1. Introduction

The Tourism Alliance was established in 2001 as the voice of the UK tourism industry. It comprises 55 tourism industry associations that together represent some 200,000 businesses of all sizes throughout the UK. The Tourism Alliance's mandate is to work with Government on issues relevant to the growth and development of tourism and its contribution to the economy. It is therefore responding to this discussion paper in that capacity. A list of member organisations is included as Appendix 1.

2. Tourism and the Rural Economy

The Tourism Alliance very much welcomes the Environment, Food and Rural Affairs Committee's timely inquiry on supporting rural growth by boosting tourism.

Tourism is one of the UK's largest industries with residents and overseas visitors spending £127.4bn (7.1% of GDP) annually. This expenditure creates employment for 3.1m people (9.6% of the UK's workforce). Rural tourism is a significant component of the UK tourism industry. In 2015, 20m overnight trips were taken to rural destinations while day-visitors undertook a further 335m trips to rural destinations. Together these visitors spent £20.7bn in rural destinations, sufficient to support over 380,000 fulltime jobs in the rural economy.

Underpinning these headline figures are two factors that are significant for understanding the importance of tourism to the rural economy:

1. Spread
   Total tourism expenditure and employment is relatively evenly spread across the country, with no region in the UK having less than 100,000 people working in the tourism industry. This means that tourism supports rural economies throughout the country rather than just one or two regions.

2. Growth
   The tourism industry has been one of the main drivers of growth in the UK economy since the 2008 recession, with research by the Office for National Statistics finding that the industry had:
   
   - Provided growth at a faster rate than most other industries
   - Provided additional employment at almost twice the rate of other industries
   - Increased export earnings by 26.5% to £24bn pa since 2008
As a growth industry, tourism is well placed to support diversification of the rural economy, the retention of rural services and businesses and the creation of new employment opportunities.

It is also important to recognise the symbiotic relationship between the Agriculture and Tourism. Rural destinations increasingly rely on revenue from tourism to supplement agricultural incomes, while the tourism industry relies on the agricultural sector to maintain the environment and landscape that attracts visitors.

However, we believe that this inter-dependence is insufficiently recognised in Government Policy. As the evidence below shows, tourism development and growth in rural areas is often subject to conflicting policies between different Government Departments.

### 3. Evidence on Specific Issues

This section provides evidence on the key issues that are restricting tourism growth, and therefore economic growth, in rural areas.

#### 3.3 Planning

One of the main barriers to tourism growth in rural areas is the current planning framework which does not provide sufficient guidance on tourism development within rural areas.

As mentioned above, the tourism industry relies on both the maintenance of the natural and historic landscape in rural areas and the ability to develop businesses in order to provide growth for the rural economy. Because of this complexity, the Tourism Alliance worked with DCLG to develop The Good Practice Guide on Planning for Tourism as guidance on how to develop for the visitor economy in a sustainable manner.

However, when the NPPF was developed, the Good Practice Guide was replaced by a single page of tourism planning guidance that relates only to developments in town centres.

The resultant vacuum has resulted considerable uncertainty in the planning process, increasing both costs and delays as planning applications get bogged down in the appeals process. The lack of guidance has also resulted in inappropriate developments in rural areas where maintaining the environment was important for the tourism industry.

The Tourism Alliance believes that the Good Practice Guide should be reintroduced in order to facilitate rural tourism growth by providing direction and clarify for both Local Authorities and rural tourism businesses.
3.4 **Broadband**

Broadband speeds of 10mbps are generally agreed to be sufficient to meet the needs of most SMEs. However, many tourism businesses in rural areas do not receive speed anywhere near this level. For example, a study of tourism businesses in the New Forest found that 39% of businesses were achieving speeds of 0-2Mbs, with only 5% at 10-20Mbs and 3% above 20Mbs. A similar survey of tourism businesses in Cornwall by the local Tourism Board (VisitCornwall) found that 55% of the businesses surveyed received broadband speeds of less than 10mbps.

While there is increased demand for broadband by business in order to provide customers with richer online information (eg., virtual tours of facilities, interactive booking support and promotional videos), the highest demand for improved broadband speeds is coming from customers.

For example, the Camping and Caravanning Club, which operates a network of more than 100 high-quality Club Sites and 1600 smaller Certificated Sites throughout the UK are seeing consumer demand for broadband services such as Wi-Fi rise by over 50% year-on-year.

Visitors to tourism destinations and businesses are increasingly expecting to be able to undertake the same online activities as when they are at home in urban areas with access to superfast broadband. This means that customers are increasingly unable to understand why many tourism businesses are unable to provide broadband that is sufficient to enable movie streaming, playing online games or undertaking video chatting.

Many tourism businesses feel as though there is little choice of suitable products to meet their requirements. For example, a third of Caravan Club sites have no Wi-Fi connection at all because they are located in areas with either limited broadband or where the technical solution is so expensive that the costs of installation cannot be justified. Of the two thirds of sites where Wi-Fi is available, almost 50% do not have that do Fibre to the Cabinet (FTTC) connections meaning that there is little hope of meeting future broadband requirements.

There are also considerable concerns regarding mobile phone coverage as visitors need to access information in rural areas when they are outside their accommodation. This is particularly important for delivering public transport options, attraction information and weather updates.

**To resolve these issues, the Tourism Alliance believes that the criteria for the roll-out of rural broadband should be amended to include visitor usage and the impact on the rural tourism economy.**

3.5 **Taxation**
**a. VAT on Repairs and Alterations to Listed Buildings**

One of the most important elements of tourism in rural areas in the UK is the historic environment, but one major burden on historic buildings is the 20% VAT rate on all maintenance, repairs and alterations.

Britain’s forthcoming departure from the European Union opens up the opportunity to introduce a concessionary rate for repairs to historic buildings. Under EU law, confirmed by EU Finance Ministers in 2009, no concessions allowing member states discretion to set their own rates of VAT on such repairs was permitted.

At the same time as a reduction in VAT on repairs there should be a reduction in the rate for alterations. The exemption of listed buildings from VAT on alterations was removed in October 2012.

*If heritage attractions are to remain central to the UK’s tourism offer, sensible and timely measures such as the removal or reduction of VAT on listed buildings must be introduced.*

**b. Stamp Duty on Self Catering Properties**

The Government has recently introduced a 3% surcharge on SDLT for secondary properties in order to reduce Buy-To-Let ownership and reduce the number of people buying holiday homes in popular seaside destinations. This surcharge has increased the SDLT payable on the average UK property (£185,000) by over 460% from £1,200 to £6,750.

While this move it understandable in urban areas, it is detrimental to tourism in rural areas where self-catering accommodation is one of the dominant forms of tourism accommodation and generates significant revenue for local communities.

The Tourism Alliance has calculated that a single self-catering property in a rural location generates around £33,000 for the local community and provides 0.7 of a FTE job.

If just 10% of potential operators are deterred by this additional start-up cost, it would lower the revenue generated by the self-catering sector by £330m per annum and cause the loss of over 6,000 jobs. This is three times the revenue that the Government would receive from self-catering businesses as a result of the new SDLT.

*A simple solution is to charge the additional SDLT and allow operators that comply with the Furnished Holiday Letting Rules (which require properties to be let for at least 15 weeks per annum) to claw back the tax.*
People 1st (the Sector Skills Council for tourism) estimates that the sector will require 993,000 new staff by 2022 due to growth and high turnover rates. This high level of demand for staff means that 21% of businesses are already reporting that the staff they are employing lack essential skills. This compares unfavourably with just 15% of all businesses in the UK reporting this problem.

Even with open immigration from EU countries, the UK’s unemployment rate has dropped to just 5%, putting pressure on businesses trying to source skilled workers and leading to around 10,000 unfilled position on the sector. If the UK leaves the EU, it is reasonable to assume that the current staffing and skills shortages will be exacerbated as UK training institutions will not be able to compensate for the reduction in workers from the EU. If agricultural businesses also experience employee shortages, this will also impact the quality of the rural environment for visitors and the overall viability of mixed farming/tourism businesses.

To help resolve the issue of finding skilled and motivated staff, the tourism industry would want the Government to negotiate a deal with the EU that retains the ability of EU nationals being able to come to the UK to work in the UK tourism and agricultural industries.

3.7 Transport

Transport is one of the key barriers to rural tourism development. While there is a lot of attention on providing public transport options in rural area, it must be remembered that over 80% of trips to rural areas are undertaken by private transport and that, for the foreseeable future, resources need to be focused on maintaining and improving access for visitors especially in light of increasingly regular flood events caused by Climate Change.

A significant example of this problem was demonstrated in Cumbria when floods blocked a number of roads including a landslide closing a four-mile section of the A591 between Keswick and Grasmere. Not only did these closures impact on businesses in the immediate area, while they remained closed there was a perception in the rest of the UK that access the Lake District was difficult and bookings for the whole region declined.

It is our view that DfT’s focus remains on facilitating business and commuter travel through investing in main intercity transport network. This focus means that DEFRA and its agencies must become more active in championing rural transport, pushing and co-ordinating others Government departments and agencies. There are a range of initiatives that should be undertake through this role including helping to improving response times to reopen road and railway lines, developing Visitor Travel Plans as a management tool for developing practical travel options, reviewing the Brown and White tourism signage system, encouraging integrated rural transport.
To take an overall view of these problems and develop solutions, we believe that DEFRA should create a rural transport task force that draws in DfT and DCMS, with a brief to review needs of rural communities and suggest ways forward that will enhance sustainability and sustainable tourism, reduce social exclusion and support the rural economy. This could also look at links to land use planning so that bus and rail services can be accessed more easily by public transport.

3.3 Village Infrastructure

Village Pubs and Churches are both the core infrastructure of functioning village communities and the main attractions for many visitors to rural villages. As well as being places for the local community to meet, they increasingly provide extended services such as doubling as post offices, convenience stores and locations for community building activities which, in turn, draw tourists who contribute to the local economy.

The importance of churches and pubs to the rural economy needs to be better acknowledged and supported by government policy including supporting the provision of security measures for vulnerable open church buildings, review of rural rate relief for village pubs and amend the planning system to allow timely and efficient alternations to be made to rural pubs to help them remain viable.

3.2 Environmental Protection

The UK tourism industry equally depends on the UK’s natural environment. The UK’s natural environment has benefitted considerably from European environmental regulation, most obviously through the Water Framework Directive which requires rivers, lakes, ground and coastal waters to be of a high standard. Similarly, the Birds Directive and the Habitats Directive, through the Natura 2000 programme, provide protection for the UK’s biodiversity and natural habitats.

The environmental management of the UK’s countryside and seaside destinations is one of the main factors in attracting visitors to rural areas. This means that, when the UK leaves the EU, it will be important to maintain existing environmental standards and for these to evolve over time.

3.1 Tourism Funding

Since the global economic downturn in 2008, there has been a very sharp decline in funding for domestic tourism funding from £197m to just £71m. This reduction in funding has been particularly severe for rural destinations.
a. **Local Authorities**

Local Authorities have traditionally been the greatest source of funding for rural tourism. However, tourism development and promotion is not a statutory function of Local Authorities and, with councils under mounting financial pressure, funding for tourism has declined by almost 50% - from £122m in 2007/8 to £64.5m in 2015/16.

This decrease in council funding is far greater than the 10% overall reduction in total local authority expenditure over the same period and further cuts are likely in future years.

Cuts in expenditure in areas such as removing fly-tipping, road maintenance and maintaining the public realm (e.g., parks and gardens) are also impacting on both the quality of the rural environment and the visitor experience.

b. **LEPs**

While there was debate regarding the effectiveness of some RDA expenditure, the RDAs nevertheless spent £65m per annum on tourism growth and development. This funding, much of which targeted rural and seaside areas, ended in 2012 with the abolition of the RDAs. While RDAs have been replaced by Local Enterprise Partnerships (LEPs), LEP funding for tourism is minimal and only a tiny number of LEPs view tourism as a primary focus for growth in their area.

Even those LEPs that do support tourism development tend to concentrate their efforts on urban rather than rural destinations due to the ease of working with larger hotels and attractions.

c. **VisitEngland**

VisitEngland was established in 2010 as the Government body responsible for domestic tourism development and promotion. However, in 2015, the Government decided that VisitEngland should no longer undertake domestic tourism marketing. While the organisation continues to provide support for businesses and manage the £40m Discover England Fund, this funding is targeted at developing tourism products for international visitors.

The loss of central and local Government funding for tourism means that rural tourism development is increasing dependent upon the £80m allocated to rural tourism businesses via the Common Agricultural Policy funded Rural Development Programme for England (RDPE) and the LEADER programme, while the European Structural and Investment Fund (ESIF) programme funding is particularly important to rural destinations such as Cornwall and Wales where tourism is a large component of the economy.
The Tourism Alliance is pleased that the Government has announced that all funding committed through the current CAP and ESIF programmes will remain available. However, as the rural tourism industry is now heavily dependent on these funding streams, it is very important that replacement schemes continue to make funding available for rural tourism development.

3.2 Tourism Marketing

In July 2015, the Government launched its new tourism strategy, the Five Point Plan for Tourism. This strategy determines that Local Tourism Boards (now called Destination Management Organisations or DMOs) should be responsible for domestic tourism marketing while the Government focuses its activity on encouraging overseas visitors to travel outside from London.

While the Tourism Alliance is supportive of spreading the benefits of inbound tourism more widely, it should be recognised that domestic visitors will remain the main source of revenue for rural destinations for the foreseeable future.

It should also be recognised that tourism is an internationally competitive industry. As such, the rural DMOs are competing directly with the marketing resources of destinations such as Spain, the advertising budgets of airlines such as Easyjet and the promotional activities of tour operators such as Thomson Holidays for the holiday expenditure of people living in cities such as London, Birmingham and Manchester.

For rural DMOs to be competitive in this environment, they need to be based on a strong, sustainable funding model and adequately resourced to driving regional tourism growth. However, with abolishment of the RDAs, Central Government focusing on inbound tourism and LEPs failing to provide leadership, sub-national tourism structures have fragmented and their ability to compete has been significantly reduced.

The Tourism Alliance believes that the Government needs to work with the tourism industry to develop a solution for providing DMOs with a solid foundation so that they can grow and promote rural destinations in the global tourism market.

The Tourism Alliance, as the voice of the UK tourism industry, would welcome the opportunity to provide oral evidence to the Committee on these issues. In the meantime, if we can provide any further information or assistance, please do not hesitate to contact me.
APPENDIX 1 TOURISM ALLIANCE MEMBERS

ABTA - The Travel Association
Airport Operators Association
ALMR
ALVA
ANTOR
Association for Tourism in Higher Education
BACTA
BALPPA
Bed & Breakfast Association
British Beer & Pub Association
British Destinations
British Educational Travel Association
British Holiday & Home Parks Association
British Hospitality Association
British Marine Federation
Business Visits & Events Partnership
Camping & Caravanning Club
Churches Visitor and Tourism Association
Confederation of Passenger Transport
Country Land and Business Association
Cumbria Tourism
EASCO
English UK
European Holiday Home Association
European Tour Operators Association
Experience Nottinghamshire
Family Holiday Association
Farm Stay UK
Group Travel Business Forum
Heritage Railway Association
Historic Houses Association
Historic Royal Palaces
Institute of Tourist Guiding
Liverpool City Region LEP
Marketing Manchester
National Caravan Council
National Trust
New Forest Destination Partnership
Outdoor Industries Association
Premier Cottages
Resort Development Organisation
South West Tourism Alliance
The Caravan Club
The Tourism Alliance Brighton and Hove
The Tourism Society
Tourism For All
Tourism South East
UKinbound
Visit Cornwall
Visit Kent
Visit Wiltshire
Welcome to Yorkshire
Wyndham Worldwide

*Observers*
Local Government Association
VisitBritain
VisitEngland

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