

Business, Innovation and Skills Committee
7 Millbank
London, SW1P 3JA

13 August 2010

Tourism Alliance Submission BIS Inquiry: The New Local Enterprise Partnerships

1. Introduction

The Tourism Alliance was established in 2001 as the voice of the UK tourism industry. It comprises 53 Tourism Industry Associations that together represent some 200,000 business of all sizes throughout the UK (see appendix 1). 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 inquiry in that capacity.

2. Background

Tourism is one of the largest industries in the UK. A recent report by Deloitte and Oxford Economics concluded that the total contribution that domestic and overseas visitors make to the UK economy is currently £115 billion a year, which supports 2.63 million jobs – around 10% of the UK's total workforce.

One of the key strengths of the UK tourism industry is that these economic and employment benefits are relatively evenly spread across all regions of England and the UK as a whole. Almost all regions receive more than £5bn per annum in tourism expenditure and employ over 100,000 in the sector. In addition, there is an almost 50:50 split between tourism expenditure in urban and rural areas with overseas visitors tending to travel to cities and domestic visitors tending to stay at rural and seaside destinations.

The importance of the industry to the recovery of the British economy was the focus a speech on tourism that the Prime Minister gave on 12th August when he stated that *“tourism is our third highest export earner behind chemicals and financial services”* and *“one of the best and fastest ways of generating the jobs we need so badly in this country”*. The central role of tourism in the UK's economic recovery was reinforced by the setting of ambitious Government targets for both inbound and domestic tourism growth.

The forthcoming 2012 Olympics, together with next year's Champions' League final at Wembley, the Rugby League World Cup in 2013, the Commonwealth Games in 2014, the Rugby Union World Cup in 2015 and, hopefully the Football World Cup in 2018 comprise a “decade of sport” that provides us with an unprecedented opportunity to showcase the UK both domestically and abroad. If we are able to get the structure and funding of tourism right, the benefits to national and regional economies will be substantial.

3. The Structure for Tourism Development in the UK

Tourism development and promotion in the UK is governed by the Tourism Development Act 1969, which is administered by the Department for Culture, Media and Sport. This Act provides for the establishment of a British Tourist Authority (VisitBritain) and Tourist Boards for England, Scotland and Wales and grants them responsibility for promoting the development of tourism to and within Great Britain.

Within England, a series of nine Regional Tourist Boards were established. These organisations were membership based but with funding from local authorities and from the English Tourist Board in order to undertake national programmes such as quality assurance.

This structure remained in place until 2000 when the previous Government introduced the policy of devolution. Under this policy, the responsibility for tourism development in Scotland and Wales was transferred to, respectively, the Scottish Parliament and the Welsh Assembly (responsibility for the English Tourist Board and British Tourist Authority remaining with Whitehall).

At the same time, the statutory responsibility for tourism development at the regional level within England was devolved to the RDAs and the Mayor's Office in London. DCMS funding for tourism development at the regional level was transferred to the BIS-controlled "single pot" as part of this arrangement. It is important to note that, while local authorities have an ability to undertake tourism development and promotion, there is no statutory authority or requirement for them to do so. As such, tourism development at the local authority level is patchy and is one of the first things to be cut when funding is reduced. This makes tourism funding through the RDAs particularly important.

The devolution of responsibility for tourism development to the RDAs has had a significant impact on regional tourism development. It is accepted that there have been problems associated with the uneven allocation of funding between the RDAs, the proportion applied to tourism, and difficulties co-ordinating national programmes between essentially competitive organisations. However, both the level of funding (now around £45m per annum) and regional commitment to tourism development have increased significantly as a result of the establishment of the RDAs.

Tourism has increasingly been recognised as being a vital component of regional economies and incorporated into regeneration and development plans. Most of the RDAs have also established a network of tourism support organisations within their region to bring together public and private sector tourism expertise, leverage private sector funding, and co-ordinate local development. This has been particularly important for both regional and national tourism development.

4. The Establishment of LEPs

The Government has announced the imminent abolition of RDAs and the establishment of LEPs. We have considerable concerns regarding the impact that the process of transition from RDAs to LEPs will have on the existing national tourism structure. If the new LEPs are not established in a coherent and coordinated manner, providing national coverage for tourism businesses, the future cohesion within the industry, and the implementation of national programmes for tourism development, including the new National Tourism Strategy for England, could be seriously compromised.

The timetable and process of winding-down the RDAs and significantly reducing their funding, is being implemented before the LEPs are established. As a result, it seems likely that some essential core tourism development tasks previously

carried out via the RDAs will be terminated before the new arrangements are in place. There is also the concern that the LEPs will not have the national coverage nor the statutory responsibility to undertake these programmes once they are established.

At this time it is unclear as to whether the statutory responsibility for tourism development will be transferred from the RDAs to the LEPs, whether LEPs will provide the full national coverage required to implement the national tourism strategy and, if not, what Department or agency will be responsible for those areas not covered by LEPs.

There is a very real potential that a lot of the expertise that has been developed, and the advances that have been achieved over that last 10 years will be lost if LEPs are not established in a coherent and co-ordinated manner. We are also concerned that their interest in, and provision for, tourism will vary or they may choose not to pursue provision for tourism. The Tourism Alliance has established the following set of key principles that we believe will provide a coherent structure for future tourism development at the regional level (please note that the term “regional” in this submission means “below the level of national and above the level of local” – it does not necessarily mean conforming to existing RDA boundaries).

4.1 Key Principles

1. There remains a need for LEPs to link, co-ordinate and provide some administrative cohesion for tourism development activity at the sub-national level.
2. There must be no “gaps” between LEPs. That is, if local authorities are required to form LEPs in order to participate in national tourism programmes and be eligible for funding, there must be a mechanism to ensure there are no “orphans” – all areas must be able to participate in national programmes.
3. For tourism development and marketing, LEPs should relate to recognisable area brands – with Local Authorities and the private sector working through tourism partnerships which would include existing, new and evolved tourism support organizations.
4. The National Tourism Strategy for England should be the principle basis for the allocation of public funding. Tourism funding for national programmes consistent with the National Tourism Strategy should be allocated and controlled centrally through VisitEngland.
5. The status of recipient entities must be defined to ensure they fulfill the requirements for state funding and comply with state aid rules. It is felt that a “draft constitution” should be developed to cover the essential elements, for compliance by all recipients. This will facilitate administration, monitoring and evaluation of outcomes on all programmes.
6. It is important that LEPs should be cost-effective, minimizing bureaucracy and focusing on easing the flow of funding rather than being a drain upon it.
7. Public funding for tourism activities undertaken by the LEPs should be divided into two streams – funding for national industry-wide programmes such as quality assurance, accessibility, marketing campaigns, maintaining an IT platform and sustainability.
8. Funding should be allocated on the basis of need and potential, and on the basis of encouraging public and private entities to come together and maximize added value.

9. ROI must remain a core criteria for investment by LEPs.

We also note that BIS is currently consulting on proposals to establish a Regional Growth Fund to encourage private sector enterprise by providing support for projects with significant potential for economic growth and create additional sustainable private sector employment. The Tourism Alliance believes that this fund needs to be available for tourism development and promotional activities and co-ordinated with LEP tourism related initiatives. The fund also needs to be available for undertaking national tourism programmes in any areas that are not covered by LEPs so that these programmes have complete coverage.

5. **Conclusion**

Tourism is one of the UK's largest industries and is an important component of the economy in all regions of England. The statutory responsibility for tourism development at the regional level was devolved to the RDAs in 2000 and, largely, they have all been committed to developing the tourism economy at their regional level over the last 10 years. To maintain national tourism programmes, this statutory responsibility needs to be transferred to the new LEPs.

Our request is, therefore, that the risks of dis-continuity of core tasks are recognised and that, following appropriate consultation, transitional arrangements are put in place to ensure that national programmes are maintained during and following the restructuring of the RDAs. This would avoid the high risk that expertise could be lost and programmes may be disrupted or cease, which would be to the great detriment of efforts to improve the quality of the English tourism offering and put the Government's targets for domestic tourism growth and the potential benefits of the 2012 Olympics and the "decade of sport" in jeopardy.

Yours sincerely



Ken Robinson CBE
Chairman

Registered Office:

The Tourism Alliance Limited, 6 Pullman Court,
Great Western Road, Gloucester, GL1 3ND.
Company Registration No 05106422

President: Richard Lambert
Chairman: Ken Robinson CBE
Policy Director: Kurt Janson
W: www.tourismalliance.com
T: +44 (0)20 7395 8246 F: +44 (0)20 7395 8178
E: kurt.janson@tourismalliance.com

Centre Point 103 New Oxford Street London
WC1A 1DU

Appendix 1: Tourism Alliance Members

Association for Tourism in Higher Education
ABTA – The Travel Association
Association of Leading Visitor Attractions
Bed and Breakfast Association
British Association of Leisure Parks, Piers & Attractions
British Beer & Pub Association
British Educational Travel Association
British Hospitality Association
British Holiday & Home Parks Association
British Marine Federation
British Resorts and Destinations Association
Business In Sport and Leisure
Business Visits and Events Partnership
Camping and Caravanning Club
Confederation of British Industry
Confederation of Passenger Transport UK
Country Land and Business Association
Cumbria Tourism
Destination Performance UK
East of England Tourism
English Association of Self Catering Operators
English UK
European Tour Operators Association
Events Industry Alliance
Farm Stay UK
Guild of Registered Tourist Guides
Heart of England Tourist Board
Heritage Railway Association
Historic Houses Association
Historic Royal Palaces
Holiday Centres Association
Holiday Cottages Group
National Caravan Council
National Trust
New Forest Tourism Association
Outdoor Industries Association
South West Tourism
The Caravan Club
Tourism for All
Tourism Management Institute
Tourism Network North East
Tourism Society
Tourism South East
UKinbound
Visit London
VisitCornwall
Visitor Attractions Forum
Welcome to Yorkshire

Associate Members

Local Government Association
SouthWest RDA (representing the RDAs in England)
VisitBritain
VisitEngland