Written evidence submitted by South West Tourism Alliance
(RUT0207)

This submission is made by the South West Tourism Alliance. (SWTA). SWTA represent over 100 of the key players in the South West England visitor economy. A description of what we do and who we are is at the end of this submission.

Introduction

For the purposes of the submission into this enquiry, we have highlighted problems that we feel are holding back the Rural Economy, and offered short solutions. The word count understandably prohibits copious detail, so if any further information is required please contact us.

SWTA welcomes the timeliness of this enquiry; the Rural Tourism Economy is not working to its full potential for a wide range of reasons. This submission aims to illustrate where DEFRA may be able to help. As a Tourism biased organisation this submission primarily deals with challenges facing the Rural Tourism economy, although many points raised are common to the wider Rural Economy.

At the Visit England National Tourism Awards in March 2016 Visit England gave the programme the ‘Outstanding Contribution to Tourism Award’, recognising the impact that Rural Tourism has on the wider tourism economy. In accepting the award, the BBC team made the point that, as they went from County to County, seeing all the beacon businesses that they highlight on the programme, most of them made most of their income from tourism. This submission aims to show how this contribution could be further increased.

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1. Planning
Problem: In the South West much of the landscape is covered by National Parks, AONB’s, Heritage Sites and Geoparks. The planning limitations in these areas are overly restrictive. To have a successful visitor economy in these areas some development must be allowed to occur.

Solution: The additional planning restrictions, added to National Parks, should be brought back to the regular level for AONB’s. They are being used as a blanket reason to refuse any kind of development.

Problem: Currently when planning consent to convert is permitted in the huge majority of cases the only option allowed by planning officers is to convert to self-catering holiday cottages. No research is undertaken to see if the area has too many holiday cottages or whether the accommodation should include some accessible requirements, such as wheel chair access.

Solution: Proper planning of requirements in any given area should guide planners. If allowing further developments of self-catering holiday accommodation, make sure that it is not just more of the same, bland two and three bedrooomed accommodation, of which there is a glut. Instead, make a planning condition for more accessible, sustainable and innovative accommodation.

2. High costs of running a rural business

Problem: Rural businesses pay more for the following:
- Labour
  - Staff have to travel to get to the business
  - Staff may need to be paid travel time too
  - Much harder to recruit to work in a rural business than an urban one
All the above mean that rural businesses pay a higher wage bill than their urban equivalent.
- Services
Rubbish collection, businesses have to pay for rubbish to be taken away. That’s fair enough, but rural businesses often pay more for this service than urban businesses.
- Broadband, Covered elsewhere, so briefly, to provide reasonable broadband to rural businesses customers costs much more than it does for an urban business.

Solution: A rural business discount on business rates. The recent reduction means that very small businesses do not pay business rates, but the revised level still catches business turning over relatively small amounts of money, who are still really small businesses. A Rural Business Rate would be seen as a really positive step.

3. Funding of key assets

Problem: The key asset to the SW Visitor economy is the South West Coast Path. The core funding of this path, one of the National Trails, has been in limbo since the CPR. Initially it was thought that the Chancellors statement giving National Parks and AONB’s
three-year funding plans would cover the National Trails, this was not though the case. These areas are managed through DEFRA. The National Trails are managed via Natural England, who were only able to offer a single year funding, and that came as late as July this year.

The National Trails are key players in boosting both rural and coastal tourism. Successful trails encourage the following:
- Investment in new businesses near the trails
- Massive contributions to nearby economies
- Health and well being benefits
- Job creation
- Protection of the environment
- Encourage access to the great outdoors
These National Trails cannot charge for entry, the South West Coast Path is 630 miles long, seed funding from the Government is vital to enable the Trail partnerships to use this as catalyst money to raise further funds to ensure the trials stay open and accessible to as many as possible.

**Solution:** Move The National Trails from Natural England to DEFRA, and put them on the same three year funding cycle, or the New Deal as soon as possible.

4. Regulation

There are three areas we would like this enquiry to look at.

1. The Group Travel Directive.
2. Alcohol licensing for very small businesses.
3. Owners taxi pick up services.

**Problem:** The Group travel Directive goes back years, and may well have had a real purpose then but now it stops small businesses working together. The businesses must cover the liability for each and every section of an offer. In simple terms this means that a bed and breakfast offering, “come and stay for one night for £99, price includes taxi from station and a pub supper at the Red Lion” needs to have insurance cover for each and every part of the offer.

**Solution:** Either remove the restriction or modify to make workable. The Tourism Alliance will have a paper on this.

**Problem:** Alcohol licensing for small businesses is British law at it’s worst. It’s illegal for a bed and breakfast to offer small amounts of alcohol, a gin and tonic on arrival or a holiday cottage a bottle of wine in hamper without an expensive alcohol license. Yet tens of thousand of small businesses do it every day.

**Solution:** Look at the Tourism Alliance proposal for a ‘lite’ license whereby the business pays for a license that limits the amount of alcohol that can be served or given away. This
could also be linked to how much alcohol they were allowed to claim through their accounts.

**Problem:** Owner taxi pick up services. This particularly affects rural pubs, holiday cottages, guesthouses etc. Owners of these businesses would often like to offer a ‘collection from the station’ or “lift home from the ’ in areas where there are either limited or non-existent taxi services. The benefits that this would offer are obvious. However, this is illegal on their insurance.

**Solution:** Work with insurance companies to come up with a policy addition that covers this, limiting the use to actual customers and limited journeys.

5. Taxation

**Problem:** Perceived (and real) high cost of UK holidays. In the UK we have a VAT rate of 20% on accommodation. In Europe this is around the 5% mark with all the major economies lowering VAT in this area. This has been proven to boost tourism and after a short period, approximately 18 months, deliver the Exchequer more funds than at the higher rate. This work has been carried out and proven on Treasury models with the Treasury. This is a rate of VAT that can be changed by national Government and does not need to be referred to the EC.

**Solution:** Cut Accommodation VAT to 5%.

**Problem:** Business Rates are too high for Rural Businesses.

**Solution:** A complete review of the system, particularly for rural businesses.

6. Marketing

**Problem:** There is no real marketing plan for England. Scotland and Wales have their own Tourist Boards and substantial budgets. Visit England has by contrast been subsumed into Visit Britain and has a minute budget compared to our nearest neighbours (and competitors).

Nearly all the marketing activity is to attract foreign visitors to the UK. The current Discover England Fund is only open to joint bids that target overseas markets. The recent South West and Northern Tourism Growth funds were granted contingent on marketing only to overseas markets. Yet outside London most areas, particularly rural areas would expect less than 5% of their customers to have come from abroad. You would not find a business that spent 100% of it budget on marketing to 5% of its customers.

**The Solution:** Take the “Britain is Great” campaign in a slightly different direction. Promote the UK-to-UK holidaymakers. It’s great for the economy, it’s more sustainable (Kyoto targets) and we have world-class offers and variety to suit all tastes and budgets. We do not have to go down the route of giving one region money to market against another. A central campaign, run the Visit Britain/Visit England, really selling England/UK, as a whole would really help the rural visitor economy.
**Problem:** Visit Britain/Visit England’s focus is predominantly towards the big businesses. Tourism is the most fragmented of all the major contributors to the economy, so whilst this is understandable in terms of effort, it is quite wrong that the monies that VB/VE receive should be used to support large businesses that already have large budgets.

**Solution.** There needs to be a much greater emphasis on rural product development and support. Workshops on product offer, digital marketing, guest welcome etc. would be a really good place to start. VE/VB do occasional forays into this area, but a much more cohesive effort needs to be made, with links to other countryside organisations such as the NFU and the CLA to get the word out on these courses.

7. Skills Training

**Problem:** As mentioned above, skills training is an urgent requirement to help many rural tourism businesses become competitive with their offer. It is no longer enough just to have, for example, a cottage on a farm. Unless it is understood how to market this in a digital age, what should be in the property, and how to welcome guests, the rural business is simply not going to compete.

**Solution:** Regionally we have training organisations that are capable of carrying out this work. The challenge is to get the rural business to understand the benefits of these courses. If we could get a collaboration of DEFRA, VE/VB, the NFU, the CLA and regional tourism organisations and some skills funding we could really generate a programme of rural business development for the first time.

8. Skills Shortage

**Problem:** Brexit has thrown into doubt where many Rural Business will be able to find their full labour requirements going forwards. This is particularly critical to agricultural and tourism businesses.

**Solution:** For the Government to provide clarity on immigration rules as soon as possible.

9. Transport

**Problem:** The road network feeding the South West is insufficient. Between Honiton and Stonehenge there are numerous choke points that cause delays most weeks and are exacerbated in holiday time. This puts people off coming to the South West, and makes it difficult for business owners from the entire economy.

**Solution:** Finally dual the A303 between Honiton and Stonehenge. This would be a massive boost to the entire economy in the South West, not just the rural one. It would also ease congestion on the M5.

**Problem:** The rail network. Recent planned investments include electrification of the London to Cardiff line, but this only serves the South West as far as Bristol. The line from
Waterloo to Exeter is single track and remains painfully slow. The line that passes by the sea near Torquay is vulnerable to extreme weather.

**Solution:** For a fraction of the cost of even a part of HS2 or 3 the line at Torquay could come inland; there could be more dual track and passing places on the South West Train line and some improvements made on the Exeter to Cornwall line. This would make travel in and out of the region faster, allow more trains and boost all aspects of the economy in the South West including the rural one.

**10. Broadband**

**Problem:** This is the number one problem for rural businesses. The broadband coverage is still very poor and patchy and often has little in common with ‘official’ maps showing service delivery. All small businesses need to be online to one degree or another, even if it is just to fill in Government forms that are online only, or moving online. If you operate any kind of hospitality businesses the customers connectivity demands are growing exponentially, and rural businesses cannot keep up, unless they pay substantially higher charges for phone based internet or satellite based internet. These too can be unreliable in rural areas.

**Personal case study.** The author of this submission has a rural tourism business, between Honiton and Sidmouth. In order to maintain internet connections for the business and customers, it has have two paired BT broadband lines, which offer an intermittent sub 500k, yes, less than half a megabit connection. To supplement this when it fails, we have an O2 phone that we use as server, this service is also intermittent. We also have a satellite connection, which when working is amazing, but since all other systems in the area are poor, more and more people now have the same system and so that suffers from ‘contention issues’, in other words too many people using it, so that fails intermittently too. The cost of all this exceeds £100 per month, for a tenth of the connectivity that is offered in London for £10 per month.

**The Solution:** The provision of decent Internet connectivity needs to be made available to all, at a reasonable price. Where this is extremely difficult for the service providers they should be made to assist with innovative solutions. There are many good examples of these; it is just really difficult to find out how to move forward with such solutions. Have you tried calling BT lately?

**11. Role for DEFRA?**

SWTA would welcome an enhanced role for DEFRA. Already the National Parks and AONB’s come under your remit. We would most certainly like to see the National Trails link in directly too, rather than the additional step of reporting in via Natural England.

There is real co-ordination role, bringing together all the interested parties mentioned in this submission, to develop a strategy that covers skills and product development on one side, and the regulation and taxation on the other. There is also the possibility for the creation of an ‘Rural Business classification” which provides discounts on Business Rates, Innovative Broadband solutions and training and skill coupons.
12. What is the South West Tourism Alliance?

Post the closure of the RDA’s and with them most Regional Tourist Boards (RTB’s) SWTA has managed to retain and move to the private sector the following services for industry. Tourism training, Regional tourism data going back 40 years, Green Tourism support and the Regional Tourism Excellence Awards. None of these services cost more than they did when run by the RTB.

Now the role of SWTA is in region B2B communications and keeping the industry up to date with developments affecting the visitor economy, and lobbying locally, regionally and nationally on the following issues:

- Improved broadband, particularly for rural and coastal business
- Improvement to the roads, particularly the completion of a dual carriageway along the length of the A303
- Improvements to the rail connections to the SW, particularly resilience to the coastal line near Torquay
- To encourage a proper debate on the rules around taking children on holiday in term time, particularly younger children of parents in the tourism and other affected jobs
- The cutting of the rate of VAT on accommodation to enable UK businesses to compete better with their European competitors

List of Members of the South West Tourism Alliance

Accounting and General
Activate Performing Arts
Art Council SW office
Bath Tourism Plus
BH&HPA
Blue Chip Holidays
Bournemouth Tourism
Centre for Business & Climate Solutions - Exeter Uni
CLA
Clockwork Marketing
Climate South West
Coast
Cornish Association of Tourist Attractions
Cotswold & Forest of Dean DMO
Dartmoor National Park
Dartmoor Partnerships
DATA
Destination Dorset
Devon & Cornwall Business Council
Devon and Cornwall Rail Partnership
Devon County Council
Dorset County Council
EASCO
East Devon AONB
East Devon Excellence
English Heritage
English Riviera Tourism Co
E-Strategy
Escot
Exeter City Council
Exmoor National Park
Farm Stay
Fleet Air Arm Museum
Flexis Hospitality Solutions
Foot Anstey
Ginger Revelations
Heart of Devon
Helpful Holidays
Higher Wiscombe
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