1. The Historic Houses Association represents Britain’s historic houses, castles and gardens in private ownership. There are more than 1,600 HHA properties throughout the UK of which about 60% are open to the public, either as day visitors, by appointment or for special events. The HHA estimates that approximately two-thirds of the built heritage is privately owned and maintained. Between them HHA members represent, collectively, one of the greatest ‘ownerships’ of listed buildings in Britain. HHA houses welcome more than 24 million visitors each year and one in five HHA properties offers educational visits - there are more than 300,000 such visits annually.

2. The direct effect that public visiting to HHA houses, which are chiefly situated in rural areas, has on the wider economy is estimated at £1 billion – two thirds of which is spent ‘off site’ in the villages and towns surrounding the houses. The direct, indirect and induced impacts on employment of HHA houses amount to more than 41,000 jobs in rural economies. HHA houses are a key part of the success of Britain’s fifth largest industry, tourism, to which heritage visiting contributes £26 billion per year.

3. The costs of maintaining Britain’s private houses, castles and gardens are significant and expenditure by private owners in looking after England’s historic environment is substantial. HHA owners spend more than £85 million per year, according to an independent study carried out by DC Research Ltd. in 2015, but the backlog of urgent repairs at HHA member houses totals around £500 million. There is currently an annual expenditure shortfall of £11 million, so taking action to ensure the economic viability of historic houses is of crucial importance and given that most member houses are located in rural areas, rural tourism is of great significance. Addressing the outstanding repairs at all HHA houses would require expenditure of £1.38 billion.

4. Britain’s historic houses are an important economic, social and cultural resource, benefiting the entire nation. 80% of international visitors say that their principal reason for visiting Britain is connected to heritage and culture. Historic houses provide character, distinctiveness and a sense of place and help create pride in where people live. 87% of British people think that the historic environment plays an important part in the cultural life of the country.

5. It is widely acknowledged that one of the most effective ways to conserve a historic building is to ensure that it has an economically-viable use, and a strong rural tourism sector in the UK is consequently of great importance to the historic environment.

**Key Issues**
Marketing  How well do agencies promote rural destinations across England? What more should the Government do to support this work?

Individual tourism promotions are of value, but individual campaigns such as VisitBritain’s GREAT Britain are of limited worth if there is insufficient resource to promote individual destinations within England and thereby ensure maximum benefit to the economy across the UK. Such campaigns must be additional to, rather than instead of, the continuity of long-term marketing activities, which could enable the UK to properly compete in the international and domestic tourism markets. Funding individual campaigns cannot be regarded as a worthwhile substitute for core funding of VisitBritain and the VisitEngland brand, for example. Compared with VisitScotland, which has a budget of more than £50m the core budget for VisitBritain has fallen by almost 50% over the same period. By the same token, a greater proportion of the marketing budget that Visit Britain does have should be spent on promoting rural tourism, and Visit Britain must promote rural Britain internationally, not least by capitalising on the ‘Downton Abbey’ effect.

Given the expansion of the number of worldwide tourist destinations, it is increasingly hard for destinations which are not global brands like London to increase their market share. In order to counterbalance this effect it will be necessary to develop strong brands elsewhere in the UK and actively promote tourism outside London, in line with the objectives of the Government’s ‘Five Point Plan for Tourism’.

However, the issue of rural tourism marketing also needs to be addressed from grassroots level. For example, there is an urgent need to remove the barriers preventing genuine tourist attractions from receiving brown tourist signs, with clearer guidance, or indeed pressure, from central government and its agencies to ensure that local authorities take greater responsibility for rural attractions being properly signposted. Historic house attractions from Kent to Yorkshire still receive regular complaints from visitors about inadequate or non-existent brown signage, as a direct consequence of the inconsistent restrictions imposed by local authorities.

The overall situation has been exacerbated by reductions in tourism marketing at local authority level. Local authority funding of tourism promotion has declined substantially, from £122m in 2007/8 to £85m in 2014/15. This 30% decrease in council funding on tourism is actually entirely disproportionate when compared with the 7.5% overall reduction in local authority expenditure over the same period.

As a consequence of reductions in spending, Destination Management Organisations (DMOs) have increasingly been unable to be effective in attracting tourists outside London, apart from a very small number of cities which are established tourist attractions.

HHA recommendations:
1. **Provision of better information for both inbound and domestic tourists about rural tourist attractions and related transport and access issues.**

2. **The prioritisation of rural tourism initiatives by the Discover England Fund.**

3. **On publication of the new, long-awaited ‘TD 52/04 – Traffic Signs to Tourist Attractions and Facilities in England – Tourist Signing: Trunk Roads’ (expected late summer 2016), all stakeholders should receive a clear briefing from the Brown Signs Working Group (DfT, Highways England, DCMS and Visit England), explaining the key changes to the guidance and how it will better support genuine rural tourism attractions, in line with Government’s tourism strategy.**

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

Encouraging tourists to make visits outside London and the few other heavily visited cities in rural areas of the United Kingdom is a key issue for the UK’s privately owned historic houses, of the vast majority of which are outside the London area. Many of the 60% of HHA member houses which are open to the public are the hubs of their local economies, often in rural areas where tourism provides the principal employment opportunities. The total direct, indirect and induced employment impact of HHA houses totals more than 41,000 FTE jobs, equivalent to almost £286 million Gross Value Added. Almost 16,300 businesses are located in HHA houses or on HHA estates, themselves employing nearly 34,000 people, and the total number of local businesses that HHA houses purchase from is estimated to be more than 23,000.

At present the lack of inbound visitors visiting destinations outside London represents a missed opportunity. While more than half the international visitors to the UK currently enter through London, there remains spare capacity at regional airports around the country. Increasing inbound tourism through regional airports would make it easier to encourage more visits outside London and incentives should be considered, to increase this traffic.

**HHA recommendation:**

4. **Incentives are put in place to increase the number of inbound visitors who enter the UK through regional airports, in line with the Tourism Alliance’s proposed incentives for regional airports.**

**Funding and fiscal policies**  *How can public funding be best targeted to get new rural tourist businesses off the ground and keep them going? Are changes needed to tax levels and business rates?*
In order to maximise participation and ensure quality, it is essential that grant schemes are clear and that their funds are reasonably straightforward to apply for. The latest grant applied for by an HHA member house in Herefordshire, an RPA EAFRD Growth Programme grant, required the completion of 65 pages and the appending of 14 spread sheets.

Special attention should also be paid to the funding of rural tourism businesses in the wake of the incorporation of VisitEngland into VisitBritain. VisitEngland funding disproportionately aided rural and seaside businesses, so it is important for rural tourism that VisitBritain maintains this balance.

Tourism businesses in the UK find it difficult to link effectively with Local Enterprise Partnerships (LEPs), partly because individual rural tourism operators tend to be SMEs or micro-businesses, even though the combined size of the tourism sector is often substantial and instrumental in the local economy. To date the LEPs have not accorded tourism a high priority in their programmes, partly because it does not often lend itself to the major infrastructure projects that some LEPs find it attractive to support. As a result tourism is not well represented on many LEPs, whose main link to the tourist industry has been via Destination Management Organisations (DMOs). The DMOs, however, are underfunded and unable to make the impression which they need to in order to benefit the destinations they represent. An HHA survey of 2013 showed that only 7% of HHA member houses valued their relationship with their local DMO.

Even more important than funding, however, is the question of taxation. The United Kingdom is uncompetitive in terms of taxation in relation to most of its European competitors when it comes to VAT. Government should cut the rate of VAT on attractions in rural areas and on hotel and Bed & Breakfast accommodation, as is the case in France. Additionally, in the light of the UK’s forthcoming withdrawal from the EU, the rate of VAT on repairs and alterations to historic buildings should also be reduced. The current VAT regime, which incentivises new build over the repair, maintenance and alteration of older buildings, creates a perverse tax on conservation and maintenance that subsidises the demolition and rebuilding of the heritage assets that drive our tourism industry.

In particular, reform of the taxation of Heritage Maintenance Funds (HMFs) would enable historic house tourism businesses in rural areas to develop their visitor experience and their contribution to the economy. Removing the tax burden (45%) on the income generated within HMFs - which were created in 1976 to enable owners to ring-fence assets for the sole purpose of maintaining the fabric of important historic buildings open to the public – would encourage their greater use, leading to more maintenance work, reducing the backlog of repairs and generating more local employment at historic houses, with a knock on effect on the local tourist economy.

Business rates revaluation has also had a negative effect on rural tourism businesses and basing rates on turnover has been particularly damaging, given that tourism businesses often work on very narrow margins.
HHA recommendations:

5. Local Enterprise Partnerships should be required to accord tourism a higher priority in their strategic planning.

6. An immediate review to investigate the potential for reduction in the rate of VAT on tourism services and on repairs and alterations to historic buildings.

7. The tax burden on the income generated within Heritage Maintenance Funds, is removed to ensure that independent historic house tourism businesses are able to generate sufficient funds for the protection of historic buildings open to the public.

8. The basis for revaluation of business rates for rural tourism businesses should be reviewed.

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?

In order to build a strong rural economy, which supports our historic and natural environment, the planning system should enable the development of a variety of businesses, including tourism and agriculture. Where it is necessary to the local economy, this should include designated areas.

While there is a presumption against major developments in designated areas such as National Parks, there should also be recognition that some development may be needed to sustain the local economy. Such development may include the conversion of agricultural buildings for tourism purposes.

The planning process for conversion of agricultural buildings to tourism business use in certain areas of the country is very difficult and some planning and conservation officers take a very inflexible view. An HHA member in Herefordshire was told, ‘you can restore it as is or let it fall down’ by the local planning officer and in another instance the reaction was to advise that any conversion was unlikely to be agreed, even before discussion with the architect, a nationally respected conservation expert. Sympathetic conversion which maintains the integrity of a historic building, but facilitates its economic viability, must be made easier and rural tourism applications should be fast tracked.

For some years the HHA has highlighted the problems of over-regulation burdening the UK tourist industry. While the Taskforce on Deregulation established by the then minister, John Penrose in 2011, identified measures which could be taken to help tourism businesses, the rate
of progress on issues such as brown tourist signs, referred to in the marketing section above, has been unnecessarily slow and insufficient improvements have been implemented. Much of the action which is needed lies outside the direct remit of any single department so the incentive to implement rapid change is reduced and there is little evidence of a ‘joined-up’ approach to facilitate tourism deregulation, despite the formation of the Inter-departmental Tourism Group.

Equally, local authorities frequently fail to protect the interests of rural tourist attractions. Sevenoaks District Council have granted a licence for a pop festival that potentially threatens the ongoing viability of three historic houses. For one of the affected properties, its summer wedding trade is vital. This festival will almost certainly ruin the summer trade for that weekend and losing a weekend of weddings at the prime time of the year could have a significant effect on viability. The current law around licensing does not seem to allow the council to turn down an application like this on the grounds that it potentially risks the viability of older, all-year round heritage venues. There is no value in creating one tourist attraction in a rural area which effectively undermines an existing one.

In both planning and regulation there needs to be explicit local authority support to aid the diversification of rural tourism businesses.

**HHA recommendation:**

9. **Planning applications involving change of use which benefit rural tourism should be prioritised and fast tracked.**

**Infrastructure and skills** What measures are needed to ensure transport, housing and other infrastructure meets visitor needs? How can the sector ensure there are enough people with the right skills to support customers and businesses?

The government has committed the UK to offering a world class welcome to international visitors, but this cannot be achieved without the necessary tourism education and training. Government and its agencies should play a more proactive role in improving tourism education and training for rural tourism attractions.

However, in terms of staffing it is not just a question of improving skills. There are impending issues which are likely to affect the viability of tourism businesses as a consequence of the UK’s withdrawal from the European Union. If ‘Brexit’ restricts the flow of labour, particularly from Eastern Europe, it is highly unlikely that the indigenous workforce will take up these roles and there could be significant staff shortages which will result in serious problems for rural tourism businesses.
HHA recommendation:

10. In order to enable rural tourism businesses to plan effectively, the government should make it clear that withdrawal from the EU will not result in European migrant workers being refused the right to work in the UK.

Local environment and character  How can national and local policies get the right balance between growing tourism and enhancing the local environment and character?

Rural tourism attractions like historic houses, castles and gardens invariably enhance the local environment at the same time as growing tourism. Indeed, for these attractions to thrive it is essential that the character of the local environment is protected. A strong sense of place and the heritage of that place are vital. However, there are many environmental challenges which the government should be dealing with more robustly in order to protect rural tourism.

For example, it is difficult for Hever Castle in Kent, which welcomes more than 350,000 visitors each year, to plan ahead while there remains the risk of a second runway at Gatwick. The noise and intrusion of the existing flight paths to Gatwick seriously diminish the character, environment and unique sense of place at the castle and the further delay in making a decision on an additional runway makes medium term business planning extremely difficult.

In rural communities the impact of major infrastructure projects like an additional runway in London or HS2 can be devastating to businesses such historic houses, which are frequently at the hub of their local economies.

HHA recommendation:

11. Section 12 of the National Planning Policy Framework should be more robust and should require major infrastructure projects to pay special attention to the needs of rural tourism attractions such as historic houses.

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?

Defra has an important role to play in funding rural tourism businesses in the wake Britain’s departure from the European Union. Defra must support the diversification of rural businesses to enable them to survive and thrive.
However, one issue that tourism faces is the number of different departments which exercise powers over tourism businesses, including the Department for Communities and Local Government, the Department of Transport, the Department for Business, Innovation and Skills and the Department of Culture Media and Sport, as well as Defra. Rural tourism businesses, which tend to be SMEs, inevitably find it hard to make their voice heard at a senior level in government and a single meaningful cross-government point of contact, which goes beyond the role of the Tourism Industry Council would be of enormous practical value.

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