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Local Government Finance Formula Grant Distribution Consultation

1. Introduction

The Tourism Alliance was established in 2001 as the voice of the UK tourism industry. It comprises 50 tourism industry trade and marketing associations that together represent some 200,000 business of all sizes throughout the UK (see Appendix 1 for membership list). 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 consultation in that capacity.

2. Background

Tourism is generally agreed to be the UK's sixth largest industry. A recent study by Deloitte and Oxford Economics, *The Economic Contribution of the Visitor Economy*, found that tourism expenditure in the UK during 2009 was £86bn (around 8% of GDP) and that the tourism sector supports some 2.65m jobs throughout the UK both directly and indirectly.

The tourism industry comprises three major components;

1. Foreign Visitors
Foreign visitors account for just 3% of total tourism trips in the UK (30m trips per year). Of these trips, around 50% occur in London. Foreign visitor numbers and expenditure are measured through the ONS run International Passenger Survey (IPS) which is the most accurate of the three main tourism surveys.
2. Domestic Visitors
Domestic overnight visitors account for 12% per of all tourism trips in the UK. Of these 125m trips per annum, just 8% occur in London. The reason for this being that most domestic travel is from urban areas to rural and seaside destinations. Domestic visitor numbers and expenditure are measured through the UK Tourism Survey which is run by the VisitEngland and, after a major revision four years ago, is considered by the Tourism Industry as being reliable and accurate.
3. Day Visitors
Day Visitors are by far the greatest component of UK tourism, accounting for around 85% of all tourism visits. However, day visits

are measured through the leisure day visitor survey, the least accurate of the tourism surveys.

3. Specific Comments on Proposals

The Tourism Alliance's comments on the consultation document relate to the proposed removal of the daytime visitor component of daytime population per km in the Highway maintenance calculation (Question 9) and the proposal to replacing the day visitors indicator with foreign visitor night indicator in the district-level and county-level EPCS RNFs (Question 11).

The Tourism Alliance agrees with DCLG's view that the current day visitor survey is no longer fit for purpose.

However, we contend that replacing the day visitors indicator with a foreign visitor night indicator is not an appropriate solution. There are two main reasons for this. The first being that foreign visitor nights account for only 15% of all tourism nights (working on the basis of a day visit equalling a foreign visitor night). This means that the allocation of funding would be based on a small subset of total tourism visits. Second, the travel pattern of foreign visitors to the UK is very different to the overall pattern of tourism visits in the UK in that just under 50% of foreign visitor nights are spent in London. By contrast, domestic and day visitor travel (which constitutes 85% of total visitor travel) is much more evenly spread across the UK with only around 10% occurring in London

As a result, replacing the day visitor indicator with a foreign visitor night indicator would simply be to switch from one indicator that was not fit for purpose to another indicator which is much less fit for the intended purpose. That the foreign visitor indicator is unfit for this purpose is evidenced by the resultant reallocation of £60m from the Shire and Metropolitan areas to London that has been calculated as taking place under the proposed formula.

While the present day visitor survey is no longer fit for purpose, this situation is currently being rectified by VisitEngland. A new, robust survey is currently being implemented, the results of which will be available in 2012 and can be incorporated into the formula at that stage.

The Tourism Alliance therefore proposes that the best solution is to retain the current calculations with the existing day visitor indicator until 2012 and, at that stage, replace the indicator with a new one derived from the new day visitor survey.

Thank you for meeting with the Tourism Alliance to discuss this issue and for the opportunity to comment on this consultation. If you have any queries or require clarification, please don't hesitate to contact me.



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Chairman

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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