Assembly and
the Scottish Government.

**Q380 Conor Burns:** Can I move on to the issue of coastal communities
and their particular challenges and opportunities? You have some interesting,
but moderately inaccessible, stuff where you talk about how to help coastal
communities: “in order to cope with the overcapacity of accommodation and to
avoid spirals of decline leading to HMOs, more flexibility of planning regarding
Change of Use orders is needed together with financial disincentives to allow
HMOs or other poor quality accommodation being created.” Would you like to
translate that and then expand on it?

**James Berresford:** I think it is fair to say that resorts in this country
were designed in the 18th and 19th centuries. The holidaying patterns of the UK
populace have changed quite remarkably since that time, not least because of
the international options, so seaside resorts have had a difficult job in
regenerating themselves as destinations for the future, and indeed today. It is
fair to say that because of the weight of responsibility placed on local authorities
in seaside resorts in particular, where they have to deal with many people who
are not ratepayers—they are visitors to the area—there is a slightly unnecessary
burden on them. They are all specific or unique cases. The coastal communities
fund, which has come into play of late, is a significant improvement and encouragement to resorts. If I may, I will ask my colleague, Phil Evans, to unpick some of the complex language you just alluded to.

**Phil Evans:** First, there is a perception that seaside towns are in terminal decline—a view commonly echoed in the media—but it is not true. It is a mixed picture. Some seaside resorts are prospering quite well. The ones that have been doing better are the ones that have been more flexible in their planning policies: being able to look at the housing and accommodation stock they have; being able to prioritise those areas they want to keep as prime seaside or seafront locations; and preventing change of use to houses in multiple occupation, which is a common problem in many resorts where prime visitor accommodation is being lost to low-cost housing and high transit populations.

It has been a long-term problem and—

**Q381 Conor Burns:** Can you give us some examples of areas that have done well?

**Phil Evans:** There have been individual success stories in towns that have a major problem, like Blackpool, where they have been able to zone parts of the town to prevent that change to HMO use. Instead they have zoned it so that it goes into residential housing, rather than houses in multiple occupation. There are places like Eastbourne, for example, where they have preserved the seafront and managed to keep the hotels. They have not lost them to other residential use. It is complex, because it needs planning authorities working together with the tourism departments, understanding and working with the local hospitality sector to try to find a balance and to adapt to the changing markets.

When I talked about the perception of a long-term decline in seaside resorts, it has been because seaside resorts had a heyday in the 1970s, and they had easy single markets to go to. The situation today is far more complicated. They have to market in a much more sophisticated way to lots of different markets. People take shorter breaks. People are looking for non-serviced accommodation and a wider mix of accommodation types. They are looking for purpose-built accommodation, which a lot of resorts do not actually have. So there is no simple answer. It is necessary to look at the exact problems of each resort to try to find a balance, and work with local authorities and local business communities to agree on that.

**Q382 Conor Burns:** Is enough research being done into the complexity of the challenges that seaside, or coastal, communities face?

**Phil Evans:** There has been a very good report from Sheffield Hallam University, by Steve Fothergill.

**Conor Burns:** It is the only one—the one that everybody cites.
Phil Evans: It is not the only one; for example, the University of Cumbria did research.

Conor Burns: Sheffield Hallam’s is the default one that everybody cites.

Phil Evans: It is, yes.

James Berresford: It is the most recent.

Q383 Conor Burns: When was it done?

James Berresford: Last year—2014.

Phil Evans: That was a refresher of a report five years earlier. Sheffield Hallam is an expert on the matter, but there are many universities with expertise on the issues of seaside resorts, including Bournemouth, Surrey, Nottingham University Business School and lots of others as well.

Q384 Conor Burns: What interactions have you had with the National Coastal Tourism Academy and the work it has been doing?

Phil Evans: It has started to develop a national profile now. The whole concept of the National Coastal Tourism Academy was that it would provide case studies and material that could be adopted elsewhere. It has used Bournemouth as its primary source, using the whole town as an opportunity to demonstrate—

Q385 Conor Burns: It has gone way beyond that, hasn’t it—way down into the south-west and other examples.

Phil Evans: Yes; and the whole concept of the academy was that it would do that—provide examples for other areas to use. It is very convenient to have a resort that is very proactive and has been involved with the setting up of that organisation at the beginning, to act as a pilot. The work of the National Coastal Tourism Academy is very worth while and I hope it continues to get support and funding. James also mentioned the Coastal Communities Fund, which is providing crucial money towards a whole range of projects, geographically dispersed along the whole coastline.

Q386 Conor Burns: Have you guys in any way gone into that to argue the case for the National Coastal Tourism Academy widening the scope of its work to become a truly national academy, and also to lobby for the extension of its funding, which expires in November?

Phil Evans: As an organisation we are not able to lobby, but we work very closely with the academy and are very supportive of them and what they do.
James Berresford: If I may, I will add that the Select Committee might ask further questions about the Tourism Council; but the coastal academy has been brought to the attention of the Tourism Council as an exemplar for other destinations. We are hopeful that the Tourism Council will take that up and further its cause as a national exemplar. It is a national exemplar.

Q387 Conor Burns: There are mixed views, though, about the Tourism Council, aren’t there—there are some seriously heavyweight people on it—from those who have attended and watched some of its meetings, which tend to be consumed by officials and Ministers briefing it? There is a sense among some who attend that the people on it are too busy or too elevated to get properly stuck in to the championing and detailed work that it needs to carry out. May we have your reflections on that?

James Berresford: From my observation, it is early days for the Tourism Council. It has met twice and there are a number of working groups—one on communications, one on skills and one on business support—that I think are valuable focuses for the council. The skills agenda and the business support agenda for our essentially micro-business-driven industry are absolutely right and proper; but it is early days. I feel that the watching public will expect some real delivery on the back of the Tourism Council.

Q388 Conor Burns: Can I go back to the abolition of the RDAs and their replacement with the local enterprise partnerships? There has been an undercurrent of criticism of the gap that is perceived to be left in support for tourism, yet some local authorities are still doing a really good job in prioritising and working with their LEP to make sure that the LEP understands. I would cite my own council in Bournemouth, obviously, but in Dorset more widely we recognise the benefit of the influx of visitors. You talk about tourism information centres closing, but actually we are closing ours in Bournemouth in order to open up a much larger one, much better located right on the seafront. It will be a fantastic thing. However, isn’t it up to local authorities themselves, through their links to their own tourism businesses, to understand what is best for them and drive that at a local level rather than, in a sense, expecting it to be imposed and done for them from outside?

James Berresford: I personally do not believe in imposition at any level. I actually believe that the strength of England is the strength of its brands. I am a firm believer in distinctive, special and unique places. My view is that that can only be driven by the destinations themselves. My organisation is there but to provide a platform, information, support and guidance, not to do the job of destinations. Destinations are best placed to do the jobs themselves. I am absolutely convinced of that.

I wouldn’t want the Committee to think that I don’t believe that some local enterprise partnerships have indeed done a good job. Places like D2N2—the Derbyshire and Nottinghamshire LEP—have been very supportive in the area of Nottingham and Derbyshire. It is not a universal picture that not all LEPs are
giving support to tourism. What is certain is that there is no unified approach to tourism through LEPs.

To your point about local authorities—absolutely. Local authorities are an integral part of the visitor economy offer in a local area. They are partners to tourism in a local area. What I am seeing is perhaps a growth of the haves and have-nots. Some of the bigger cities—the Liverpools, the Manchesters, the Birminghams, the Bristols—are able to put local authority resource into tourism. There are examples in resorts, Blackpool and Bournemouth being two great examples, where the local authorities are clearly committed to tourism development. But the have-nots are rapidly becoming, I would say, rural destinations and rural local authorities. They are finding it very difficult to form some sort of substantive support to tourism organisations in their areas. Over time, if the trend continues, I think you will see very strong cities and stronger agencies around resorts, but weakening agencies around the rural community.

Q389 Conor Burns: It is interesting that the ones that you have just cited—you could not say that Bournemouth, Blackpool or even Torquay and Torbay, which are doing a lot of work on this, are by any means cities. They are just areas that recognise the centrality of attracting visitors in their local economy, and therefore they make it a priority.

James Berresford: And, if I may say so, they have a strength and a variety of offer and a focus of business that allows them to do that. It is much more dispersed in a rural community. I am really not one for saying that one has to prop up failing structures. There has to be some thought given to gateway roles for stronger destinations in future.

Q390 Conor Burns: If you look at, for example, what unites Blackpool, Bournemouth and similar places, it is the seaside.

James Berresford: It is.

Conor Burns: It is a view; it is a leisure destination. The very fact that we were having the conversation about coastal communities indicates that a lot of people who have the asset of a beach and the sea have not exploited that. It really is a matter of local prioritisation whether you make this work or not, isn’t it?

James Berresford: I absolutely agree. In my view, however, it is a top-down and bottom-up approach.

Q391 Conor Burns: My final question relates to the coastal communities fund. My experience, looking at how our local authority has responded, is that that has been a really good mechanism to focus local areas on bidding to ask themselves what they could get from this that would add value to their area and the economy more widely. Are there ways in which you think the coastal
communities fund could be improved in its doling out of money and its criteria for selection of projects? As we approach the general election, is it something that you would argue strongly should continue into the next Parliament regardless of who forms the Government?

James Berresford: I will answer your second question first and then defer to my colleague. The answer to the second question is: absolutely. In our recommendation to this Select Committee, we argued for the continuation and the normalisation of the fund. The way in which it is being described at this moment in time is that it will hopefully support and augment local communities around strong thematic developments, such as the illuminations in Blackpool or the coastal trail at Maldon. They are very specific in their catalytic effect. We did advise on that fund, and I will ask my colleague to elaborate.

Phil Evans: If I had to pinpoint the criterion, it would be job creation. How effectively does that money create new jobs in tourism? I think it needs to be ring-fenced for tourism projects. At the moment, it can cover quite a wide remit. I think it should be focused very much on seaside resorts, because that is where the concentrations of populations are. It is where some of the most acute problems are as well, and where the benefits can be realised more quickly.

Q392 Jim Sheridan: I have two very brief questions. Seaside resorts were always regarded as a family venue and people used to look forward to visiting them. Now, certainly at weekends, some of these places have turned to stag nights and hen nights. Is there any evidence that that has deterred families from going to those seaside towns?

Secondly, I have spent many enjoyable conference weeks in seaside towns. Conferences have now moved away from seaside towns to the big cities. I have been told that is due to the deterioration of some seaside towns. Is there any move to try to bring back big organisations to the seaside towns?

James Berresford: Clearly, seaside towns such as Blackpool have lost major conferences. I would suggest that the growth of Manchester, Leeds, Liverpool and so on in creating new state-of-the-art business and convention centres, and the lack of investment in the resort business tourism offer, have meant that they have suffered. It is not so much what they are not doing as what others are doing. They are losing market share.

I am glad you referred to business tourism because that is often overlooked when we talk about tourism, and it is worth £9 billion per annum to the economy. We should not overlook the value of business tourism. Places such as Bournemouth, as resorts that have reinvested in their business tourism offer, are being successful in attracting conferences. However, when they are up against the likes of some of the larger cosmopolitan cities it is very difficult. As for changing market demand, perhaps Phil could say something about families.

Phil Evans: Yes. You can’t ignore the hen and stag night markets, because they are quite a vital part for some resorts. It is about managing the
conflicts between those. What has happened is that many resorts have become almost 24-hour venues. You can still have the same people using the same places, but at different times.

It is again a case where destination management planning could try to account for that and try to reconcile those issues, so that one sector does not take priority over others. Resorts have to recognise that the old family traditional week of summer holiday is no longer the staple diet; it is more short breaks and a wider variety of types of use.

**Q393 Conor Burns:** I have just a quick follow-up on Jim’s question about stag and hen nights. One challenge for a lot of these places, especially our own, is that there is a pretty vibrant daytime economy and what is referred to euphemistically as night-time economy. What is missing is the early evening economy. Are there any areas or resorts that have managed that successfully? If so, which are they?

**Phil Evans:** I think that is what they have been aspiring to do; I don’t think any have succeeded. A lot of places talked 10 or 15 years ago about trying to create a continental atmosphere with a café culture and so on. I think it has got to be part of a much wider retail development process that includes local people, because a lot of those people using those facilities will be local communities.

It is about trying to keep town centres vibrant with a mix of people. Bringing back students to live in town centres is another way to help that process. Universities have been really helpful in creating an all-year-round offer that reduces seasonality, so that businesses can keep going all through the year.

**James Berresford:** I think the problem you describe of the closing of one market and the opening of another at a certain time is not just relevant to seaside resorts. I commend to the Committee the “museums at night” initiative. Once the shoppers are going home, that is encouraging people to explore museums in the early evening before going out later at night. That is not just an issue for seaside resorts. That gap, to keep people in cities and towns, should be filled.

**Q394 Tracey Crouch:** Do you have any thoughts on how reducing VAT or air passenger duty could affect the number of international and domestic tourists? James, you mentioned that in your written evidence.

**James Berresford:** The industry has made a strong case for the reduction of VAT. I understand that and how it is difficult to get traction in these times of financial constraint. My greatest concern as chief executive of VisitEngland is the fact that reductions in ADP might come in in Scotland and Wales at the expense of English airports. Bristol with Cardiff airport, Newcastle and Scotland—those are real issues. If they are more expensive to fly into and out of, people will migrate to other airports. I believe that is a real issue.
Q395 Mr Bradshaw: Will Exeter and Newquay be affected in a similar way or not so seriously?

James Berresford: They could well be affected. I suspect not quite as seriously as Bristol, but they could be.

Sally Balcombe: I think on an international basis, it is all about being competitive. I have talked a lot about, “It’s a competitive world out there”. Clearly, changes in bands on APD recently are helpful, because for those targets, it helps. It is part of a basket of measures. We talked about currency earlier; we looked at price. All these are a basket of measures which is about us representing value for money. It is not always about price; it is about value for money. As long as we can stay competitive in the marketplace, that is where we need to aim to be. We are not a cheap destination, but we need to remain a value-for-money destination. We welcome any changes that help us to stay competitive.

Q396 Tracey Crouch: One of the areas that we are not competitive in is the VAT rates on accommodation and attractions. Looking across European Union countries, we have the highest rate of VAT. Are you having these conversations with DCMS about how we can make the UK tourism industry competitive?

James Berresford: I would say that it is certainly on the agenda of the DCMS. My understanding is that the Tourism Minister will be convening a meeting with the Tourism Council on VAT.

Q397 Tracey Crouch: Okay, thank you. What forms of deregulation would be at the top of your list to help the tourism industry?

James Berresford: Red tape and regulation are a constant bugbear of small businesses.

Tracey Crouch: We heard that on our visits.

James Berresford: I am sure that 70% of all tourism in this country is made up of micro-business, not even SME. Therefore, the array of legislation, much of which comes from Europe, can be bewildering. My view is that small businesses in particular need a degree of hand-holding. With the demise of groups such as Business Link and the fact that local authorities have to cut back, there are fewer people to advise businesses through this very tricky and delicate issue.

I believe that the Tourism Council is also looking at this in terms of business advice to individual businesses. I am a firm believer in providing good online services. We are working with BIS at the moment to try to ensure that the information supplied by them is relevant to micro-businesses. In my view,
things such as music licensing have helped and various red tapes have been cut, but there still seems to be a bewildering array of red tape that businesses report to us. They need some help in steering through it.

**Q398 Tracey Crouch:** Some of the witnesses we have spoken to have expressed concern that because the tourism industry is made up of small business, tourism does not sit particularly well within DCMS. Others have defended tourism being within DMCS. I wonder what your views are. Do you think it is best placed within that Department, or could it serve the whole industry better if it was in a different Department?

**James Berresford:** I am not avoiding your question. My view is—

**Tracey Crouch:** You get paid by DCMS.

**James Berresford:** My honest view is that as long as the Government take it seriously across government, it does not matter where it sits. If there is a Government policy on tourism that Departments adhere to or support, that is the most important element. In defence of the DCMS argument, there are and could still be further scales of economy across the DCMS family, in terms of arts and heritage. Those are the things that people visit. Those are the things that people access. I talked earlier about destination management planning at a local level, I am absolutely certain that the arts community, the heritage community and the tourism community can work more effectively through good destination management at a local level. Of course, for them to do that the support and encouragement of DCMS is vital.

**Sally Balcombe:** I think that from our perspective, it is not where you sit, it is how you work. We talked earlier about how, with the GREAT programme, we are working across Government. That cross-governmental working is the key. DCMS has encouraged us to do that, and if we sat somewhere else we would expect the same. That has been the real success story. It is not where you sit but how you work, and getting all the different pieces joined together. I have talked a lot about line of sight and about joined-up thinking, and that sense of cross-government working is the key.

**Q399 Tracey Crouch:** James, may I ask one very specific question? In your evidence, you talk about the accommodation grading scheme that needs to be modernised. Could you explain very briefly what is wrong with the current scheme?

**James Berresford:** The current scheme has its roots in the early 1970s, when accommodation needed to be improved wholesale across this country and across Scotland and Wales. The scheme was brought in to encourage business improvement at the time. We have moved on since then: with the likes of Twitter and social media and so on, people are making their decisions about where they go through other means. My view is that we need to work with the
24,000 businesses. This is the largest scheme in Europe. It is a voluntary scheme, and it is paid for by industry. Those people want to be in the scheme. We are losing members from that scheme for obvious reasons: they feel that there are other routes to market. However, those 24,000 businesses still want access to the sort of business advice and business support that an inspection can bring. I feel that we have gone some way down the line in refocusing that, but we need to go further. It is not a marketing scheme any more. It used to cost the taxpayer, but now it doesn't—it pays for itself. Without those businesses in the scheme, it will fail. If the businesses don't want it, it fails. My view is that we have to look at the relevance of it in terms of business support in particular. I would like to take that as the next stage forward and, while the triennial review has not necessarily yet been published, I am aware that one of its recommendations is to give further support to reviewing that.

**Q400 Jim Sheridan:** I am extremely conscious of the time, but I will just say that in any industry the biggest investment you can make is in the people. Could we perhaps have a couple of brief comments about skills and training in the industry?

**James Berresford:** Again, this is something that the Tourism Council are looking at. My view is that hitherto a lot of time and effort and a not inconsiderable amount of money has gone into entry-level skills in the industry. My view is that the focus should be on priority areas, and those two priority areas are management and leadership skills. The industry itself has made that point quite clear to the Tourism Council, and I know that the council is giving focus to those areas. Of course, one needs great customer care, but probably the focus needs to move away from entry-level skills to more specialised skills in the industry.

**Q401 Jim Sheridan:** Who will pay for that?

**James Berresford:** The industry itself should pay for that, but if there is Government support and working with local colleges, then again a more conjoined approach to public-private sector spending will make that happen.

**Sally Balcombe:** We would support that. We need the right sort of skills. Where we add value is giving customer insight. At the moment we are running the GREAT China Welcome programme, and we are trying to make Britain the most welcoming country for China. That means giving an insight about what kind of welcome, what kind of skills and what kind of knowledge we would need to have. The same is true for established markets such as Germany. We do not have enough German speakers. We feed in what the customer needs, what skills we need and what the mix is. Yes, I also sit on the Tourism Council, and both James and I support skills development, because we will not have a successful and sustainable industry unless we have the right skills to meet the customer needs.
Chair: As Jim says, time is pressing on and we have two Ministers waiting, so we had better move on. Thank you very much.

Witnesses: Mrs Helen Grant MP, Parliamentary Under Secretary of State for Sport and Tourism, and Penny Mordaunt MP, Parliamentary Under Secretary of State for Communities and Local Government, gave evidence.

Q402 Chair: For our final session this morning, may I welcome Helen Grant, the Parliamentary Under-Secretary for Sport and Tourism, and Penny Mordaunt, the Parliamentary Under-Secretary for Communities and Local Government? May I start by asking you to give a brief outline of the challenges facing tourism in the UK and of what you are doing to tackle them? In Penny's case, that applies specifically to coastal tourism.

Mrs Grant: I think we have made enormous progress on our tourism strategy. In 2013, we saw record levels of visitor numbers and record spend. The indications for 2014 are that we are also likely to see big, record figures. We know from VB that they feel we are likely to see even better figures in 2015—something in the region of 35 million visitors, with a £22 billion spend. So that's good.

On the domestic tourism front, we saw a 14% increase in spend between 2010 and 2013. We now have a Tourism Industry Council, which is doing good work on jobs, skills and growth. We have also made quite dramatic changes and reforms to our visa process. So that's good.

Having said that, we have competition, of course, from emerging markets, so we cannot, under any circumstances, take our foot off the pedal. I would like to see much more collaboration, particularly between the DMOs, of which there is a very large number—200 at the moment. More collaboration and partnership working would be beneficial. Another challenge for the tourism sector is digital media. More could be made of that, particularly with the huge investment the Government are making in broadband.

We also have to dispel the myth that the tourism industry is simply about starter jobs. It certainly gives many of us a starter job—in fact, it gave me my first job—but I have met stakeholders and been around the country, and it is obvious that the tourism industry can provide a rewarding and fulfilling career. We need to deal with that issue to make sure we continue to encourage our young people into what is a very good business with potential.

Finally on this question—I could probably talk all afternoon about it—we need to make sure that the whole country benefits from the boom in tourism, not just London. We have done a number of things to ensure that that happens. I do not know whether you want me to expand on that now—I would be happy to—or later.
Q403 Chair: We will probably come on to that. Just before I move on to Penny, you presented a positive picture, as we would expect. The numbers you quote are obviously correct, but we have just heard from VisitBritain that our share of the tourism market is declining quite dramatically, and we are being massively outgunned by our competitors in terms of how much they are doing to promote their countries.

Mrs Grant: I hear what you say, but I think the facts speak for themselves. We are doing considerably better than in years gone by. The GREAT campaign has done a huge job; it has been very successful. Obviously, we had the Olympics and the jubilee, which led to fantastic images of our country being beamed all around the world. That is good progress, but I certainly agree with VB that we need to keep our foot on the pedal. There is no room for any complacency, and I think that competition is one of the biggest challenges.

Q404 Chair: I will just give one example which they quoted: American tourism, which is one of the biggest. We have seen a substantial decline in the number of American visitors.

Mrs Grant: The American market is extremely important. We continue to focus on the north American market and France and Germany—not just the newer, emerging markets. That is why the continuous spending on the GREAT campaign—marketing our country in a very good way at home and abroad to show all the different destinations we have—is very important. The GREAT campaign is well marketed and promoted in America, and it was there that we launched our “Countryside is GREAT” campaign a couple of weeks ago. We are certainly keeping a very careful eye on America. We do not want to miss any opportunities there.

Chair: Before we move on to Penny to talk about coastal tourism, Ben Bradshaw wishes to ask some questions.

Q405 Mr Bradshaw: Is it not an indication of the Government’s lack of support for tourism in England that Scotland, with a fraction of our population, spends three times more?

Mrs Grant: I do not think it is a matter of money. As you well know, tourism in Scotland is devolved. The Scottish Government decide how much money to give VisitScotland and the figure bandied around of what they receive is about £60 million.

Q406 Mr Bradshaw: It is not bandied around. That is the figure.
**Mrs Grant:** But I don’t think that it is helpful to try to draw comparisons, because when these figures are bandied around, we are not always comparing apples with apples; we are comparing apples with pears.

I will give you an example. The figure quoted is £60 million, but that includes retail and commercial income, money from local authorities and some European money. Those elements are not included in the VB and the VE budget. On the other side of the coin, this Government support English tourism in a number of other ways, for example, by investing £80 million in our national heritage collection—which includes amazing attractions such as Stonehenge—and that is a very important part of the offer. That is what I meant—I wasn’t being obtuse in saying that I don’t think it is helpful to compare the £60 million with the £50.1 million. It is what we do with the money and how effectively we spend the money that is important. At the end of the day, as I said at the beginning to the Chairman, visitor numbers and spend continue to rise.

**Q407 Mr Bradshaw:** There may be good visitor figures in London, but the problem is getting them out of London. Do you not see why my tourism businesses in the south-west feel like the poor relations when they see this huge spend in Scotland compared with England? Tourism is important in Scotland, but for the south-west of England it is our most important industry and we get a tiny fragment of the support that their fellow industry colleagues in Scotland get.

**Mrs Grant:** I think the south-west is a fabulous area. I am going there on Thursday. We have a tremendous opportunity there and we ought to be doing more. It is a fabulous place to visit on holiday, to work and live.

A lot is happening on regional tourism and getting visitors out of London. VB and VE market the nation and the regions—VB through the GREAT and the tactical campaigns, VE through the holidays-at-home GREAT campaign. It has run three very successful campaigns where we are seeing a return on investment in the region of 20:1. It also ran the “Growing Tourism Locally” campaign with regional growth fund money. Those are the sort of campaigns that will help the south-west. In addition, the large pots of money such as the local growth fund, the regional growth fund, the coastal communities fund and the rural development agency programme, with its £20 million of European funding, are the sorts of pockets of money that I would expect DMOs in that fantastic area of the country to get together and bid for.

**Q408 Chair:** I will come back with a couple more questions. Penny, perhaps you would like to give us your view of coastal tourism.

**Penny Mordaunt:** Going back to your original question about those key challenges, I would say three key things. First, which will probably not be of huge interest to you, is that as coastal communities Minister, a large part of what I do is to try and diversify what some coastal communities have been

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1 DCMS later clarified that this figure should have been £51.9 million.
doing. Although that is not necessarily of direct interest in supporting tourism, it has an indirect impact by creating economies that can work all year round, creating nicer places to live, and attracting people to go and work there in schools and so on. That is one of the key challenges, which indirectly supports this agenda.

The second is about getting the fairly new structure that exist, such as LEPs and enterprise zones, and enablers such as the coastal communities fund to develop, become more effective, and work in a more integrated way together. Where I sit—looking at growth deals, the regional growth fund, European funding and other things—quite often there is replication. There is not a strategic overview between different organisations, and grants and applications that are going in for funding. A large part of what I have been doing is trying to look at that, get it to work more effectively and supplement it in some way. They are embryonic bodies that are evolving; we are trying to get them to work more effectively.

The third thing, which will probably be of most interest, is coastal communities, particularly those seaside towns that have had tourism as their main sector. The challenges are vast. They are starting from a low base and have all sorts of historical challenges. At the same time, they have tremendous opportunities and tremendous heritage. Coastal communities tend to be—it sounds trite to say—very creative and resilient. The coastal communities fund has shown us that if you give communities those opportunities, allow them to come forward with their own ideas and support those, you can achieve a tremendous impact in a short space of time. It is about capacity-building in those communities, skills, and Helen has touched on the connectivity disadvantages that they have. It is also about how you get fantastic heritage assets back into use. We have an awful lot of piers, lidos and other things that could be massive assets but which, for a long time, been in the “too tough” in-tray. Those are broadly the three challenges that I am focused on.

**Q409 Chair:** We will come back to some of those issues shortly. Helen, where have you got to on the triennial review and when do you expect to publish conclusions?

**Mrs Grant:** We are nearly there. I am in difficulties, this morning, in saying too much about it, I am afraid. I cannot pre-empt the final consideration and clearance of the report. I can tell you a little bit about the direction of travel, but I cannot go as far as I would like to and would usually go with the Committee had the report been published.

**Q410 Chair:** So tell us what you can.

**Mrs Grant:** As far as direction of travel is concerned, we certainly continue to see a role for VisitBritain and VisitEngland to support tourism. We have listened carefully to our stakeholders and tried to clarify the roles that each of those bodies plays and to remove any confusion and duplication. The way we
see it, VB will continue to be responsible for the overseas promotion and marketing of Britain and its nations and regions. They will work closely with VisitScotland, VisitWales and VisitEngland to increase the number of visitors to outside destinations. As far as VE is concerned, they will be responsible with local partners for the ongoing development of English tourism offers and the various products, but they will do no international marketing.

**Q411 Chair:** That does not sound vastly different from where we are today.

**Mrs Grant:** It depends on how you look at it. I think that we have made some good changes and some sensible changes. It was a very considered review, and I think that it will make a difference to tourism in this country.

**Q412 Chair:** How is the Tourism Council functioning?

**Mrs Grant:** The Tourism Council is working very well. We are about to have the last meeting very shortly. At the first meeting of the Tourism Council, we set up some independent groups. The first group was intended to focus on changing the perceptions of the industry in relation to a matter I touched on earlier, which is that many see tourism as a job for young people or for starters. We are trying, in a communications sense, to change that. We are working closely with BIS and will hopefully be able to come up with a sensible message in relation to that for key audiences like job seekers and graduates.

The second sub-group that was set up by the Council is working on the skills gap. They are also working very closely with BIS. We decided to set that group up because we were told that there might, for example, be shortages of chefs. We are looking at what we can do to deal with that. We also gained the impression that there were many small businesses in the tourism sector that would very much like to take on apprentices but, because of the seasonality of the industry, were concerned about whether they could offer the full 12 months. Again, that is something that I am working closely with Nick Boles on to see if we can do anything there.

The last group is working on how we can support SMEs. The sector is made up of many SMEs. We want to make sure that they have access to and information about all the various pots of funding available, and we also want to make sure that all the business support that the Government and others are providing is disseminated through the industry. The focus is jobs, skills and growth. Some would have liked us to go a little broader with that, but this is a key issue for the industry and it is working very well.

**Q413 Jim Sheridan:** Minister, in responding to the question from the Chair about visitor attractions and what attracts people to this country, you automatically referred to the Olympics and the Jubilee, which are very much London-based. It feeds into the myth that London is tourism. There have been
recent attractions in other parts of the UK that have equally attracted tourists to this country, but you tend to focus only on London. I am delighted to see that you will be visiting the south-west on Thursday, which I think you will find extremely helpful, although you have already been there. In percentage terms, how often do you visit hospitality areas, tourism areas and so on? Is it one day a week? One day a month?

Mrs Grant: I am doing quite a lot and have done quite a lot since I started. Last week, I spent two days in the Midlands. I was able to visit Denby pottery. I also visited a great glass-blowing company—I cannot remember the name, but it is a wonderful tourist attraction where you can blow glass and see how glass is made. The week before, I was up in Morecambe bay and saw what they had done and how very well they had spent £293,000 of coastal communities money that they received. As I said, I am due to go down to the south-west on Thursday. That will continue. At the moment, I am out for about a day, maybe more, a week talking to the people who are working at the coal face and listening to the issues that they want me to help them with or to be aware of.

Q414 Jim Sheridan: I am absolutely delighted. You obviously have a very heavy diary. Do you accept the argument put forward by some people that DCMS is not the Department for tourism?

Mrs Grant: I don’t. I think that DCMS is actually an excellent home for tourism. It has certainly made sure that most Departments across Whitehall are aware of tourism and what it does. The DCMS remit is very much tourism-oriented in terms of culture, arts and sport. I think it is well placed. I don’t think there is any one particular Department that could cover the whole ambit of tourism. That is why we work so closely with DCLG on coastal communities and planning; why we work carefully with the Home Office on visas; and with the Treasury in relation to APD and other matters. It is really a joint effort. Tourism has to sit somewhere, and DCMS is ideal.

Q415 Chair: You say you work closely with the Home Office on visas. There is a concern that, because the Home Office is understandably tightening visa requirements, it is sending the wrong message. To give one example, we were told about the visa bond for India that was abandoned. UKinbound said that it sent their prospective buyers from India into freefall. Are you concerned that we are doing enough to make it easy for people who want to come to Britain to get into the country?

Mrs Grant: Yes, we are. The Home Office has done some very good work in the area. We have worked closely with them as well. It is a balance at the end of the day. We have to protect the safety and security of our borders, but we also want to ensure that we welcome visitors to come and study, work or have a holiday here.
We have made good headway on points of process and cost. We have streamlined and simplified the visa system. We have also brought in the 24-hour "super priority" visa, and have been able to extend that to other markets, not just China and India. I believe it will be extended to Turkey, Thailand, UAE, Paris and the Philippines. We have also brought in the electronic visa waiver scheme for Gulf states.

There is a new scheme that has been announced, although not implemented yet, which is an incentive scheme to attract Chinese visitors. It is worth effectively £50 million in savings for Chinese visitors who come to the country for a period of eight nights. The requirement is that they spend four nights outside London. That is a real incentive to come here but not just to London; to come and enjoy what else we have to offer. A good amount is being done. Obviously, all of it is kept under review. Where we can make further changes to encourage people to our shores we will.

**Q416 Mr Bradshaw:** When the Government abolished regional development agencies and removed the statutory requirement from any organisation to promote tourism, what was your assessment of the impact that would have on the delivery of tourism?

**Mrs Grant:** I am told the RDAs were not local enough. I was not in the Department at the time they were abolished, but I believe they were not local enough. I also understand that there was a fair amount of duplication with the work that local authorities have to do. There are a number of other elements that perhaps Penny can expand on. We are now in a position where we have 39 LEPs and they are working very well. They are new and evolving. We believe that if those LEPs can work in partnership and collaboration with local authorities, the private sector and the DMOs, that will be a good thing for tourism and will provide a good structure for tourism up and down the country.

**Penny Mordaunt:** I would just add to that by echoing what Helen has said. The key thing to getting projects that work locally and contribute to the economy is that they are locally grown. That bottom-up approach is the right way to go. In terms of the amount of money that was spent on tourism through RDAs versus what is being spent through the new structures of the LEPs—not including what local authorities themselves are spending, because DCLG does not measure that—through growth deals, through RGF, through CCF and through European funding, there is much more being spent on tourism and the return on investment is irrefutably considerably better. Under RDAs, most of the success was from about 20% of their projects in terms of getting good return on investment.

I can understand why you have raised having a statutory responsibility and the issue of whether tourism needs to have a higher profile within LEPs. You might have a point there, but, as we saw with the RDAs, I do not think that

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2 The visa fee refund scheme offers up to 50,000 refunds to visitors travelling via tour operators to the UK from China. The value to Chinese visitors will be up to £4.35m
simply having a statutory duty guarantees success. It is really about enabling local people to put forward the projects that they know are going to fly in their area, that address the skills gap and address some of the social problems that those communities have to deal with. That is by far and irrefutably the way to go.

**Q417 Mr Bradshaw:** You see, the view of every expert witness we have had—including the ones who proceeded you—and the unanimous view of all the evidence that we took on our visit to the south-west and at the public session in Exeter was that the abolition of the RDAs has been a complete disaster because it has removed the responsibility to promote tourism from anyone. No one is responsible for it any more, the funding has been cut and we have a totally fragmented system at local level with no one co-ordinating and no one providing strategic leadership. The tourism industry feels neglected. It wants respect. Local government is in no position to fill the gap because it has been savagely cut, and because it has no statutory responsibility many local authorities are doing zero to support tourism. That is the landscape that we have been presented with when gathering evidence for this Committee. You seem to be living in cloud cuckoo land.

**Penny Mordaunt:** No. You make some valid points about there being much more that could be done, and about a better co-ordinated approach. Certainly, speaking with my coastal communities Minister hat on, I think that is right. I have been doing some work on that and hope to make some announcements shortly on that front.

Although I accept that there is more that can be done and that things can work more effectively, we have to recognise—I am quite happy to be a lone voice—that both the LEPs and our giving more freedoms to local authorities have been massively more beneficial than the RDAs, if we look at the amount of money that was spent by the RDAs on tourism and also the peculiar spread of who was spending what, as well as the return on investment. There was a PricewaterhouseCoopers report that showed that ROI was incredibly poor.

Although there is much more that we can do—and, as I say, these are fairly new organisations—it is a vast improvement on what went before. You can measure that not just in terms of spend and ROI but in terms of heritage assets being brought back into use and the diversification of the seaside economy, whether that is through sustainable food, green technology or the creative industries supporting tourism, right through to capacity building in the community with skills; a huge amount has been done and we can give you bucket-loads of examples that demonstrate that.

**Q418 Mr Bradshaw:** I think you said a moment ago that more was being spent now on promoting tourism than under the previous Government with the RDAs. I would be grateful if you could provide the Committee with those figures, because that is certainly the complete opposite of what every single person who has given evidence to us has told us.
Penny Mordaunt: To pick up on that, there is a difference. I am not just talking about promoting tourism—the marketing is not my department; that is more Helen’s. I am talking about fundamental things such as, for example, building hotels, building the infrastructure that you need to support a new asset being created and all those other things, particularly on the skills front.

Q419 Mr Bradshaw: But this Committee is concerning itself with Government support and the key strategic importance of the tourism industry.

Penny Mordaunt: I am talking about growth deals, I am talking about Government money, but locally driven. Helen may want to say something on marketing because I think that we were talking at cross-purposes. I was talking more about the marketing and the investment to support the sector.

Mr Bradshaw: I would be grateful if you could send us these extraordinary figures that you talk about.

Mrs Grant: I am very happy to. We have invested over £129 million through VisitBritain and VisitEngland marketing Great British holiday destinations. That is made up of £50 million, which goes to VisitBritain for its tactical campaigns; £51.5 million, which goes on the GREAT campaign—again to VisitBritain; £8 million GREAT funding, which goes to VisitEngland for its Holidays at Home are GREAT campaign—it ran three of them very successfully; and £19.8 million goes to VisitEngland for Growing Tourism Locally. Because of the large amount of money that the Government have been able to put in, we have been able to lever another £84 million or £85 million from the private sector, from organisations such as BA and Etihad. In addition to this, we have recently announced £10 million of regional growth fund money for tourism in the north and, just last week I believe, the Chancellor announced another £2 million for VisitEngland to promote the cities and the regions.

There is an awful lot of public money being spent—rightly in my opinion—in marketing the sector. I think we do need to do that, because the sector is made up of a very large number of SMEs that typically compete with one another; many of them do not always have the money spare for joint collaborative marketing campaigns. Because of that Government money, we are able to bring in others, so collaboration is strong and there is the wider benefit to the Government spending this money as well, which is inward investment.

Mr Bradshaw: I think we were told on our visit that Visit Devon, or the Devon tourism organisation, is on a budget of £20,000 a year, compared with several million pounds previously for tourism under the RDA.

Mrs Grant: Is that for the council or the region?

Mr Bradshaw: For the south-west region. They have had massive cuts; every single tourism organisation that we spoke to in the south-west had had massive cuts to its budget.
Mrs Grant: It is not just about money though, the success of tourism. There is not a lot of money around. There are a number of RDAs, I mentioned that there are 200. In some areas of the country there are more RDAs than local authorities.

Chair: You don’t mean RDAs, do you?

Mrs Grant: Sorry, DMOs, forgive me. There are now more DMOs in some areas of the country than local authorities.

Mr Bradshaw: That is exactly the problem that we are identifying.

Mrs Grant: But the point is that the amount of money that is available, whether it is coming from local authorities or the private sector, is often, as a result of those large numbers, spread very thinly. In my opinion, what has to happen is that the DMOs, the local authorities and the LEPs have to work together where they can for the joint aims and goals in the area. That will help considerably and that is what we are trying, in a way, to pilot through the £10 million that we have for tourism in the north. In that situation, the DPM and I had a meeting in Sheffield just the other week—the DMOs were there, the LEPs were there and it was very much saying, “Please work together, come up with a single strategy—there may well be a number of strands to that strategy—and then present it to us and we will go from there.”

Mr Bradshaw: What you have said exactly epitomises the problem of fragmentation and you have just advocated all these different organisations coming together at a regional level. It is what we had under the RDAs—you abolished it.

Mrs Grant: I don’t accept that. The organisations that we were encouraging to come together have specific knowledge of what is working and what doesn’t work in the area, but there are maybe more than we actually need. We still feel that the RDAs were too far removed and that the local councils and the LEPs are better placed.

Penny Mordaunt: Two very quick things that I would add to that. I am not the expert on the marketing spend but it is whatever your spending yields and, if you look at areas like Blackpool, Blackpool now is up 30% on overnight stays from the previous year. That is because they have had a local strategy and they are implementing a whole raft of things. They are addressing some of the tough issues that they have got in the area. So we should be focusing on what you are getting for whatever money you are putting in.

There is an interesting point in what Ben has said. For example, I look after BIDS and I am very interested in why TBIDS are not necessarily seeing the proliferation that other BIDS are.

Chair: TBIDS?

Penny Mordaunt: Sorry, tourism BIDS: not BIDS that touch on tourism, but those for which tourism is their reason for being. When I questioned why we
do not have so many of those, I found that it was because of the historic subsidy that the sector has had. If we really are to see that sector thrive, be sustainable and have the capacity to adapt to the new challenges it will always face, we must enable it to be self-sustaining. We need to enable more private money and investment to go into that and that is one of the things that I am focused on.

Q420 Chair: It is fair to say that when we were in the south-west, it was a cause for complaint that Yorkshire was spending so much more. That may be because Yorkshire has greater recognition of the importance of tourism, but it seems bizarre that Devon appeared to have little recognition of the value of tourism, at least in terms of the attention given to it by the LEP, which we were told was almost none at all.

Penny Mordaunt: How LEPs perform in this area varies. There are some stellar examples. I can list them today or perhaps give them to you in written evidence.

Q421 Chair: Give us a couple of stellar examples.

Penny Mordaunt: People are doing it in very different ways. For example, the Black Country—incidentally, this is one of the LEPs that has done really well with and understands the value of social enterprise, which is helpful in dealing with these things—has been largely focused on city centre cultural development. Dorset has produced a number of schemes to make full use of the Jurassic coast by building capacity in visitor experience.

Greater Manchester has £11 million of public funding, and private sector funding as well, to establish new leisure and tourism business management facilities. Greater Lincolnshire has the Skegness countryside business park. Lancashire has enormous projects going on— I could mention several. English Heritage is working with West of England LEP to explore potential alternative design solutions for the Temple Meads development. There is investment on the skills side in catering and hospitality facilities at Lowestoft College. So it is a mix of strategic priorities, addressing skills gaps and putting money into something that will be a real driver.

Q422 Mr Bradshaw: Does it surprise you that in a county such as Devon, for which tourism is so important, the LEP that covers our area provides almost no support at all?

Penny Mordaunt: It is certainly not as it should be, I will grant you that. I think, though, you need to appreciate that these organisations are evolving. They are generating their own strategic priorities. Where LEPs have really let a sector go off and come up with the goods, they have set up taskforces, ensured representation on their boards and done a number of things that have led to very good quality stuff being fed into their strategic plan. They may choose not to make that one of their top priorities, but it is there, on the list and captured.
I think it is right that it comes from the bottom up. Some LEPs are performing better than others and I think we have to accept that. I have been looking at ways in which we can perhaps support those LEPs that have not been able to focus on that area. Sometimes it is because they have got other, more pressing priorities. Sometimes it is because they do not have the capacity. Sometimes it is because they may not be so business-driven. They might be captured, still, by a local authority; but we have been working and coaching them, if you like, as to how to get where they need to be. So although there is more to do, it is important to recognise that as a whole they have achieved a huge amount.

Mrs Grant: Could I just add something on that? I would agree with Penny, too, but accept the point made by Ben that some LEPs have it, but some have not, and there is still work to do. They are new; their needs are evolving. A number have prioritised tourism and they are seeking gains. I have got an example, as well, of where Cumbria have the visitor economy as a key plank in their strategic economic plan. As a result of that, they have been able to receive in the region of £2 million from the regional growth fund for infrastructure improvement, including improvements to a road between Kendal and Keswick, which is in the heart of the Lake District, which allows people to move in an easier way between both tourism venues. That is a good example of where a LEP has embraced tourism, understands the potential that it has in terms of jobs and skills and growth and more money for the local economy; and I think it is this sort of good practice that the LEPs that have been a little bit slow need to have a good look at, and just see how it can work for them, because the money is there, but we need organisations to come together with the right knowledge and make it happen.

Penny Mordaunt: If I could just name check some, just so that you have them: York, North Yorkshire and East Riding; the Black Country, which I have mentioned; D2N2; Buckinghamshire; Heart of the South West LEP—which is working on international tourism with UKTI; South East LEP; Herefordshire, as well, which is doing some really interesting work with their hoteliers association. Although it does not cover everything that Ben is concerned about—

Q423 Chair: You have just mentioned Heart of the South West, but I have to say that talking to tourist businesses in Devon they were not complimentary.

Penny Mordaunt: No, and I am sure that there is more that they can be doing, but I am just listing some things, because they are quite interesting because of the work they are doing with UKTI, which, again, is probably at an early stage. I understand there may have been gaps to date, but it is still interesting. It may be the case that you—I do not know whether you have spoken to the LEP Network but you might want to ask for some evidence from them of what they are doing to promote good practice and ideas.
Conor Burns: Just to carry on from where we left off, isn’t it the case that in areas where they are concerned that the LEP is not delivering to their priority, it is the job of local authorities, business leaders, university vice-chancellors, and the like, to get involved with the LEP and challenge them to more reflect their interests?

Penny Mordaunt: I think that is true. I think also there is more that LEPs can be doing to say that they are there. I will give you a classic example. The Wedgwood factory, which is an amazing venue, is being brought back into use: the factory will be up and running and it will be a major tourist attraction. They are concerned that there will not be enough hotels to supply the tourists that are attracted by them, and also that people are missing a trick in terms of attractions on the canal network that runs beside them.

They are quite critical of some of the local authority’s plans, which they think are not quite where they want to be, but they were not particularly engaged with the LEP. It was not really on their radar; and I think that in the first few years LEPs did quite a lot to say that they were out there, to consult and engage with business. I think they need to keep doing that, because even some of the big players—even if they are aware of the LEPs and what they are doing—need to realise why it is in their interest to be involved; so I do think it is a two-way process. The LEPs need to continue to do more outreach work and facilitate those opportunities—if it is setting up a taskforce, if it is consulting. I think they are getting better at doing that, but they ought to be challenged as well. As those bodies evolve, that will become more explicit.

Conor Burns: There may be areas where Members of Parliament feel they are not doing all that they could, and Members of Parliament have a role in challenging the LEP and their interaction. Last Friday, the Deputy Prime Minister visited the two universities in my constituency to announce or associate himself with—whatever phrase you want to use—some regional growth fund money that the LEP, in combination with Bournemouth University and the Arts University, had prioritised in terms of incubation space for businesses spinning out. We are seeing some really good stuff in Bournemouth and more widely in terms of tourism.

How successful do you judge the coastal communities fund to have been, and what learning do you take from the first phase of that going forward?

Penny Mordaunt: This has been an incredibly successful fund. A very large proportion of it has been supporting tourism, whether that is in bringing heritage assets back into use, investment in skills or training places. To give you one example, because it is an important one, the Beach hotel in Minehead was awarded £300,000 to renovate a beautiful building. A derelict hotel has provided 30 apprenticeships and 50 training places, but it has done more than that. It has hired young people who not only did not have a job or an education, but in some cases did not have a roof over their head, and they are now living in the hotel. The training has completely turned their life around, and is part of the strategy to address some of the issues they had. That is just one example. There is
investment in training, catering colleges and hospitality colleges, so it is about skills.

It has also demonstrated how it can fund projects that are sustainable. To give you an example, one of my favourite projects is the Lobster Hatchery in Padstow. If you have not been, please go. Although it is not directly related to tourism—it is about food sustainability—it is a visitor attraction. The fund kicked that off. It is now developing a sustainable business plan with restaurants and fishermen investing in it for the next wave. These are one-off kick-start grants, but the projects are sustainable. That has been very effective. We can give you loads of information on how they are supporting all those elements that I mentioned at the beginning, which particularly affect seaside towns.

On the key things learned going forward, I would say two things. First, you want the projects that are coming forward from the local community to be embedded in a wider strategic plan. There is no doubt that getting Saltdean lido back up and running will be fantastic for Brighton and the community, and it is another tourist attraction, but you want to see it as part of a wider plan. Again, that in part goes back to the themes you have already identified about the profile of tourism locally.

Secondly, there are some themes emerging from the sorts of projects that have been funded. There is a concentration in creative industries, in heritage refurbishment, in sustainable food, and in green technology. There are some key themes. More could be done on those themes to give the fund a better return on investment.

Q426 Conor Burns: How do you ensure, going forward, when you talk about the diversity of objectives—remember all the promises we were given about how the national lottery would never replace core taxpayer-funded projects. How do you ensure that future occupants of your role do not —

Penny Mordaunt: Break the principle of additionality.

Conor Burns: And focus.

Penny Mordaunt: That is part of the focus on getting a good return on investment. What I do not think you want to see is projects—particularly heritage projects, which are costly—just being funded through public money or being match funded by public money but from different bodies. The key to this is creating that sustainability. I don’t think there are the issues around additionality, as there were in the days of the community fund and the opportunities fund. This fund should be a catalyst to things happening and also incentivise different players coming together.

I will give you an example, because I think that is always helpful. We have looked at all the piers, lidos and tidal pools in this country, and we have a grid with them all on. We have looked at the obstacles to those being regenerated, other than money. Quite often it is not money, or lack of
community good will, or people being prepared to put their own money into shares. It is about particular barriers, usually a skint private owner who does not want to work with anyone else; a terrified local authority that does not want to step in, because it thinks it will be liable for the whole thing for ever; and a community that is unable to unlock that.

The fund, if it identifies those sorts of themes, working with other partners such as heritage, BIG, the National Piers Society and so forth, could create strands of a coastal communities fund that could address more effectively some of those issues. You could put conditions on a grant—for example, that you have to have community involvement, you have to have community investment and you have to have a private sector partner. You could use the funds more effectively to unlock some of the really difficult issues, which actually do not cost a lot of money, but which are impossible for the communities themselves to sort out. That is just one example, but we have been doing a lot of thinking about how we can make what has been, don’t get me wrong, an incredibly successful programme with fantastic return on investment—all these projects are sustainable and flying and have built enormous capacity in their communities, but if you want to do better and get better return on investment, you have to keep evolving. We have had a number of discussions with a whole range of organisations about how we might change or develop the fund in the future. I think the fund should remain; I think it has been terrific.

**Q427 Conor Burns:** My last question is: for those who have received some moneys from this, and who have perhaps bid in the second wave and not been successful, what other taxpayer funding opportunities are there for coastal communities to bid for projects and things that they might want to develop, outside the coastal communities fund?

**Penny Mordaunt:** This is a difficult question for me to answer at this particular point in the parliamentary cycle. Obviously, I would like to see the fund continue, but who knows what may happen in a few months’ time? One of the things that I mentioned at the beginning was how CCF funding ties into growth deal, regional growth fund and European funding. One of the things that I have been looking at is how you get the focus on these issues, but at the local level that Ben felt was missing—not at a regional level, because that does not work—to have a more co-ordinated approach and to tie in those other organisations that currently do not necessarily have a seat on an LEP board or a task group. I am hoping to be able to announce something imminently on that. I do think that something could be done to strengthen that for coastal communities, but it is at a local level; it is not regional.

**Conor Burns:** We have just been unsuccessful in our second bid in Bournemouth, so we are waiting with eager anticipation.

**Penny Mordaunt:** What we have done with those that have been unsuccessful in the past is to work with them. If there aren’t opportunities imminent on the horizon, we have tried to signpost people to other pots of money.
Q428 Conor Burns: I am sure we will not be unique. We got the first phase for the pier approach redevelopment, but in the second phase, which is integral to the completion of the project, we have been unsuccessful. I am sure there are other places where the projects that they envisaged were part of a longer term plan for regeneration and protecting an entire town and economy.

Penny Mordaunt: I completely understand that.

Q429 Chair: I should place on record my gratitude for the announcement regarding Burnham-on-Crouch, in the Maldon district, 10 days ago; we will put that part of your fund to good use.

Penny Mordaunt: Marvellous.

Q430 Tracey Crouch: The campaign Cut Tourism VAT has criticised the Government for “ignoring” the campaign and the benefits it would bring to the tourism industry. It says that “DCMS has failed to give this campaign the consideration it deserves and in doing so has damaged its reputation with the industry”. Do you think that is a fair criticism?

Helen Grant: No, I don’t think it is a fair criticism. I know the campaign was disappointed that VAT was not going to be on the agenda at the Tourism Council, but it was agreed with the industry that the council would focus on jobs, skills and growth. As a direct result of my own interest in this area, and requests for us to look at it, I have agreed to have a round-table meeting with the tourism VAT group and others, and that meeting will take place on 9 March. I also know that the group has engaged fairly extensively with the Treasury. Historically, there has been a sharing of modelling and there is dialogue, but it has just not gone in the direction the campaign wants. There is no intention whatever of not listening: I will always listen. They will have their opportunity on 9 March to raise any issues directly with me.

Q431 Tracey Crouch: The previous witnesses said that you had convened a Tourism Council meeting on VAT. Is that something separate from the round table?

Helen Grant: It is separate from the round table.

Q432 Tracey Crouch: When is that meeting?

Helen Grant: We have our Tourism Council meetings—there is another one coming up in March. I will have to write to you with the exact date, but I can tell you that the separate round-table meeting at DCMS on VAT is on 9 March.
**Q433 Tracey Crouch:** Do you get the message: the thrust that the campaign is calling for and the benefits it could have for the industry as a whole regarding accommodation and attractions?

**Helen Grant:** Of course. I am the Tourism Minister and it is my job to look after the SMEs, the stakeholders and the small businesses: we want them to do well. I know from having a round-table meeting with them earlier in the year that it is tough for them. I will always look at and listen to any representations that are made that might make business easy. I have been listening and I will continue to listen, but my concern at the moment is that it just does not seem to be affordable: whichever way you look at it, there is still a revenue shortfall of £1.2 billion if you include accommodation and attractions, and something in the region of £7 billion if you include hospitality. That, if we followed it through, would require additional borrowing which is not part of the coalition deficit reduction strategy, so at the moment I do not think it is going to happen.

That does not mean to say that the campaigners should not continue to campaign; I think they should. They should be lobbying us on this—it is important to them—but at the moment it is not going to happen. Looking forward, they should continue to lobby and I will continue to listen. As you know, taxes are a matter for the Chancellor and, of course, he keeps all of them under review anyway. We have seen good concessions in recent months in relation to APD, which I know that same group have been quite appreciative of.

**Q434 Tracey Crouch:** Certainly, when we visited the south-west there was a strong call for a cut in VAT. If you look at statistics in our own county, the benefits in terms of jobs is incredible. Have you had any dealings with this? Obviously, as coastal communities Minister, you know that, compared with other European countries, a significant number of our attractions and accommodation have high levels of VAT. Have you made an assessment?

**Penny Mordaunt:** Not so much on the VAT side, but in terms of the representations I receive when I am out visiting, business rates are more of a concern. I am not so involved on the VAT side, but I am on business rates. Clearly, the review into that presents some opportunities. We have been doing some work in the Department on that. One of my key interests is public loos. The cost of running those is an incredibly important issue.

**Chair:** We heard a lot about that when we were in Cornwall and Devon.

**Penny Mordaunt:** Yes, Newquay, I think, has closed some loos because of the costs. I have asked my officials to do some work on that. I think it is a very important issue and we want to make those arguments as the review progresses.

**Q435 Tracey Crouch:** I am conscious of time so I will be very brief with one last question about the ministerial deregulation taskforce, which was
established by the former Tourism Minister, John Penrose. When we were in the south-west on our visit, there was a huge appreciation for the work that had gone into that report and some disappointment that not much progress had been made. I wondered, Helen, why hasn’t greater progress been made in implementing the deregulation proposals? What have been the barriers to setting out and implementing the proposals that appear to have been very much appreciated?

Mrs Grant: It is a good question, because cutting red tape and regulation is very important for businesses so that they can function. It was a good idea to set up a taskforce and I think it did a very good job. It is not as bad as it sounds. I know that half the recommendations have been looked at and implemented, particularly in relation to planning and visas and also entertainment licences. That is positive, but not every one of the remaining recommendations could be implemented or acted on, usually either because it was not in our remit or there was no longer a need for it.

I will give you a couple of examples. In relation to the alcohol liquor duty—a need to pay duty on samples of alcohol taken for quality assurance—there was a request that it should be removed, but that is not within our gift because it comes from European Council directive 2008/1118. Although one can lobby for changes of directives, that is not easy. Another example was in relation to licences. What happened there is that there has been a change of procedure so that when people make an application, they do it online and there is no requirement for copies of the application to be distributed to the various other agencies. So that has dealt with itself quite effectively.

However, I would like to have a look at this again. I would like to think that there is more that I can do. I have therefore agreed to write to Alan Parker and other taskforce members to ask them to have another look at this and at what more we can do. I will take that forward.

Q436 Jim Sheridan: Again, I am conscious of the time. I am delighted you are having this roundtable discussion on skills and training. A number of witnesses, particularly the SMEs, are extremely concerned about skills and training in terms of funding and structure, and so on, but also the recognised accreditation and how people achieve it. So I am delighted to hear what you have to say.

I do not want to labour the point but, despite every effort that has been made by the Government and other organisations and agencies to try to encourage people who are outside London, have any efforts been made to offer incentives to airlines or regional airports to attract people to other parts of the UK?

Mrs Grant: A really good example is the visa incentive scheme we have announced—it has not begun yet—for Chinese visitors. We are saying that you will effectively get a free visa—this is for 50,000 Chinese people—if you book a holiday or a vacation visit to the UK, as long as you spend four days and four
nights of that visit outside Greater London. It is quite targeted and specific and will help in our plan to promote regional tourism.

**Q437 Jim Sheridan:** On skills and training: funding, structure of training, and accredited—

**Mrs Grant:** On that, there has been quite a lot of reform in relation to apprentices. The trailblazers programme has really helped in that regard. A number of tourism organisations that you will be familiar with came on to the second wave of the trailblazers programme, including Hilton, Compass Group and several others at the heart of the industry. They are trying to say to people who work in the sector, “What do you need?” Employers are saying, “This is the type of apprenticeship training that should be given and this is what is going to be useful to us.” That is happening and is working very well. As I touched on earlier, one of our Tourism Council working groups is looking at jobs and skills, and within that we are looking at apprenticeships to see what we can do on the requirement that if you want an apprenticeship, it has to be for a consecutive 12 months. Many people who work in the tourism industry have seasonal variations so that is not always easy.

**Penny Mordaunt:** I would just add that in seaside towns—Clacton is a good example—the Government’s Work programme has been incentivising people hiring those who have been out of work for long periods of time, which has helped to tackle some issues in many seaside towns. That is worth looking at.

**Q438 Mr Bradshaw:** One thing the Government could do very easily, which would cost nothing and bring huge benefits to the tourism industry, road safety and health, is to introduce daylight saving. Four years ago your Conservative colleague, Rebecca Harris, tabled a private Member’s Bill that commanded the highest level of support—cross-party support—in this Parliament for any private Member’s Bill. What have the Government done since?

**Mrs Grant:** The Prime Minister made it clear that if something of that nature was to be taken forward, it would require the agreement of all parts of the country. I do not know whether Penny can add to that.

**Q439 Mr Bradshaw:** That seems to suggest that it is the Scottish tail wagging the English dog again.

**Mrs Grant:** It sounds a very reasonable stance, in my opinion.

**Q440 Mr Bradshaw:** That was before the referendum, Minister. We have had the referendum. We are still a United Kingdom. You are the Government. There is overwhelming support for this in England and a majority of support in Scotland. What have you been doing?
**Penny Mordaunt:** As a supporter of that private Member’s Bill, I would not necessarily say that it was a top priority in terms of addressing some of the challenges we have had, whether it is coastal or the wider tourism agenda. Clearly, it would not be helpful to bring that forward at this stage of this Parliament, but it will probably—

**Q441 Mr Bradshaw:** You have had four years. The Prime Minister made a promise before the last election. He made a promise after Rebecca Harris’s Bill got that support, and nothing seems to have happened.

**Penny Mordaunt:** I would say, certainly in the areas that I look after, that it has not been the top priority in terms of being a catalyst to regenerating and doing some of the tough stuff that is needed, particularly in some of our seaside towns. It has been more about diversification of those areas, bringing in other industries so that they are not so heavily reliant on tourism—whether it is what Folkestone has done in the creative industries or what Lowestoft is doing with green technology. As a supporter of that Bill, I understand where you are coming from but I would dispute that it is the silver bullet.

**Q442 Mr Bradshaw:** If I could just put this again to the tourism Minister: this is something you could do that costs nothing and brings massive benefits. Promises were made that you would do it; you have not done it. Why should the tourism industry believe anything you have said?

**Mrs Grant:** I cannot add any more to what Penny and I have said. We have made the situation fairly clear. I have recounted what the PM said. A number of other issues are also very important to our country at the moment. That is what we have been focusing on.

**Chair:** On that note, we will call a halt. I thank you both very much.