i) **Background to Shropshire Tourism**

Shropshire Tourism was formed in 1995 as a private/public sector partnership with a remit to promote Shropshire as a visitor destination. It became a not for profit company in 2000 and its remit was expanded to include representing the tourism industry in Shropshire. Shropshire Tourism represents some 1,200 tourism businesses of which 400 are paying members. Shropshire Tourism stopped receiving public sector support and funding over 3 years ago and is now entirely funded by the private sector; generating its income through the provision of paid for services to the tourism industry and utilising the surplus/profit to market and support the destination.

ii) **Background to tourism in Shropshire**

Tourism in Shropshire is worth over £500,810,000 pa and employs just under 15,000 people, this represents 7% of Shropshire’s total workforce. As a destination Shropshire is primarily reliant on the domestic markets for both its day and staying visitors and attracts over 11.6m trips each year. The domestic staying visitor market contributes 36% of the total value of tourism to Shropshire, the day visitor market contributes 64%. The overseas market represents less than 6.6% of the total value.

(Source: Economic Impact Assessment 2011 commissioned by Shropshire Council)

Like many rural destinations, Shropshire is less well known when compared to those more established (and competing) rural destinations. It has a low awareness in the domestic market place, and most potential visitors have only a limited idea of why a visit to the county will be of interest to them, what is available, and what they can do when here. Despite this, tourism is growing for Shropshire and its market towns and rural communities are increasingly becoming more reliant on the visitor economy for their own well-being.

The vast majority of Shropshire’s tourism businesses are micro-businesses, this limits the amount of funding that they can contribute individually or collectively toward destination marketing activity. This also impacts on business advice and support services which Shropshire Tourism currently provides as a free service.

The views expressed below in response to the questions being asked are from a Shropshire perspective, other rural destinations may take a different view and have different issues.

iii) **Summary of main points in the submission:**

- Visit Britain reabsorbing Visit England and the loss of the domestic marketing priority will disadvantage rural destinations.
- The loss of regional (tourism) structures have, in many cases, not been adequately replaced by the local enterprise partnerships.
- Tourism is still not seen as an economic priority and therefore not properly supported by our local authority or our local enterprise partnership.
- Destination marketing, and support for the tourism sector requires a more stable, secure and long term funding commitment.
- There is a massive parity gap between different rural destinations in terms of the funding and resources available to them. This disadvantages smaller rural destinations and prevents growth.
- There needs to be revenue support to underpin investment made via capital grants
- Vat levels on accommodation, food and drink continues to make the UK uncompetitive.
- Online travel agents Airbnb etc need to be made to contribute towards destination support and promotion
- Poor public transport impacts on visitors, rural communities and employment
- Poor rural broadband connectivity impacts on both visitors and communities
Tourism and hospitality needs to be seen as an attractive career by our indigenous population.

- There is an over reliance on overseas workers in tourism businesses that Brexit could lead to a shortage of staff, subsequent loss of services, and impede our ability to grow the visitor economy.
- Development and growth should be market led – this should be applied equally to promotion and planning.
- There is spare capacity to grow the visitor economy in many rural locations and take pressures away from honeypot sites that are at capacity.
- Tourism needs to be genuinely seen across all government departments as a valuable part of the UK economy and supported as such.

**Key lines of enquiry**

The Committee is seeking written evidence on the following key questions. Please could I ask for the numbering to be referenced in any responses, which will be merrily accepted as email, as Word document, or in a chat over the telephone or indeed face to face.

1. **Marketing:**

   a.) How well do agencies promote rural destinations across England?
   
   b.) What more should the Government do to support this work?

1.1 National Perspective

1.1.1 Visit Britain

Visit Britain’s main focus is on developing the overseas markets for the UK, working with the national tourism bodies for Scotland, Wales and Northern Ireland. Visit Britain’s marketing activity is generally focussed on the capital and those honeypot sites (many of which are urban locations) that are already attracting significant numbers of overseas visitors. Whilst it makes sense to market those destinations that already have a high awareness in the overseas visitors minds, this approach is therefore of limited benefit to many rural lesser known destinations that do not feature in their promotions. There is usually a cost for individual destinations to participate in specific overseas promotions led by Visit Britain that are simply unaffordable for destinations like Shropshire.

The recent re-absorption of Visit England back into Visit Britain is in our opinion a backward step that has not only left England as the only part of the UK without an independent national tourist board it has also taken away resource and emphasis on domestic promotion. The current ‘Discover England Fund’ is aimed at developing the overseas markets and the minimum project value of £250,000 sets the bar for participation at an unreachable level for many rural destinations. This also favours large tourism businesses when trying to find matched funding as opposed to the many micro-businesses that make up the rural visitor economy.

1.1.2 Visit England

Prior to being re-absorbed back into Visit Britain, Visit England placed a strong emphasis on developing and growing the domestic visitor markets with its promotional activities. Whilst the cost of participation was still unaffordable for many rural destinations, it also focussed on the better known destinations nevertheless it did raise awareness of the advantages of taking a holiday or short break at home and responded to the ‘staycation’ trend.

Inevitably the match funding came from large hotel companies and groups rather than the smaller independent businesses. So the marketing favoured these large companies and brought benefit to them rather than the micro businesses that form the backbone of the rural economy.
Visit England also provided valuable support advice and research to assist all destinations in their own domestic marketing activities.

The loss of an independent national tourist board for England has resulted in the loss of this domestic marketing activity and their previous work is not being built on or developed by Visit Britain.

1.2 Regional Perspective

1.2.1 Former Regional Tourism Boards (Heart of England Tourist Board)
For many rural destinations overseas marketing could only take place when done in partnership with others. This used to be co-ordinated in many cases by the regional tourist boards. The regional tourist boards also helped bring about co-ordination on domestic marketing initiatives and provided sector support. The demise of regional tourist boards (when they were replaced by regional development agencies) saw this focus, marketing and co-ordination disappear.

1.2.2 Former Regional Development Agency (Advantage West Midlands)
The regional development agency had a wider remit than regional tourist board and had different priorities. Whilst they did have some responsibility for tourism; tourism’s importance was downgraded. There was a loss of specific sector support, as well as funding for tourism and marketing initiatives. Tourism promotion at a regional level was significantly reduced. The regional development agency was partially replaced in our area by the Marches Local Enterprise Partnership.

1.2.3 Marches Local Enterprise Partnership
Whilst some local enterprise partnerships cover entire destinations many do not, each have their own view on what is a priority and how important tourism is to their area. Our own local enterprise partnership (LEP) covers three local authority areas with three different visitor offerings. Tourism, and tourism promotion, is not deemed to be significantly important or a priority by our own local enterprise partnership. The Marches LEP is run by the local authorities with an invited and pre-selected private sector representation. As such, the tourism industry is poorly represented on the LEP and the LEP is effectively an unaccountable, unelected organisation. There is little tourism specific sector support from the Marches LEP and no support for destination marketing. There have been attempts to persuade the Marches LEP to increase the priority that tourism has in its activities but this has been unsuccessful. The LEP maintains that their own budget limitations mean that they have to prioritise activity and support and can only focus on their own top economic priorities.

1.3 County Perspective

1.3.1 Shropshire Council
Shropshire Council (and its predecessor organisation) have never seen tourism promotion, or indeed the tourism industry as a priority. When they were created as a new unitary authority (replacing the three tier local authority structure), they did not pick up all the tourism support and promotion that was being delivered by the former district councils. Indeed they cut both officer resource and funding across the county. Their latest economic development strategy has deliberately excluded ‘the and visit’ part of its mission statement.

The council created several sub-destination partnerships but as these were not adequately funded or resourced they were not able to deliver any promotional activity and, contrary to best practice, instead of co-ordinating and reducing duplication these new bodies did the exact opposite.

As part of their continuing budget cuts, Shropshire Council have ceased much of their own tourism activity (information centres, officers, and attractions). They no longer support the industry in any meaningful way and offer no funding support whatsoever to those existing organisations that market the destination. Elsewhere other local authorities continue to support their industry organisations and this creates an uneven playing field when trying to market the county and compete.
1.3.2 Town & Parish Councils
Shropshire Council is attempting to pass any number of activities they are currently responsible for over to the town and parish council as part of its ongoing budget cuts (on a take it over or lose it basis). This has resulted in these smaller councils having to reduce their own promotional activity and the support they can offer to market the destination.

1.3.3 Shropshire Tourism (Destination Marketing Organisation)
Shropshire Tourism has been entirely self-funded for a number of years receiving no public sector support at all. However this restricts the level of promotional activity that it can deliver for the county. Shropshire Tourism does have the professional, trained staff to deliver increased marketing activity for the county but lacks the funds.

1.3.4 Business Improvement District
The creation of a new Business Improvement District in the county town has seen an increase in business rates being charged and this has reduced the private sector contributions to the previously existing tourism marketing organisations. The Business Improvement District appears to operate for the benefit of the retail and property sectors and subsidises some local authority activities. There is a lot of internal marketing activity (i.e. within county) but little external marketing to attract new visitors.

1.3.5 Local Tourism Associations and Tourism Groups
There are a number of local tourism groups within the county; these are led, supported and funded by the private sector without public sector funding. They are run by volunteers and most lack resource to deliver projects or marketing initiatives.

1.4 Conclusion

1.4.1 There is no lack of enthusiasm and commitment from the private sector in Shropshire to develop the visitor economy and promote the county albeit that financial support is very limited. There is however complete failure in the support and funding being offered to tourism by both the local enterprise partnership and Shropshire Council. At a regional level, the loss of the regional tourist board created a void that has never been adequately filled. The re-absorption of Visit England into Visit Britain has seen the demise of much domestic marketing and promotional activity at a national level.

1.5 Suggestions

1.5.1 If it were mindful Government could respond to these challenges by re-establishing the national tourist board, Visit England, with a remit to develop and grow the domestic visitor markets. Re-introduce the regional tourist boards with a remit to bring about greater co-ordination and provide support to those destinations in its area. Oblige the local authorities and local enterprise partnerships to actually support their own destination marketing bodies and the promotional work they deliver.

1.5.2 Ideally, funding should be made available to allow destination marketing organisations to bid into without the need to provide the high levels of match money and using a simplified application process to support marketing initiatives that are proven to work and deliver a measurable rate of return.

2. Access: What, if any, changes are needed to give people better access to the coast and countryside?

2.1 Shropshire has over 3,500 mile of footpaths and maintaining them under current budget constraints is a challenge for the local authority. The provision of well signposted routes, but with added destination and distance information, would help visitors make more informed decisions about which routes are worth taking.
2.1.2 Supportive infrastructure such as small car parks help with accessibility. More could be done with online information with mapping and apps which, with on the ground signage, would help give visitors the information, confidence and reassurance they need to explore the countryside. Rural internet connectivity limits the online opportunities for many rural destinations.

3. **Funding and fiscal policies:**

a.) How can public funding be best targeted to get new rural tourist businesses off the ground and keep them going?

3.1.1 Previous support for capital projects, such as redundant building grants, grants for physical improvements and expansion, have worked well and been beneficial for those businesses seeking support and encouraged growth, investment and a raising of standards. Especially when commercial (bank) support has been less available or reliable.

3.1.2 Where these initiatives have been less than successful is inadequately funding their subsequent promotion and marketing (revenue costs). In simplistic terms if you develop a new product, but do not tell the market about it, then the business success, rates of return and longer term sustainability will not be guaranteed and the initial capital investment may even be undermined. Marketing should not be viewed as a one off activity but as a complementary part of capital investment.

3.1.3 Shropshire Tourism provides a free and comprehensive tourism business support service (taking over from the former Business Link service). Locally it would help significantly if the Council and LEPs were to actively refer new businesses to this service but they are reticent to do this. Support to encourage other rural destinations to develop and strengthen their own tourism business support services would help with co-ordination of activity, reduce duplication and increase professionalism within these new and existing micro-businesses.

3.1.4 There has been a tendency to use public funds to support the ‘new and innovative’ whereas core funding or supporting the proven, tried and tested is often what is needed to see initiatives become sustainable in the longer term and show measurable returns on public sector investment.

b.) Are changes needed to tax levels and business rates?

3.1.5 There have been many recommendations made to reduce the current VAT levels on accommodation, food and drink to bring them more into line with other competing destinations. Where this has been trialed elsewhere the subsequent reduction in VAT receipts has been more than offset by the increase in visitor spending and actually generated higher VAT income overall.

3.1.6 Air Passenger Duty is seen as another barrier to growth for those destinations that have a larger reliance on the overseas visitor markets.

3.1.7 The introduction of business improvement districts has seen an increase in rates but not necessarily an increase in support for the visitor economy. These BIDs can often be competing with existing organisations trying to promote the destination as the BID priorities do not always align. Many businesses that actually benefit from the visitor economy make no direct contribution towards the destination promotion – especially in the retail and catering sectors. However introducing Tourism Business Improvement Districts are unlikely to find support from the tourism industry. Similarly bed tax and other methods that either cost the operator or the visitor more are likely to be unwelcome.

3.1.8 Rate exemption/reductions for smaller businesses are a helpful way of encouraging micro businesses. Rural hotels that create valuable employment within the countryside are charged at levels that would be unsupportive for many urban based hotels. There needs to be a recognition that there are different occupancy levels in rural businesses, such as hotels, and often a higher cost of operating such rural businesses.
3.1.9 The negative impact that online travel agents and Airbnb etc are having cannot be underestimated. These organisations benefit from the destination promotion activity but contribute nothing towards the costs. They adversely affect the profit margins of many tourism businesses, potentially stifling reinvestment and growth. This is more akin to a parasitic relationship rather than a symbiotic one. Taxation on these organisations is one option that could see funds coming back into the destinations for promotion and development.

4. **Planning and regulation**: What, if any, changes are needed to planning and other regulations covering rural areas of special character, such as National Parks, to encourage sustainable tourism?

4.1.1 Appropriate and sensitive development in special areas should be encouraged as they create jobs and add to the local economy in areas that would otherwise offer no opportunities for the indigenous population. The countryside should not be preserved in aspic, but neither should development be at the expense of it. Strong robust conservation policies and clear guidance in the local plan can and should encourage positive development and deter unwelcome proposals. Particular issues include use of appropriate local materials and local design style to ensure the character of an area is protected. Policies should not be used however as a means of stopping all development as has often been the case in certain parts of our rural areas.

5. **Infrastructure and skills**:

a.) What measures are needed to ensure transport, housing and other infrastructure meets visitor needs?

5.1.1 Like many rural areas Shropshire has a grossly inadequate public transport service that adversely effects many local communities let alone offering visitors a real and meaningful alternative to the private car. 86% of Shropshire’s visitors arrive by private car and is currently the only reliable way of exploring the countryside, rural towns and villages. Public transport has to offer a regular, reliable and affordable service to encourage visitors to use it and actually go to places that the visitor wishes to get to.

5.1.2 Poor Broadband and connectively stifles growth, it restricts businesses expansion and discourages new businesses. It also disadvantages rural destinations from being able to respond to visitor demands to be connected and access information on line, upload and download information, and share experiences. Communities also suffer from poor connectivity.

5.1.3 Affordable housing should be seen as a vital part of ensuring a healthy and vibrant community not as being a detriment to village life. Without affordable housing the local services and businesses will struggle to get staff and maintain the range of services that these villages wish to see. Sustainable communities rely on having a diverse range of people from across all the socio-demographic divides.

b.) How can the sector ensure there are enough people with the right skills to support customers and businesses?

5.1.4 Brexit may well have a serious impact on the tourism sector if the current EU workforce is not allowed to stay and work in the UK. Many of Shropshire tourism businesses (especially the hotel and restaurant sectors) are reliant on these workers to deliver their services. Working holiday visas may ease the problem.

5.1.5 Continued training, apprenticeships and investment is needed to develop the workforce and their skill sets. However the real issue is making the tourism, and especially the hospitality sector, seem a more attractive employment proposition to our indigenous workforce than it currently is.

5.1.6 Availability of transport, associated travel costs and even accommodation are all issues that affect recruitment and actually getting employees to work in rural businesses (and back after shifts end).
6. **Local environment and character**: How can national and local policies get the right balance between growing tourism and enhancing the local environment and character?

6.1 The principle of balancing the needs of the visitor, the environment, and host community should be the basis for all policies. The need to create and sustain employment prospects should carry weight as well as the need to have services and protect the environment.

6.1.2 It is actually possible for destinations to do capacity calculations for visitor numbers to determine optimum levels and establish clear, achievable, measurable, time bound and desirable growth targets for each area. A similar approach should be used in planning policies to ensure development is governed by applying similar targets and supply and demand projections.

6.1.3 Honey pot sites continue to be over promoted by the national tourist boards and even at a local level. Lesser known areas, like Shropshire, still have spare capacity for both day and staying visitors. Visitors need to be aware of these alternatives and be persuaded to visit. The key is in raising awareness of these alternative options and influencing visitors to consider them.

7. **Defra role**: What more should the Department for Environment, Food and Rural Affairs do to ensure government departments (including Departments for Communities and Local Government, Business, Innovation and Skills, Culture Media and Sport and HM Treasury) support rural tourism?

7.1 As a sector tourism has often been seen as a poor relation in terms of its economic importance to the UK. The significant role the visitor economy plays in helping ensure vibrant and vital communities seems to only be recognised at times of crisis such as was demonstrated during the Foot and Mouth crisis of 2001 and during previous and more recent flooding events. Defra needs to be clear about all the benefits that the visitor economy can bring not just to the UK economy but also in shaping rural communities.

7.1.2 Defra needs to enlighten other government departments, how tourism actually impacts on these other departments and their own areas of work and how, by working collaboratively, they can achieve more and deliver their own remits and objectives more effectively. Improved communication and co-ordination across all government departments is vital.

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