British Destinations

1. British Destinations the trade association for major UK destination based tourism interests welcome this opportunity to comment on this important inquiry. For information on who we are, what we do and who we represent please see: www.britishdestinations.net.

Introduction

2. Rural tourism is the least well understood and least well-resourced component within the English tourism sector; an “industry” which itself is not as well understood and consequently not as adequately resourced or supported as it should be; or at least not at those critical points of structural weakness where modest, but necessarily sustained intervention, is needed to address inherent, market failure. Just as coastal and especially coastal resort based tourism within it has been identified as needing, and has subsequently received some measure of special attention (predominantly via Department for Communities Local Government [DCLG]), we believe that rural tourism is now in urgent need of similar consideration, preferably before any further longer term damage is done to rural tourism and the rural economy, of which it is now such an important part.

2.1. Your inquiry seeks answers to a number of pertinent questions and doubtless you will receive sound opinion on the areas identified. However, unless you broaden your questioning and hopefully therefore the recommend solutions to the issues of how, by whom and with what rural tourism is to be organised locally, i.e. in the vicinity of where it is to be delivered, we fear that your proposals and any initiatives offered as a consequence will be far less productive than they should be. This is because the means to by which they can be universally championed, adopted and successfully delivered are either no longer in place or are extremely vulnerable. Policies that end up favouring a lucky few who can pilot them but which cannot then be widely replicated will serve to further distort, rather than to enhance rural tourism’s position within the UK’s growing visitor economy.

2.2. Although we touch briefly on the question posed by the inquiry our submission focuses primarily on the issue of whether rural tourism needs to be better managed and the obstacles to achieving that, which in summary are:

1. The need to be and function as recognised destination, the requirement to manage destinations to achieve that and the market failure that necessitates public intervention to help make that happen.

2. The increasing lack of support for destination management and the dilemma presented by a complex industry made up of a few very big and a multitude of very small businesses and the conflict at a National level for scarce resource to support two very different markets (international and domestic), requiring differing interventions.

3. The lack of recognition of the economic value of domestic tourism as an economic engine and critically as a distributor of economic activity and wealth in an increasingly polarized domestic economy.
4. The physical differences that make managing rural destination harder than most other destination categories and the impact of the continuing withdrawal of local public engagement and funding has, especially on rural destinations.

5. The historic and ongoing vulnerability of rural tourism management.

6. The barrier to rural participation in emerging alternative funding avenue of destination wide Business Improvement District.


8. The relative lack of rural and rural destination voice in the National tourism debate.

2.3. We apologies from the outset for length of the submission, due in part to the author’s style of writing but also due to the fact that we have a lot to say on what we believe are very important matters. We would welcome any opportunity to submit more concise written or to give oral evidence on any of the specific points raised in this response.

**Market Failure.**

3. Behind the market failure in UK tourism and in the context of your inquiry, in English tourism especially, there is an ingrained failure to comprehend what it is that makes any old place the short of place that visitors will willingly resort to, in significant numbers for leisure and holiday purposes. To be successful the majority of the largely private sector controlled tourism businesses and most of the largely public sector managed geographic areas in which those businesses operate within, all need to be part of a loosely coordinated community of common interest, working towards a common vision or as we would now call it “a destination”, be that urban, rural or a mixture of both. Very few tourists would base their holiday choice simply on a decision to visit: a town, a City, a coastal resort or, “the countryside”, but millions do actively choose, for example, to visit the Lake District, the Peak District, the Dales, Devon, Cornwall, Kent, Wiltshire, The East Riding, The Wolds or North Yorkshire, etc. They do so in many cases to experience the quality of countryside and to utilise the combined qualities of the services, products, activities and events for which many but by no means all rural or mixed rural and urban destinations are already reasonably well known. Countryside or rural location alone doesn’t make the countryside per se an overnight tourism success.

3.2. Recognisable destinations will usually have many common, natural or built physical attributes but conceptually destinations are not in themselves naturally occurring. Their presence both physical and in the resident’s and visiting public’s mind set, has to be cultivated. That cultivation, or the work of pooling the disparate efforts of a large group of widely different, often competing businesses and encouraging them to function wherever possible as a seemingly seamless, coordinated product mix (broadly destination management/product development), offering a consistent, quality experience under a recognisable destination, “banner” (broadly branding), that is saleable and can then be taken to market at a generic destination level, (broadly destination marketing) not only needs the active engagement of both the local public and local private sectors but also physical resource and funding contributions to pay for it from both. As destinations come in all shapes and size those resources will need to be commensurate with the differing nature and scale of each individual destination; there is regrettably no one size or one identikit solution, although national policy development doesn’t necessarily always seem to recognise this.
3.3. Businesses predominantly sell themselves directly to potential customers in a competitive environment. Destinations should predominantly create the ethos of the destination and then they promote it generically on behalf of all businesses, themselves or via others, in order to create and/or grow the pool of potential receptive customers for all business in that locality to sell in to. Product and destination marketing are generally discrete activities and the function of one can’t easily be replaced or replicated effectively by the other alone. All the businesses simply marketing themselves as being part of a destination wouldn’t automatically make that place a functioning destination. Equally a business that doesn’t market itself competitively will probably fail, even when operating in the best functioning of destinations. Marketing is but a conspicuous third of the triumvirate of destination management tasks but for the most part it is also far less than one third of what any good destination management organisations need to be doing in order to create and sustain a successful destination.

3.4. The market failure here is technically two sided: a genuine market failure in that, despite the market driven imperative, the business community themselves are unable, between them, to generate the necessary destination management resource and, if it is required, generic destination marketing. Concurrently there is an increasing failure of the local public sector to recognise and/or fulfil its own unique role in destination management as among other things: asset owners, key statutory and mainly non-statutory public service providers, statutory authorities (planning, licensing etc.) and local community leaders and then critically to help adequately resource the tourism management functions. The public sector’s failure is not a market failure as such, but one of policy failure that is now largely driven by external national economic and political pressure, exerted upon the local delivery bodies from above.

3.5. We would ask the Committee to consider:

- To what degree cooperative working and the creation of a recognisable “destinations” is an essential to the success of many rural tourism businesses in most rural areas?
- Whether in common with other destination categories, rural destinations needed to be managed in order to ensure their success as recognised and functioning destinations?
- Whether there is private sector market failure and an increasing public sector policy failure in relationship to the provision of effective local destination management?
- Whether both the public and private sector do have a role to play and whether both need to allocate resource, commensurate to the nature and scale of the destination(s) within which they operate or have responsibilities for?

Support for tourism and destination management.

4. Successive Governments have struggled to comprehend why major elements of an apparently successful, “industry”, should seek ongoing public support to make their industry function locally, nationally or internationally, sometime even arguing, disingenuously, that “no other ‘UK industry’ would get similar public support”, when clearly they regularly do; it is just that tourism’s support when it is given is often packaged and presented in a very overt and obvious forms, including high profile marketing activities.

4.1. In fairness, Governments have tended to more readily see why Britain, working with the private sector industry, public bodies and agencies and using public sector administration, coordination and delivery funding to facilitate it, might reasonably need to be organised and presented as a recognisable
generic destination or a destinations abroad. Yet in England, at least, they do not always readily grasp why, on a much smaller scale, a similar situation might prevail domestically among and between English destinations. In the other Home Nations there is a far greater degree of understanding of the local imperative and therefore often more local and central support and funding still being made available for local destinations and their management.

4.2. This lack of comprehension at the national level is perhaps characterised by changes to VisitBritain (VB), the international marketing organisation for Britain, and VisitEngland (VE), the Home Nation domestic tourist Board for England. In a little over 20 years the two have undergone at least 5 major reorganisations essentially involving VE and its domestic roles and functions being merged into and demerged from VB with more or less emphasis on domestic activities depending on where we are in the cycle. We are currently 8 months into the latest merger; a plan instigated at short notice by the Department for Culture Media and Sport (DCMS) which directly contradicted the recommendations of their own, very recent independent, internal triennial review of VB and VE and of those of the equally recent Culture Media and Sport Select Committee inquiry on tourism. If the Government’s sponsor department can’t see, or more accurately perhaps, can’t necessarily persuade others of the need for strong independent leadership for the domestic tourism and for the network of destination management at a Home Nation level, then what prospects are there for Central Government to understanding the needs and complexity of destination management at the local level?

4.3. Part of the problem may arise from the reality that the industry is actually multiple industries working across very different markets and, thus, rather more complex than popularly perceived. There are, for example, a relatively small number of large or very large UK and international corporate player in the UK tourism industry, albeit operating across a range of activities, as illustrated by the household names the likes of: British Airways, P&O, Merlin Entertainments, Travelodge, Premier Inn or Bourne Leisure and within it its trading companies of Butlins and Haven. These are large successful businesses that individually do not really need to operate as part of a destination structure to succeed. They can also happily engage at whatever level necessary in their own right, without external assistance and, when necessary, they can lobby and fight their own corner as individual businesses on much the same basis. They also have the levels of resource to market themselves effectively but also, if they so wish, the level of resource to engage and buy into Government match funded marketing activities with relative ease. The view this seems to engender at a policy level is one of, “well if they can, then why can’t everyone else”? The answer of course is that the bulk of everyone else is somewhere towards the other end of the spectrum being mainly at the lower end of the SME or micro business. The fundamental question we think this should pose is where Government support is best targeted? At the fewer who can and will or at the mass that can’t or won’t work together unaided?

4.5. A further reason may be that the sometime parallel but more often than not divergent needs and interests of the 20% by value and volume international inbound market v the 80% by value and volume domestic market seriously muddy the waters. This is especially true when a complex set of competitive industries, a complex set of competitive markets and complex competing demands on finite resources are so frequently viewed at the macro-level as being a single entity: “tourism”, with a single customer base, “tourists”, whoever they are, wherever they come from and whatever it is they are seeking. It is worth noting that on the whole there are relatively few large and even fewer very large tourism businesses operating in the rural environment and that domestic tourism is currently the predominant
market for most rural destinations and the vast majority of rural tourism businesses, whatever their sizes.

4.6. Something like 50% of all international tourism to the UK takes place in London and within London’s total share, 70% of that is taking place within the area covered by zone 1 and 2 of the tube network, where not unsurprisingly, the majority of the larger UK and international tourism businesses are heavily represented. Government’s latest tourism policy is attempting, for the first time in living memory, to break that traditional London centric mould, but regrettably at a resource cost to the levels of central support for domestic tourism. Whilst applauding the bold move there are many in tourism who question whether significantly more international tourist can be attracted and then widely dispersed, particularly at a scale that will make the local cost and effort involved in doing so, effective and critically more effective than say investing some or all of the same monies into attracting/retaining more domestic visitors; domestic visitors, who are the core or sole customer base for many businesses and significant swathes of England and the rest of the UK.

4.7. This is particularly thorny question for many destinations because not only does the National policy serve to reduce previous levels of central support for domestic tourism but it is also predicated on the assumption that those who participate match funding and delivering these new international activities from within their own limited or, in most rural destinations cases, very limited resources. We believe that many rural destinations will struggle to fund participation and thus may be left out, whilst those destinations of all types that do participate are likely to do so at a direct cost to the ongoing support for their core domestic activities. In effect it becomes a gamble on whether the outlay plus any potential loss in the domestic market will be at least matched by any immediate gains and exceeded by the longer term benefits from the international market? It is too early to tell. Meanwhile gut instinct suggest that benefits are most likely to accrue at worthwhile scale in larger Cities and historic towns already on the international radar first with subsequent dispersal beyond that taking some time to trickle down or perhaps even being the focus of some future initiatives?

4.8. We would ask the Committee to consider:

- Whether tourism and in particular domestic tourism warrants Government funded supports in order to coordinate key activity and ensure it succeeds?
- Whether nature and scale of tourism businesses in rural areas warrants the provision of central support for tourism and local support for destination management?
- The relative importance of international v domestic markets in the context of rural tourism and the majority of rural destinations.
- Whether Government’s focus on attracting and dispersing international tourist is likely to serve the immediate best interests of rural tourism as a whole?

The Treasury view.

5. Market centred arguments for continued or additional tourism support is generally not well received by Central Government and especially we are told the Treasury. The Treasury seemingly views inbound international tourism as an important export earner, but will not be persuaded that potential outbound international tourism trips retained, essentially by converting them to a domestic stays, are of equal
importance to the UK’s balance of payments. This is almost certainly because their received economic wisdom which is that domestic tourism, or more accurately any tourism activity undertaken by domestic residents, is essentially a substitutional or displacement activity. Money not spent on tourism at home or indeed not spent abroad, would by default end up being spent elsewhere in the domestic economy. Therefore it follows that any public money or effort expended on retaining outbound or building on domestic tourism is a wasted effort as it simply diverts the spending from one equally valuable domestic economic activity to another with no overall benefit to the UK economy. Drilling down further they also appear to regard supporting the development and promotion of any one particular destination’s or Home Nation’s domestic tourism activities as direct displacement since visitors who might have gone to X in the UK is simply persuaded to go to Y somewhere else in the UK, at no net gain to the economy.

5.1. The Treasury view ignores the elasticity of discretionary leisure spending and the fact that tourism spending is not fixed annual sum or that where it is spent geographically can be influenced. Spending on leisure and holidays can very easily be turned on and off by relatively minor economic and other peripheral changes, but equally it can also be more easily stimulated than many other domestic economic activities. Things like accessibility, availability, popularity (fashion) and better knowledge of a product do help drive greater demand domestically. Similarly in all likelihood the choice between a UK resident going abroad or staying at home will be driven by the decision to take an equivalent UK holiday instead and not by some other random spending opportunity namely it is direct import export choice. I was going to Spain but I ended up buying a fridge instead isn’t the issue.

5.2. It also ignores the fact that domestic tourism is predominantly a manpower intensive, local service sector activity. The “products” traded are largely service based and home cultivated on or near the point of sales and much of it produced and sold by the small local business sector, unlike many of products of some other sectors which are very often imported and traded by larger UK or international corporate businesses. In our view much of tourism and especially rural tourism within it, should now be ticking many of the Government’s priorities including: small, local and domestic, across the full range of: products/services, businesses and employment.

5.3. Critically the Treasury view also totally ignores the key characteristic of tourism, which is that it is a major vehicle of both domestic and international economic dispersal. Money not spent on a weekend away in England may well be spent in the local DIY or retail shop at the local pub or at some local event. As the Treasury argument goes this money would indeed be retained within the UK economy, but crucially that argument doesn’t addresses the question of how else economic activity and specifically the wealth generated, much of it now centred on larger urban conurbations and arguably focused towards London and the South East is to be dispersed to and shared among other economically less active areas, including many of England’s inland and coastal rural areas? One of tourism’s greatest weaknesses and also now its potential greatest strengths is that unlike most other industries, the customer has to travels to the product to consume it, as opposed to the product in most other economic exchanges being taken to the customer to be consumed in or around their own home and/or work location.

5.4. We contend that domestic tourism is now one of the most efficient and potentially cost effective means at Government’s disposal to affect the commercial distribution of wealth and economic benefits internally around England (or the UK). That distribution could, if Government so wished, be manipulated
to supporting specific underperforming sectors, for example rural or coastal tourism over and above others, or be more general, supporting all destinations. We also assert that modest public spending on building the local management infrastructure, leadership and common local vision for tourism in order to help facilitate tourism and that distribution should now be viewed as an investment opportunity and not as an unwarranted cost to the public purse. Similarly those networks should be supported and led by an appropriately structured National tourist board or boards that reflect the relative importance of domestic and international tourism and the differing requirements of both.

5.5. Unfortunately rather than supporting local public, public/private and private sector partnership and their efforts to grow destination management recent Government spending policies have actually exacerbated the issues for rural and other destinations, accelerating the withdrawal of local public sector support for either destination management and marketing or both; support that hasn’t always then been replaced by private sector contributions. Reduced core funding has serious impacted on all destinations, of all types and sizes but none more so than on rural areas, whose circumstances are often subtly or not so subtly different to those in the peer and competitors including: Core Cities, smaller Cities and larger towns, historic town and coastal resort destinations.

5.6. We would ask the committee to consider:

- The “Treasury view” regarding the value to the UK economy of retaining out-bound domestic tourism and especially of supporting domestic tourism activities.
- The investment value of supporting tourism and destination management and marketing.
- The value of championing the concept that tourism should now be regarded as a primary vehicle for internal UK wealth distribution in an increasingly polarised economy.
- Whether target support for rural tourism, from say Defra, or more general support for all destinations, from say DCMS, was more appropriate?

Rural differentiation

6. In common with much of the rest of tourism industry, rural tourism’s business assets are mainly vested in Small and Medium Enterprises (SMEs [medium fewer than 250, small fewer than 50 but more than 10 employees]) although by strict definition the vast majority of these are in fact micro businesses, employing less than ten. Indeed in some rural areas a business capable of supporting as many as 10 jobs might well be viewed as a significant player, in an industry where sole operators and small family and lifestyle businesses supporting a handful of people each predominate. So if small businesses aren’t that uncommon in UK or English tourism in general, what else is it that differentiates rural tourism from the rest?

6.1. In rural destination areas businesses of all sizes are often significantly more widely spread and are relatively fewer in number than in their urban destination equivalents. Lack of business density, small individual business scale and often a smaller total numbers of businesses involved in tourism within a recognised destination area, creates physical and abstract issues with such fundamentals of partnership working as: identity, the notion of common purpose, the perception of competition and the worth of cooperation and difficulties with the mechanics of the voluntary joint funding of administrative and operational activities, at the scale required to be truly effective in the wider, domestic tourism market and in the even harder to access international markets. To illustrate the problem in a different setting, if
we were to take a thriving High Street and spread all the businesses randomly across a rural area it wouldn’t be a surprise if they then no longer functioned as a recognisable High Street, or now had different relationships with each other and with their customer base, and different outlooks and ambitions than they had when they were essentially collocated? One of rural tourism’s greatest attractions and arguably its biggest asset: essentially space and lower densities can also prove to be the source of its greatest administrative weakness.

6.2. The management and once properly managed any generic marketing of any destinations to an effective level has a set of core costs below which it becomes increasingly difficult to achieve anything of real consequence. Many rural destinations, unaided, struggle to generate income to meet these base costs or go on to generate realistic levels of deployable funding, or that bit on the top that actually delivers a tangible benefit for being part of a partnership. Many rural destinations will for example, if they have one, count their annual marketing budgets in the few tens of thousands of pound, not the hundreds of thousands of a number of larger destinations or the millions of some of the bigger commercial private sector operators. In many cases rural destinations do, by necessity, come together and market at a destination level largely with and through a third party marketing organisations, many of which are now County based, for example: Visit Cornwall, Visit Cumbria, Visit Kent, Northumbria Tourism, Visit Wiltshire and Welcome to Yorkshire and so on. Many larger county based organisations will also embrace a mix of destination types, for example Welcome to Yorkshire has within its geography much that is rural but also destinations including the Cities of Bradford, Leeds, Sheffield and York and coastal resorts like Bridlington, Scarborough and Whitby.

6.3. Whilst plausible, idea of increasing the area covered and managed by a rural destination, so as to embrace more businesses and thus increase the potential to generate more disposable income, in reality simply serves to exacerbates the density, identity, common cause and physical difficulties of coordinating even more widely spread business interests. The bigger the physical area, the bigger the task to perform but not necessarily the bigger the revenues and benefits attached to it. Beyond a certain size, usually at an individual County level, the destination’s proposition for both the contributing businesses and the potential customer ceases to make clear sense, for example England’s North Country or South West England, may have purpose administratively, but it has rather less resonance as cooperative marketing propositions, as these regions are too large and too ill defined, or at least they are in the context of the domestic market. North West England might work internationally but domestically it begs the question “oh, whereabouts in the NW are you going?”; which is a simplistic but fairly infallible test of what does and doesn’t work as discrete destination in any particular market.

6.4. It should also be noted that the difficulty and cost of managing most rural destinations are generally proportionately greater for proportionately less revenue raising opportunities than they are in any other major category of destination. The management and subsequent marketing of most destinations is not a readily self-sustaining activity in the best of circumstance and for the majority of rural destinations the challenges are significantly greater. Faced with what is in our view an inherent market failure in many rural destinations we firmly believe that modest but sustained market intervention is the only logical solution.

6.5. Until recently the interventions needed to tackle the market failure were generally being provided in the form of modest local public funding, either for the direct provision of a council based tourism
partnership management services, or by way of funding for arm’s length or other form of externally managed public/private or private sector partnership. In most cases the funding was proportionate to the scale of the destinations and the relative value and importance of tourism within the locality. In addition central grant funding has supported the occasion product development or national or international marketing initiatives. These initiatives have almost always come with the requirement for match funding, the generation of which again is relatively more problematic for the comparatively smaller rural destination partnerships working with mainly small business partners. Often local government has stepped in here too, using its own deployable resources or EU or UK structural and other available funding as the match. Significant, ongoing reductions in local government funding now means that the match funding and critically also the enabling expertise and the staff resource to develop the bids and to manage and deliver the resulting projects is no longer widely available.

6.6. We would ask the Committee to consider:

- What is it that differentiates rural tourism, if anything, from other categories of tourist destination?
- What effect any differences may have on rural destinations and their management?
- Whether local public intervention was and still is warranted as we believe?

Rural vulnerability

7. Traditionally, Cities, historic towns, coastal resorts destination tourism interests have coalesced around individually differing City, Borough, District or Metropolitan authority sponsored tourism management structures. Their administrative boundaries very often mirror the urban destination or wider destination boundaries and in most cases they contain sufficient density and total number of tourism businesses to act as the foundation for effective destination partnerships, although even here they have their own set of issues and problems. In the more rural communities managing and marketing tourism has historically fallen to rural District Councils, with relatively small total budgets and thus less flexibility of action, or to their larger County authorities colleagues, or to a mixture of both with the Districts often largely managing their localities and the County, destination marketing the County area and the component destinations within it. Kent or Yorkshire, for example, are not single destinations as such they contain a number of recognised urban and rural destinations.

7.1. All local authorities regardless of type have come under huge financial pressures in recent years, however, the negative impacts on non-discretionary service provision and/or funding support for third party provision has been most noticeably in terms of tourism impacts in rural areas. Already relatively small in scale and thus more vulnerable to external shock, tourism support has previously fallen by the wayside in many rural areas. Increasingly even the larger rural District and County based authority areas have, or are now, seeking to close down their direct provision or curtailing their contributions to external partner tourism management and/or marketing bodies. In either case an already vulnerable provision is rapidly disappearing in many rural areas. Unless this can be halted and preferably reversed, we will find that many rural destinations are no longer actively managed as coherent destinations and consequently overtime they will cease to be easily recognised by the public as place which one would readily wish to visit.
7.2. Regardless, a number of rural destinations will continue to be marketed by destination marketing organisations but on an increasingly more commercial marketing footing. As principally marketing bodies, by commercial necessity, their activities are far more likely to be directed toward delivering individual benefit for the contributing businesses, than they are towards the more altruistic promotion of the generic destination as a whole and of all businesses in then, regardless of their engagement and funding contributions. Although infinitely better than no coordination at all, marketing with limited or no management has implications overtime for: product development, public and private sector partnership, branding, public sector engagement, key public service provision and also consequences for some of those many programmes where public sector match funding and expertise are prerequisites. In the past most destination marketing organisation have been able to undertake some destination management functions but usually because of core funding from the local public sector helped enable it. That funding, just like the internal funding for management services, is under severe threat or has gone already. Both management and marketing organisation fulfil vital functions and it is seldom a case of one or the other but a need for both, especial in a rural and/or County context.

7.3. The fundamental differences between destination management organisations that holistically manage a destination so it can operate and be marketed as a destination, either by the organisation itself or by a third party and destination marketing organisations that have a primary focus on delivering promotion are not that widely understood, nor therefore are the local implications for who is or is not doing what where for whom. The fact that both types of organisation are abbreviated to DMO and the abbreviation is routinely used at all levels to mean either management or marketing or sometimes both, doesn’t help.

7.4. We would ask the Committee to consider:

- The level of vulnerability of rural destination management to external financial shock.
- The current coverage of rural destination management and rural destination marketing provision to identify overlaps and critically gaps in both.
- Whether existing rural management and marketing models in particular, are sustainable without some level of additional external support?
- Whether destination marketing organisations acting alone can sustain rural tourism, in the longer term?

Current alternative interventions.

8. Whilst the reduction of public funding is also occurring within for example: Cities, historic town and the coastal resort sectors, the majority of these destinations have advantages that the rural destinations do not. The scale and density of the tourism offer means that there are at least some potentially workable alternatives. For instance, a number of coastal and historic towns have recently adopted a more holistic style of business improvement district (BID), specifically designed to support the wider visitor economies and tourism of tourist towns/resorts. These destination business improvement districts (DBIDs) are being proposed and accepted by businesses in an increasing number of urban destinations as the realities of local government cutbacks and the loss or threatened loss of local government support to tourism begins to bite deeper. DBIDs are not without their own problems and few have generated levels of income that surpass previous public private sector arrangements alone. Nonetheless they do generate worthwhile levels of income that can offset recently loses and they have
the distinct advantage of coming with a degree of funding certainty as BIDs are agreed for renewable 5
year periods Core Cities ¹ have also looked at Tourism Business Improvement Districts (TBIDs) with the
aim of supporting business tourism and their major convention trade. Their efforts, which pre dated the
DBID initiatives, stalled largely due to objections from major hotel groups. However, Bristol is now
hoping to overcome objections and aims to have the first of a new super BID approved in 2017/18.

8.1. Despite rapid progress in other destinations, to date only one rural area tourism BID is in operation
in the UK (Inverness and Loch Ness) and one more has recently been approved but is yet to start
operating on the Isle of Wight. Although largely rural in nature, the Isle of Wight as an island does have
differing opportunities and challenges that were sufficiently compelling to persuade an industry to vote
to pay an additional levy. Whereas elsewhere, whilst there have been plenty of rural areas that have
contemplated a DBID, none have so far found a workable dispersed rural business model that would
warrant the effort and risks of taking the concept to the detailed business planning phases, let alone to a
vote which is a major undertaking, not without significant attendant costs attached. This is a missed
opportunity for rural tourism and either the BID processes needs tweaking to make them more
applicable to a dispersed rural area or, more practically, some of the speculative costs and risks of taking
BID proposal forward need to be carried by Central and not Local Government in rural areas; even if that
was only for a limited number of pilot schemes, designed to allow for the test and develop of rural
DBIDs in England.

8.2. We would ask the Committee to consider:

- Whether DBIDs have potential to help supporting rural destination management in English?
- What difference, if any, the different BID legislation and approach in Scotland have had to the
  adoption of the UK’s only current functioning rural area BID?
- Whether policy changes would allow rural destinations to overcome or mitigate some of the
  bigger barriers to the adoptions of a DBIDs approach in a dispersed rural business community
  in England?
- Whether underwriting some or all of the speculative costs of developing DBID proposal in rural
  area, possibly as a pilot scheme, to draw out further lesson and encourage adoption
  elsewhere, is a workable option?
- Whether Defra rather than DCLG should pursue a pilot approach?

Note 1: Core Cities a voluntary lobbying group comprising major Regional Cities with significant
business tourism and convention interests including: Birmingham, Bristol, Leeds, Liverpool,
Newcastle/Gateshead and Manchester.

Future alternative interventions.

9. Under the Governments current plans for major changes to Business Rate collection and retention in
England the finances of rural authorities and in particular second tier District Councils are unlikely to be
significantly improved and they may well even deteriorate. The ability to grow the retained business
rate base through the construction of new housing and, in particular new businesses premises, may be a
potentially attractive and practical proposition for many urban authorities in England but by in large it is
a problematic, if not an impractical proposition, for many rural authorities and for certain other urban
authorities including many coastal resorts which typically have very limited, fully developed foot prints. The new Business Rates approach could see some urban authorities generating additional funding to support further business growth, including tourism, whilst others who may need the tourism business support as much or more, will be left without that support and without any realistic prospects of that changing.

9.1. By their very nature, unless they already have major industrial sites or have motorways with the requisite access to new sites cutting through their rural areas, the chances of attracting significant numbers of new businesses to occupy sites in rural districts and for new businesses to pay new business rates at a worthwhile scale are slim. To expect it to happen in direct competition to better connected, better served urban areas, which will have the access to a larger trained and untrained workforces, are frankly less than slim. Unfortunately unless local authority funding improves dramatically and/or new, workable funding avenues are created, the chances of maintain existing, let alone resume lost discretionary support for non-statutory services like tourism support in rural areas are non-existent, if they are based on revised business rates system alone. We full appreciate that the re-drawing of the business rate system is an issue that goes way beyond tourism but nonetheless for the sake of tourism and much else besides we think that the use of floors and ceilings for total collection levels and some of the tools of the old system, like rate support grant, may be needed to ensure local authority spending on often much harder to provide rural services can at least be maintained, if not at some point grown.

9.2. We would ask the Committee to consider:

- The likely financial impacts of the proposed new approach to business rate retention in English rural areas with specific reference to discretionary service provision in those rural areas.
- What the realistic opportunities for new business rate creation in the majority of rural destination areas are?
- Whether the use of tools like some form of revised rate support grant is justified to support those areas that may be seriously disadvantaged under the proposed new approach to Business Rates in England?

Rural Voice.

10. Whatever the model for tourism partnership used in rural areas they are all bespoke to local circumstance. The resulting plethora of seemingly differing approaches is perhaps yet another factor in the apparent lack of external understanding of some of the core rural issues. The other is that because destination management bodies are often comparatively smaller organisations individually, they have less ability to create a noticeable National voice collectively. This is possibly less of an issue for the some of the bigger rural area destination marketing organisations, who may or may not be representing a different constituency and/or different disciplines and interests than their colleagues working in destination management. Very often rural management interests are not even pushed to the forefront of the agenda of wider based tourism representative bodies of which they are members, including embarrassingly sometime to the fore of our organisation’s agenda. Again numbers and scale are the issue. In our case over the last decade we have seen the total number of rural destination
management members fall dramatically and way out of proportion to the loss of any other destination categories. Alarmingly almost without exception the cause has been the closure of the local destination management organisations and total loss of the service, not a reorganisation or a move to external arrangements, nor even that they have continued to operate but can no longer afford or need our services.

10.1. In an urban destination tourism’s importance is not only relatively more obvious because it is condensed but also it is relatively easier to defend. In rural communities tourism may actually be proportionately more important to the totality of the local economy but the voice of businesses, local representative networks, the hotel, guesthouse restaurateurs and other associations and chambers tend to be smaller in scale, less well developed and thus less able to influence local opinion and local political decision making. Again this serves only to reinforce the chronic need for effective local destination management in rural areas to coordinate and represent the best interests of rural tourism internally as well as externally to the rest of the industry and of course to potential customers.

10.2. We would ask the committee to consider:

- Whether rural tourism has limited local and national voice relative to tourism's importance to the local and National economy?
- Whether there is a need to support local destination management to redevelop local representation and in turn reinvigorate national representation of rural tourism issues?
- The need to support existing rural National representative bodies, or foster new ones as a last resort.
- The need to encourage other representative bodies with rural interests to give rural issues appropriate attentions, and possibly disproportionate attention relative to the degree of rural engagement/membership they may have.

**Specific question posed:**

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

11. VB and VE regardless of how they are current organised deliver a highest quality service, within the constraints of the funding made available to them and the direction given to them by DCMS. Within those constraints rural tourism is as well represented and well promoted generically as any other major segment. What we would take issue with is the current direction given to VB/VE and the emphasis on VE attracting and dispersing international tourist, which we believe does not best serve the interests of many of the categories of destination and probably among them many rural tourism destinations least of all.

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

11.1. As a general rule we would favour increasing public access to the coast and countryside as tool for increasing tourism activities in inland and coastal rural areas. However, we are not convinced that the resource necessary to support and maintain the direct, let alone indirect impacts of public access are in
Therefore we would hesitate to call for any further increase to public access unless a realistically costed funding for development, management and ongoing maintenance was first identified, including for all indirect impacts like the need for traffic management, associated parking, toilets etc. were also addressed from the outset.

11.2. An audit of outstanding direct and indirectly associated works required to properly support existing public access would be a good starting point for a debate on the merits of increased access.

**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?

11.3. If public funding is available then rather than targeting it purely at developing new businesses, we would urge a dual approach that also funded local destination management. With good destination management in place you are encouraging and critically sustaining new businesses whilst also sustaining some or all existing businesses. A healthy, permissive supportive business environment and the resulting confidence that this engenders is often far more of a compelling catalyst for new development than any necessarily one off or short term individual fiscal encouragements.

**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?

11.4. Good consistent planning policy and good timely, consistent application of the processes are necessary to encourage and sustain appropriate development. In many authorities both urban and rural the process is hindered by reduced staff numbers and an increasing lack of appropriate levels of experience and by the basic procedure. Unfortunately the procedure is necessary and indeed can cause far greater delay if not it is not followed in what is after all a statutory environment, with clear legal requirements and redress. Greater resource to allow a timelier and a generally better application of process is the only logical solution we can offer.

11.5. In the case of National Parks the apparently even more protracted process is highly likely to put off external investors who by their nature can choose to invest wherever they like. This leaves many National Parks more reliant on investment from existing, often smaller businesses, many of whom will have more limited resource or be wary of applying simply because of past personal experience or because of the “local folk law”. The ability of local businesses to obtain loans for business improvements let alone for major expansion or new businesses in areas of special character may also be similarly affected, especially if local businesses are essentially dealing with local banks.

**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?

11.6. This is a big subject area but the fundamental point we would wish to make is that principle should not be what transport, housing and other infrastructure is needed to meet visitor needs but rather as a consequence of the tourism economy, what public and other infrastructure is need for local needs? Satisfy the genuine local needs and generally the tourism component will follows on automatically. For
example, lack of public transport might hamper some independent travellers in rural areas, but for locals it probably means that without access to a car or a willingness to live on the job the opportunities for local tourism employment may be severely curtailed.

11.7. Similarly a lack of affordable housing in rural tourism areas means that few individual can easily afford to both to live and to work in the rural tourism industry indefinitely. With fewer local workers available it leads to a higher demand for migrant workers who will be more willing or indeed probably need to live on site, often in very basic accommodation. They are willing to do so because they seldom intend to stay on a permeant basis and this is reflected in high staff turnover and by default almost permanent skills shortages. It may be an over simplification but hopefully it illustrates the point that cause and effect are often more complicated than they may at first seem. Training sufficient chefs may seem the solution to a chef shortage but if most young chef don’t earn enough to rent, let alone buy a property in an over inflated popular rural tourist area housing market, then no amount of skill training will solve the problem.

11.8. Broadband access is regularly cited as an obstacle to tourism growth, but just like public transport issues it affects only a proportion of the potential customer base; many customers will accept the poor service whilst some will relish it. Again the fundamental issue to address isn’t first and foremost access by potential customers but access by locals and in this case specifically local business access as that is where the major barrier currently lies. Relatively remote rural business can easily overcome that disadvantage, but increasing only if they have good digital business service access. Mobil coverage for rural areas is in our view almost as pressing an issue for many businesses, especially is it tends to be a case of you either have it in your premises/locality or you don’t rather than to what degree it is workable.

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

11.9. This evolutionary not a revolutionary process and the danger is always that we swing rapidly between a too permissive to a too restrictive environment. We would do well to recognise that much of what many see as natural environment is far from natural; it has been largely created and evolved over time and that some change, however, unpopular it may be is now be needed to maintain that evolutionary process? On balance we think things are about right, although we recognise that those with detailed practical experience may offer different and better informed opinion.

**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?

11.10. Although not initially intended, the answers to this question are largely given in the earlier paragraph and include recognition of the role of destinations and of destination management and of the subtly different destination marketing and the relatively greater significance of the domestic market for many destination and individual businesses.

11.11. Defra need to help persuade the Treasury of the need to look again at tourism and market failure and displacement theories. Rather than supporting inbound tourism only they need to recognise that modest support for destination management and the domestic market is an investment and one that
would ensure that wealth generated in certain parts of the country could be efficiently distributed to less economically active areas, many of which happen to be popular tourist areas.

11.12. Defra also needs to look at its role in support bathing water quality and role and function of associated EU and domestic award schemes. The withdrawal from European Union gives certain new opportunities and creates significant challenges around the standards the UK should now maintain and the balance between cost to the water and agriculture among other industries and the need to maintain and improve inland and coastal water quality. Experience shows that public perception and messaging especially around bathing waters can and does have an influence on the wider perception of coastal tourism, coastal resorts and popular rural coastal areas. Much progress has been made since 1975 and the first EU Bathing Water Direct and we would wish to see standards improve in line with those of our European competitors, whilst maintaining accurate, timely reporting of the standards being achieved on all popular UK bathing beaches during the main bathing season. Attempts to extending the season or to increase coverage to any beach where the public may come into contact with water should be resisted. To our mind water safety and the provision of appropriate advice and wherever necessary lifeguards are as important, if not more immediate important an issues for local beach controllers, in the current financial climate.

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