

Backing a Winner

Brigid Simmonds, Chairman of the Tourism Alliance, considers what can be done to promote the growth of the tourist industry...

At the National Tourism Conference – Tourism UK 05 – Sir Digby Jones launched the Tourism Alliance manifesto, 'Backing a Winner', highlighting the issues that the Tourism Alliance will be challenging the next Government after the election. The manifesto concentrates on the four main areas that the Alliance sees as being critical if government is to achieve its target of delivering a tourism industry with an annual revenue of £100bn by 2010. These areas are:

Reducing the fiscal and regulatory barriers faced by tourism businesses

There are many barriers that increase the cost of doing business and reduce the competitiveness of Britain as a destination. These barriers include imposed regulation that adds little to consumer protection, but either significantly increases the costs associated with running a business or reduces the flexibility of businesses to respond to changes in the business environment. The impact of burdensome regulation, which has grown considerably in recent years to that stage that it now accounts for about 15% of a manager's time, something particularly damaging for SMEs that represent the majority of Britain's tourism businesses.

There are also significant fiscal barriers to the UK remaining internationally competitive such as Air Passenger Duty and full rate VAT on accommodation. The net impact of these two taxes is that tourists in the UK pay 50% more tax on the products and services that they purchase in Britain than they do on the same products and services purchased in continental Europe.

Improving skills within the industry

One of the greatest challenges facing the tourism industry is gaining and retaining skilled staff. While the establishment of People 1st, the new Sector Skills Council for the tourism industry, is welcomed, there is still more to be done to motivate businesses to invest in skill development.

Staff turnover within the industry is high, especially at junior levels, and, with a shortage of skilled and qualified staff, recruitment can be difficult. This issue is not unique to Britain but the standard of service here frequently falls below that of competitor destinations. Investment in learning and utilising the skills and creativity of everyone in society is crucial to a globally competitive economy.

To deliver a motivated workforce skilled in providing high quality service to overseas visitors, further initiatives are required to raise the profile of tourism careers and to achieve greater recognition for the needs of tourism in pre-career education, in-service training and lifelong learning.

Increasing both public and private sector investment in tourism

There are a number of areas where investment is urgently required. There is a need for increased investment by government in areas such as the provision of high quality data essential for investment decisions within the industry.

Policies are also required that encourage tourism businesses to invest in Britain's historic and cultural assets so that they are preserved and continually improved as a driver for both inbound and domestic tourism.

Improving the quality of products and services

For tourism to prosper, businesses must provide the high quality visitor experience that consumers want, at a price they are prepared to pay. The tourism industry requires a proactive approach to development that fosters enterprise and investment in new and innovative products, while ensuring appropriate environmental protection.

A simple but effective incentive to support this would be for all government departments to only use accommodation that was part of the National Grading Scheme. This would show support for the industry and provide an incentive for accommodation providers to improve the quality of their product.

However, while there is a wide range of initiatives that need to be undertaken under these four key themes, there is one fundamental change that is required for the long-term growth of the sector and that is a review of the legislation on which the national tourism structure is based – the Development of Tourism Act 1969.

Reviewing the Development of Tourism Act

The Development of Tourism Act is a very good example of where legislation has not kept pace with the changing political landscape created by devolution. When the Act was developed, there was a clear and logical structure to tourism and the relationship between the British Tourist Authority (now VisitBritain), as the international marketing agency for Britain, the National Tourist Boards for England, Scotland and Wales (as

the domestic marketing agencies), and the Regional Tourist Boards (as the regional marketing agencies). This structure enabled coherent tourism funding, planning and policy development. Tourism businesses knew who to approach to seek assistance with marketing activities, and there was a clear flow of policy and strategy from the sponsoring department through to the various agencies that enabled national co-ordination.

However, since the Act was passed, a number of significant changes have occurred that have overtaken the provisions of the Act as the Government has sought to re-align the responsibilities of the organisations governed by the Act to fit with the policy of devolution. Significantly:

- The responsibility for tourism funding and development in Scotland and Wales has been devolved to the Scottish Parliament and the Welsh Assembly;
- The National Tourist Board for England has been merged with the British Tourist Authority to form VisitBritain;
- The Scottish and Welsh National Tourist Boards have been granted the ability to market overseas independently of VisitBritain;
- Responsibility for regional tourism development in England has been devolved to the RDAs, which are increasingly undertaking overseas marketing.

The net impact of these changes has been a considerable lack of clarity within the industry and, indeed, within the National Tourist Boards, as to function and relationship between the various tourism agencies. For example, VisitBritain is solely funded by Westminster, yet is also accountable to the Scottish Parliament and the Welsh Assembly. It is required to co-operate with the National Tourist Boards for Scotland and Wales when undertaking international marketing and yet, at the same time, competes with Scotland and Wales in the domestic tourism market. To resolve this, the funding that VisitBritain receives from government is ring-fenced for international and domestic marketing, preventing resources being transferred between markets in order to give the best return on the Government's investment. A return, it should be added, that at present provides £30 for every £1 of government investment.

While, in the past, government funds for the marketing of Britain overseas were solely channelled through the British Tourist Authority, there are now 12 different agencies all using government funding to market Britain overseas. There is little requirement for them to co-ordinate their activities, and this is increasingly resulting in the duplication of activity and expenditure of public funds.

Further, there is increasing competition between the agencies for private sector funds to undertake marketing activities resulting in confusion in the industry as to which agency(s) businesses should approach in order to undertake initiatives that span international and domestic markets. The net result is a growing reluctance by the industry to provide funding for tourism promotion, which, in turn, does not allow for the maximisation of public expenditure.

Other than funding issues, there are also problems emerging in the delivery and implementation of national tourism policy and initiatives. There is now no direct line from DCMS to the RDAs who control regional tourism. When responsibility for regional tourism policy was devolved to the RDAs, the Minister for Tourism had required each RDA to appoint a senior person to lead on tourism. However, this has not proved enough to ensure the level of co-ordination required. As a result, the ability to effectively communicate and co-ordinate tourism policy across England has been compromised. This lack of co-ordination is seen by the industry to be causing problems with the implementation of national schemes, and to, eventually, adversely affect public perception of the tourism industry and tourism products.

The Tourism Alliance is, therefore, asking for a review of the Development of Tourism Act 1969 in order to resolve the structural and funding problems relating to tourism marketing, organisational cohesion and support, especially within England. By doing so, the industry will regain the co-ordination required to ensure that it is competitive in the international market. This review should seek to:

- Establish a coherent structure for tourism marketing, organisational cohesion and support;
- Examine the form of agency that can deliver authoritative leadership for tourism marketing, organisational cohesion and support in England and Britain;
- Explore different models for tourism investment and the level of investment required;
- Determine the correct location of tourism support functions such as statistics and research, quality standards and product development, and the appropriate level of resources required for these functions;
- Determine the correct location within government for English and British tourism policy-making and sponsorship.

Tourism is the UK's sixth largest industry. It employs 2.2 million people and contributes significantly to government's key objectives, such as social inclusion, rebuilding the rural economy, regeneration, and supporting the UK's culture and heritage. The UK is already the sixth most popular destination in the world, evidenced by tourism earnings being the UK's third largest export earner after oil and vehicles. If we can get the structure properly resolved, there is no reason why the industry cannot further provide substantial social and economic benefits for the country. After all, investing in tourism is backing a winner.



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