



DEPARTMENT FOR CULTURE, MEDIA AND SPORT

Government Response
to the Culture, Media and Sport
Select Committee Report
on Tourism

*Presented to Parliament by the
Secretary of State for Culture, Media and Sport
by Command of Her Majesty
October 2008*



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DCMS RESPONSE TO SELECT COMMITTEE REPORT ON TOURISM

General/Introductory

The Department for Culture, Media & Sport (“the DCMS”) is pleased to have the opportunity to respond to the conclusions and recommendations of the Culture, Media & Sport Committee’s (“the Committee’s”) Tourism Inquiry.

The DCMS welcomes this report which is the result of one of the largest Inquiries the Committee has ever carried out. It was also, with over 100 submissions being received, very wide-ranging and covered matters which are, and will continue to be, important to the future of the United Kingdom’s tourism industry.

The DCMS is pleased that the Inquiry recognises the healthy long-term position of the British tourism industry and that a balance of payments deficit in this sector is an international, rather than a purely national, phenomenon. The DCMS recognises the importance of the tourism industry to investment; employment and the British economy generally; and remains wholly committed to its success, especially during difficult economic circumstances,

Response

The DCMS response to the Inquiry’s 25 conclusions and recommendations follows (for convenience, we have grouped conclusions 2 and 10 together):

1. It is obviously the case that non-departmental public bodies should always be looking to run their operations more efficiently. However, in the case of VisitBritain, no-one has demonstrated that there are inefficiencies in the way it conducts its operations, and certainly not of the scale to justify the cut in its resources that is proposed. Instead, we share the view that VisitBritain is generally a well-run and efficient organisation and regard the Government’s attempted explanation of its decision as wholly unconvincing. (Paragraph 40)

The DCMS believes that VisitBritain is a well run organisation that has consistently delivered against its efficiency targets. But it considers that there is no contradiction, during a period of severe fiscal constraint, in demanding and driving further efficiency from any public body. There is also no contradiction in expecting such an organisation to respond actively to external developments – in this case, to changes in the international and domestic tourism markets.

Part of this drive for greater efficiency must involve the eradication of duplication; maximum exploitation of technological developments in the digital world and a constant re-evaluation of the changing market place. It is vitally important that VisitBritain remains fit for purpose in today’s rapidly changing economic circumstances and the Government believes that it will need to adapt in order to generate maximum value from limited resources.

VisitBritain’s marketing activities must not sit in isolation from the wider public support for the tourism sector at national, regional and local levels; and the development of the tourism product, which includes commitment to cultural and sporting events in this country, is equally relevant.

As the Committee is aware, at the same time as it announced the outcome of the Comprehensive Spending Review in October 2007, the DCMS commissioned an ambitious and wide-ranging review of public sector support for tourism. This, known as the British Tourism Framework Review, is being led by the Chairman of VisitBritain, Christopher Rodrigues, and nearing completion and should report shortly. VisitBritain expects to publish its conclusions in November this year.

DCMS is working closely with VisitBritain on the Review and welcomes the commitment and enthusiasm it has shown in the scrutiny of options for the reform and re-vitalisation of its operations at home and overseas.

As a result, the DCMS is confident that the results of the Framework Review will show that VisitBritain has moved beyond the understandably negative predictions that it made in its evidence to the Inquiry and that it will shortly be in position to deliver an even better service to the tourism industry.

The economic situation means that the fiscal environment is becoming ever tighter and the Government will not hesitate to press for ever greater efficiencies in public expenditure. Prioritisation of limited resources will continue to drive reform and decisions.

2. While recognising the tightness of this year's public expenditure settlement, we find it extraordinary that Ministers took the decision to concentrate all of the pain on the Department's funding for tourism. Indeed, we believe that there was a strong case for increasing the resources available to VisitBritain given the evidence of the economic benefits that can result and the unique opportunity provided by the forthcoming 2012 London Olympic and Paralympic Games. The decision to cut resources is simply baffling and should be reconsidered. (Paragraph 41)

10. It is regrettable that the Government is committed to a Comprehensive Spending Review settlement so close to London 2012 with a substantial funding reduction for the body responsible for marketing the UK overseas. We do not doubt that there are other factors which will underpin the delivery of DCMS's Olympic tourism strategy, but effective marketing of the UK overseas must be a priority. We believe that it is not too late to realise fully the tourism benefits of the Games, but a greater investment from the Government is necessary. We recommend that provision is made as soon as possible for additional funding for VisitBritain specifically for this purpose. (Paragraph 89)

The DCMS's Memorandum to the Committee detailed how the Government's investment in tourism across the UK has increased significantly over the last decade. It was, therefore, pleased that the Inquiry endorsed the Government's figure for total UK tourism funding of £348.4 million (as set out in the table at paragraph 30), and acknowledged the present investment of £500 million a year in improving the industry's skills base (as discussed further at the response to the Inquiry's conclusion no. 15 below). These figures show that public investment in support of the tourism industry is substantially higher than it was in 1997.

This places an even greater responsibility on all public bodies, including VisitBritain, to ensure that maximum value is added by their efforts in a modern and changing market.

Investment in visitor experience and the tourism product is as important to the growth of the visitor economy as marketing. The Government's investment in skills; the quality of accommodation; the Olympic and Paralympic Games; the Cultural Olympiad; free museums and galleries; heritage and seaside resorts are all critical to overall success. The potential tourism legacy of the Olympics is focused on our welcome, quality, skills and ultimately, the product we offer.

The Government is confident that the emerging structures from the Strategic Framework Review will strengthen VisitBritain and Visit England's capabilities to deliver in the 21st century and ensure a proper balance between our marketing effort at home and abroad and public investment in our tourism product.

The Committee will be fully aware of the serious challenges currently facing the British economy. No part of the public sector can be immune from a robust and constant re-evaluation of every priority and its expenditure. At present, the Government is focusing its priorities on the visitor experience and the tourism product. But it would be wrong to imply that it has made it impossible for VisitBritain to fulfill its aims in respect of marketing. Over £130 million is being invested in VisitBritain over the three years of the Spending Review period.

3. There is a danger that in seeking to secure greater funding from non-Government sources, VisitBritain’s role in marketing the UK may be compromised, and VisitBritain should ensure it strikes an appropriate balance when agreeing commercial deals. However, on balance, we believe this is less damaging to the industry than the alternative of a blind reliance on Government funding. (Paragraph 49)

The DCMS agrees that VisitBritain must ensure that it balances its reliance on public funding with an appropriate level of partnership income from the private sector.

In setting Funding Agreement targets for VisitBritain, the DCMS has reflected the need for this appropriate balance. For the last completed Funding Agreement cycle, the targets set for external partnership investment were as follows:

Year	Income from Private Sector
2005-06	£4 million
2006-07	£4.5 million
2007-08	£5 million

The justification for Government investment in tourism is, in part, the need to recognise that out of approximately 180,000 businesses involved in the sector, the vast majority are SMEs with severe limitations on the extent to which they can be expected to co-ordinate marketing effort. This factor also limits the partnership income which VisitBritain can expect to raise from the sector.

VisitBritain’s partnership income does not only come from the tourism industry, but also from other public bodies. It carries out work for the Regional Development Agencies, which are funded centrally, and the Devolved Administrations of Wales and Scotland. For the last completed Funding Agreement cycle, the targets set for external public sector partnership investment were as follows:

Year	Income from other parts of the public sector
2005-06	£15.5 million
2006-07	£16.5 million
2007-08	£18.5 million

In 2007-2008 VisitBritain exceeded both its targets for private and public partnership income. VisitBritain’s Accounts and Report for the year ended 31 March 2008 show that it generated non-Government partnership income of £21.959 million in 2007-08, of which £6.3 million was from the private sector.

4. VisitBritain’s network of overseas offices plays a major role in attracting overseas visitors to the UK. We understand that a certain amount of readjustment on the part of VisitBritain will be necessary in response to its budget cut, but we urge it to prioritise the maintenance, wherever possible, of its overseas offices. The closure or relocation of office space could, in fact, prove more expensive to the taxpayer in the long term. (Paragraph 50)

The DCMS asked VisitBritain to consider the scope for streamlining its office network, in order to ensure that it is appropriate for the 21st Century and the emergence of new markets. The work has been undertaken by VisitBritain in co-operation with DCMS, the Foreign Office and the British Council.

The detailed scrutiny of the Strategic Framework Review will enable a better prioritisation of the overseas marketing effort, including recommendations on the future of the overseas network. VisitBritain has already announced plans to reduce the numbers of staff it employs overseas and numbers are expected to reduce by 25%. DCMS does not accept that the Committee’s finding that closure of the Dublin office was “a false economy”. Responsibility for marketing in Ireland lies with the RDAs; VisitScotland; VisitWales and Visit London. The Framework Review should ensure that there is no duplication of effort in established markets.

5. As things stand, there are insufficient incentives for local authorities to invest in tourism. The fact that tourism is a discretionary function means that it is always susceptible to a reduction in funding when budgets become tight. Yet in many local authorities, tourism represents a very significant sector of the economy and investment in the industry should be seen as a necessity rather than a luxury. (Paragraph 54)

The DCMS agrees that local authorities play an essential role in the delivery of public sector support for tourism and that their investment in it should be a priority. However, following a number of cross-Government consultations – most recently, in the context of the Local Government White Paper – the DCMS agrees with the Department for Communities and Local Government’s (the DCLG) view that making tourism a statutory requirement would conflict with Government’s determination to devolve decision making to local government.

The DCMS therefore, agrees that tourism should remain a discretionary function but believes that better engagement and integration is necessary between national and local government. In this, the aim of the DCMS is to encourage councils to take the needs of the visitor economy seriously, whilst accepting that a “no one size fits all” approach is appropriate for tourism at local level. The DCMS has acted on this as follows:

- by working successfully with local government and the Tourism Alliance to develop improved Guidance for local authority Planning and Tourism Officers;
- by inviting the Local Government Association to join the Minister for Culture, Creative Industries and Tourism’s 2012 Ministerial Advisory Group, together with the Tourism Together umbrella body (which represents Destination Performance UK, the British Resorts and Destinations Association, the Tourism Management Institute, the Tourism Society and the Institute for Sports, Parks and Leisure); and
- by fully supporting the Partners for England initiative, including its work towards producing *Place Making: A Charter for Destination Management*, which advises local authorities on embedding the needs of the visitor economy into improvement plans for workforce development, the labour market, and economic development..

6. We welcome the new fund to support England’s seaside resorts, many of which struggle to maintain visitor numbers. It is essential that the funds are spent wisely, not just to maximise the benefit to the resorts, but also to demonstrate to the Treasury that such an investment is effective and worthwhile. There are clearly limits to the difference £45 million over three years can make to England’s many seaside resorts. We recommend that the Government evaluates the wider economic impact of the fund to see whether the returns justify an increase in its size. (Paragraph 59)

The DCMS welcomes the Inquiry’s support for the SeaChange programme, which is an important initiative with the potential to make a significant difference to coastal resorts. Its aim is to identify capital investments in cultural assets in seaside towns which could become a catalyst for regeneration.

On 1 August 2008, the Minister for Culture, Creative Industries and Tourism announced details of the projects which will receive large grants in the first year of the programme:

- Blackpool – the Tower Festival Headland Project (£4 million);
- Dover – Connecting Culture’s Project at Dover Castle (£3.85 million); and
- Torbay – the Cockington Court & Berry Head “On-the-Edge” projects within the English Riviera Geopark (£2.25 million).

Applications for the Open Application programme (small grants) in the first year are currently being assessed by the Commission for Architecture and the Built Environment (the CABA), and its Partnership Panel will meet shortly to decide on the final funding allocations.

The deadline for expressions of interest for large grants in the second year of the programme was 30 June 2008. Full applications are due by 31 October 2008, and decisions on funding will be made in January 2009.

The DCMS regards the initial investments made through the SeaChange programme as “seed corn” funding, designed to promote wider processes of regeneration. They are prioritised for projects which demonstrate longer term impacts on towns and communities and the DCMS will work encourage other agencies to make similar, longer term, investment in culture in seaside resorts. The Committee should note that the successful large grant projects are, for the most part, being “match-funded” by the appropriate Regional Development Agencies (RDAs).

The CABA has included the requirement for full evaluation as part of the criteria for the projects. All applicants must describe how they plan to evaluate the outcomes of their projects and must include the measurement and methodologies they will use. In addition, the CABA will be commissioning an independent evaluation of the SeaChange programme as a whole, including assessments of the wider economic impacts of investment. This assessment of the impact of individual SeaChange projects, and of the programme as a whole, will inform future decisions on the amount of funding to be allocated to the initiative.

7. The publication of the list of sports facilities that will appear in the London 2012 pre-Games training camp guide generated substantial media coverage and it may have raised expectations beyond a reasonable level. There are no guarantees as to which areas National Olympic/Paralympic Committees will choose for their athletes, or indeed whether they will locate themselves in the UK for pre-Games camps at all. (Paragraph 71)

The Government is working actively to ensure that the benefits of hosting training camps are maximised and is pleased that the Inquiry recognised that it “has been keen to ensure that the benefits are, as far as possible, shared between the nations and regions” (at paragraph 63).

As the Inquiry notes, it is for the 205 National Olympic Committees (NOCs), and 162 National Paralympic Committees (NPCs), across the world to decide on the locations of their training camps (and, indeed, to decide on whether to have a camp at all). The aim of the London Organising Committee for the Olympic Games (LOCOG) is to ensure that all national Olympic teams have access to high quality training arrangements and locations in the UK. At this stage, it is too early to project what the take-up rate will be.

The number of national teams which used training camps in the host country was lower in the 2004 Games in Athens than it had been in Atlanta or Sydney, partly because many of the European teams chose to stay at home.

LOCOG’s approach to helping teams to prepare for their participation in 2012 has been praised by the International Olympic and International Paralympic Committees. The Pre-Games Training Camp (PGTC) Guide to National Olympic Committees was launched on 14 August, and the PGTC Guide to National Paralympic Committees on 15 September. Both Guides are intended:

- to inform NOCs and NPCs of the breadth and depth of sporting facilities available in the UK; and
- to provide information for locations in the UK’s nations and regions about the available opportunities for networking, and on how to target likely NOCs and NPCs.

Both Guides emphasize that 2012 is for the whole of the UK, not just for London, and this overall message is also made clear on VisitBritain's website (on which the Guides are an online resource). The Guides feature a total of 640 facilities across the UK, including a total of 175 Paralympic facilities. Every nation and region is represented. The list is not set in stone, and new facilities can be included on application to LOCOG. LOCOG has also carried out a series of workshops to advise potential training camp locations on marketing and branding.

In addition, LOCOG has introduced a Training Camp Financial Award Scheme, which can offer up to £25,000 in funding for facilities to attract NOCs & NPCs. The Scheme is designed to cover direct costs incurred at the camp, including venue hire, accommodation, local transport, medical services and security.

8. The very fact that the Olympic and Paralympic Games are hosted by cities and not countries inevitably limits the extent to which areas outside the host city can expect to benefit. From a tourism perspective, there are some limited short-term benefits to be realised outside London. However, we doubt whether these are as great, or as certain, as the Government has suggested. The principal tourism potential of the Games, in London and the rest of the UK, lies in the positive legacy that would be created by the effective promotion and delivery of a top-class Games. (Paragraph 73)

The DCMS agrees that the 2012 Olympic and Paralympic Games should provide an important legacy for the British tourism industry. However, it is more optimistic about the potential benefits to the rest of Britain outside London and commissioned research into the economic benefits of the Games from VisitBritain and Visit London in 2007.

The resulting research report – *The Value of the Olympic and Paralympic Games to UK Tourism* – included a central projection for tourism benefits across the UK of £2.1 billion and estimated that £600 million of these benefits will be outside of London. In arriving at these figures, Oxford Economic Forecasting (the research company appointed by VisitBritain and Visit London) considered the economic effects of sports and other major events over the last 15 years. These included FIFA World Cups, UEFA European Football Championships, Olympic Games, and World Expos.

Some of these benefits outside London will come from the Cultural Olympiad (and the DCMS was pleased that the Inquiry recognised that the industry is broadly supportive of the concept of the Cultural Olympiad, at paragraph 69 of the report). Other benefits will come from hosting the training camps. But, in general, the DCMS agrees that the greater part of the economic benefit – in London, as in the nations and regions – will come from the legacy of the Games.

The Inquiry notes that the 2012 Games are already acting as a catalyst for a “step change” in the performance of the industry (at paragraph 82 of its report). As the Committee is aware, the DCMS published its strategy for making the most of the legacy in September 2007 – *Winning* (the DCMS Tourism Strategy for 2012 and Beyond.) The strategy includes an ambitious programme of improvement in key areas of marketing, the welcome, workforce skills, and product quality.

9. We regret that there are no plans for any brand to be generally available for use by tourism businesses. This is a missed opportunity which reduces the potential for tourism businesses to gain maximum benefit from the Games, and we urge that this be reconsidered. (Paragraph 76)

The Inquiry notes the general restrictions on the use the International Olympic Committee's branding (at paragraph 74 of its report). This has limited the marketing opportunities for the Tourism industry. However, the DCMS and VisitBritain have been actively working with LOCOG to produce effective and useable, non-commercial branding for use by tourism businesses.

The result is a toolkit for use by tourism organisations in the private and public sector, based on a “Be a Part of It” strapline and drawing on effective visual images of London and the UK. This has

been approved by LOCOG for international use only. The DCMS, VisitBritain and LOCOG are currently seeking to agree a similar branding package for domestic use. The nations and regions of the UK will be fully involved.

In this work, LOCOG has shown itself to be extremely supportive of plans to engage the tourism industry in work around the Games, including efforts led by the DCMS to improve the quality of the welcome afforded to international visitors, the skills of the tourism workforce, and the quality and accessibility of the tourism product.

11. If planned, marketed, and delivered successfully, major events can provide short-term economic benefits, together with the opportunity for a lasting legacy. We are hugely encouraged by the calibre of events that the UK is now attracting on a regular basis. In particular, we congratulate Glasgow on its successful bid to host the 2014 Commonwealth Games. These Games represent a real opportunity to maintain the momentum that we hope will be generated by a successful London Olympic and Paralympic Games. We recommend that the organisers of the London and Glasgow Games work closely together, and ensure that any lessons learnt from London are applied to Glasgow. (Paragraph 93)

The DCMS is aware that major events are a vital part of the UK's tourism offer and shares the Inquiry's pleasure in Glasgow's success in securing the 2014 Commonwealth Games. Its Ministers offered full involvement in the preparations for the 2014 Games shortly after Glasgow's bid was successful. At the suggestion of the Commonwealth Games Council, the DCMS is now working closely with the Organising Company on ticket touting and other issues.

The DCMS also fully agrees with the Inquiry's assessment of the importance of major sporting and other events to the industry. Over recent years, VisitBritain has worked closely with UK Sport to ensure that tourism's resources are used to support efforts to secure international sports events, wherever possible. In addition, the DCMS fully supports the Football Association's efforts to secure the 2018 World Cup.

The DCMS also does all it can to secure major business events, not only for significant financial benefits of visitor spending, but also for the opportunities these present for the wider British economy. Since the September 2007 publication of *Winning* (the DCMS Tourism Strategy for 2012 and Beyond), DCMS Ministers have worked to secure cross-Government support for large business events bids. The Minister for Creative Industries and Tourism wrote to her Ministerial colleagues (including Regional Ministers) in January 2008, stressing the importance of supporting such bids.

VisitBritain established *eventBritain* in July 2007 to provide a tourism-based support service for British cities, regions, or nations, bidding to host major international events. It offers bidding support, marketing advice, and assistance with research. VisitBritain will also shortly be setting up a new events and conferences group to establish what needs to be done to build on the UK's already world-class position in events organisation and delivery.

12. We are satisfied that DCMS is the correct government "home" for tourism and advise against any further organisational change. However, this does not mean we are satisfied with DCMS's performance on tourism. We are concerned by the lack of confidence the industry appears to have in DCMS. We are also discouraged that responsibility for tourism has been so frequently transferred between Departmental Ministers creating an impression that it is seen as an afterthought which has to fit in with their other responsibilities. This impression is strengthened by the fact that the Minister with responsibility for tourism no longer has this recognised in their official title and we recommend that this is reinstated in the title of the responsible Minister. That said, there are some isolated signs that the Department is beginning to represent the industry better across government. We would like to see more consistent evidence that tourism is becoming a mainstream issue in government. We would also like to see DCMS provide a stronger strategic lead to the industry, and we hope that the new national tourism strategy represents a willingness to do so. (Paragraph 98)

The DCMS welcomes the Inquiry's conclusion that this Department is the correct home for tourism policy in government. Its Ministers and officials take their roles as champions and advocates of the tourism industry very seriously indeed. The DCMS also makes full use of its links to other sectors relevant to the tourism industry (including museums, the arts, and broadcasting) and of the fact that it has strategic oversight for the 2012 Olympic Games and Paralympic Games.

The DCMS considers that its advocacy role across Government has produced tangible results for the industry in recent years, including:

- more tourism-friendly strategic planning guidance for local authorities, as a result of intensive (and DCMS-led) discussions with the DCLG, the Tourism Alliance, and other organisations over 2004-07;
- a quick and decisive Government rejection of proposals for a tourism "bed tax" at the time of the 2007 Budget; and
- a highly-visible Prime Ministerial lead on tourism issues during the flooding of the summer of 2007.

The DCMS is also pleased that the Inquiry has concluded that the *Winning* (the DCMS Tourism Strategy for 2012 and Beyond) demonstrates its willingness and ability to offer an effective national lead to the tourism industry and to the public sector organisations which support it.

The DCMS is a little confused by the Inquiry's recommendation on Ministerial titles. Since she joined the DCMS, the Departmental title of the Rt Hon Margaret Hodge MP has been "Minister for Culture, Creative Industries, and Tourism". This has been made clear on written material and on the DCMS's website, and there are no plans for a change of Ministerial title in the future.

13. The restructuring of the tourism industry in 2003 devolved responsibility for tourism to the RDAs. While this has given the regions a greater say in how they develop the industry, it has also resulted in tourism nationwide becoming fragmented, with widespread variation between regions as to the significance attached to it. There is a lack of overall strategic direction, which only DCMS can provide. Meanwhile, we encourage the RDAs to work together through initiatives such as Partners for England to share best practice and ensure a more coordinated approach to tourism development in England. (Paragraph 103)

The DCMS is actively working to provide a meaningful and powerful lead for tourism support across the whole public sector. As part of this, it published *Winning* (the DCMS Tourism Strategy for 2012 and Beyond) in September 2007. The Inquiry welcomed this (as confirmed in its conclusion no. 12), it was told, did the RDAs (paragraph 84). The DCMS has ensured that the RDAs are in a position to contribute fully to the implementation of the Strategy through the Minister for Culture, Creative Industries and Tourism's 2012 Advisory Group.

The DCMS believes that the public sector re-structuring in 2003 that gave responsibility for tourism in the regions to the RDAs has been a success. Each of these has developed individual tourism strategies, with associated delivery structures based on their particular needs and priorities. This has resulted in significant added investment in tourism as well as a much closer fit with the RDAs' wider regional economic strategies. The DCMS will continue to provide substantial financial support to the RDAs over the next Spending Review period, and its relationships with them are structured in such a way as to include full opportunities for the DCMS to comment on, and help shape, regional strategies.

As such, the DCMS and VisitBritain already work closely with the RDAs. But we agree that there is a case for better overall co-ordination of policy and resource. That is why we have consistently supported the Partners for England initiative in its work to improve tourism marketing, research and data, skills, "place-making", and local authority engagement, and to ensure better strategic leadership in the domestic market through VisitEngland. The DCMS has also ensured that improved domestic co-ordination is a priority of the present Tourism Framework Review.

14. Raising the quality of accommodation is essential to improving the industry and the NQAS is an important tool in this regard. We support the Government's efforts to increase the number of accredited accommodation providers within a single recognised scheme, but agree that the scheme should remain voluntary. However, we recommend that the scheme be made more flexible so as not to disadvantage smaller or unorthodox accommodation providers. We recommend that the costs for smaller providers are reduced in order to take account of their lower turnover, perhaps to be balanced by increased fees charged to the larger hotels. (Paragraph 110)

The DCMS welcomes the Inquiry's conclusion that the National Quality Assessment Schemes (NQAS) should remain voluntary and its support for the Government's efforts to increase the number of accredited accommodation providers within a single recognised scheme.

The DCMS is also pleased that the Inquiry has recognised (at paragraph 105) the achievement of the DCMS; VisitBritain; VisitScotland; VisitWales and the Automobile Association in agreeing, and implementing, common criteria for assessment and grading. Since 2005-06, domestic and international consumers have had confidence in a single, national set of standards under the "star-grading" schemes.

The Inquiry also recognised the Government's efforts to increase participation in the NQAS. These include work towards a general policy of using only NQAS-assessed properties for Government hotel and accommodation use, wherever possible. A formal policy to that effect would almost certainly be in contravention of UK and European competition law. However, as announced in *Winning* (the DCMS Tourism Strategy for 2012 and Beyond) in September 2007, following discussions with the Office of Government Commerce and the major suppliers of hotel booking services to the public sector, the benefits of using NQAS-assessed properties as best practice for official travel is being made clear to all public sector users of the latter booking services.

Although the DCMS believes that the NQAS assessment framework provides significant business benefits for accommodation providers of all sizes, it recognises that the costs of this may act as a disincentive to participation by smaller businesses. The DCMS is aware of the subsidies offered to businesses by the London Development Agency. However, it believes that the adoption of a national scheme which offered subsidised NQAS participation fees (whether or not designed as a cross-subsidy between larger and smaller businesses) would be in contravention of European State Aid law. Indeed, the NQAS framework is presently being discussed with the European Commission in the context of a State Aid complaint against VisitBritain's EnglandNet internet marketing platform.

The present State Aid case has led to a re-assessment by the DCMS and VisitBritain of the use of the NQAS schemes. As part of ongoing discussions with the Commission, a lower-cost scheme is being considered which would provide consumer certainty in the safety and other standards of accommodation. It is possible that this could be an effective complement to the NQAS schemes. If introduced, it could well address some of the Inquiry's concerns about the costs of entry to the NQAS schemes. However, the Inquiry should be aware that the consideration of the proposed scheme presently forms part of a current State Aid case. As such, no further details can appropriately be included in this response.

The DCMS notes that one witness told the Inquiry that much of the industry believes that the main purpose of NQAS is as a revenue stream for VisitBritain (at paragraph 107). It is important that this misconception is clarified. VisitBritain's quality scheme is administered on the basis that fee income received from participating businesses should match expenditure. The scheme is operated by a commercial company, GSL Ltd, on behalf of VisitBritain. In 2006-07, VisitBritain was charged £3.99 million by GSL Ltd for performing this service, and received £3.976 million in fees from participating businesses. This resulted in a small subsidy of £14,000 from public sources. It is expected that fee income will fully match expenditure from public sources for future years – but not that it will produce a surplus for VisitBritain.

15. We are encouraged by the level of funding and attention that is being offered to address the skills deficiencies that are constraining the industry. However, it is disappointing that so few small businesses in the tourism sector actually access the funding available to them for developing staff skills. While this is to some degree a failing of the businesses themselves, the Government and its agencies must place greater emphasis on coordinating and promoting these opportunities. (Paragraph 120)

The DCMS is pleased that the Inquiry recognises the importance of *Raising the Bar: the National Skills Strategy for the Hospitality, Leisure, Travel and Tourism Sector in England* (published in March 2007) and that it is encouraged by the plans it puts forward to address the skills gaps in these industries. The strategy's 10-point plan outlines a comprehensive set of long-term measures (as opposed to short term initiatives) to significantly improve skills levels in priority areas by directing public funding towards the correct solutions in each.

The DCMS agrees with the Inquiry that more must be done to help small businesses access funding for their staff's skills development. As the report highlights, over £500 million a year is spent by the public sector on skills development in the hospitality, leisure, travel and tourism sector in England alone. Research carried out by People1st (with over 5,000 businesses, large and small, between 2005 and 2007) has revealed that only 1.5% of small businesses have ever accessed publicly funded provision. Smaller businesses are less likely to use qualifications and, for a sector comprising over two thirds small and micro businesses, 50% of business start-ups fail in their first three years of operation. Employers have said that they want:

- business courses and qualifications written for small businesses;
- flexible delivery of courses;
- one point of contact to understand the different training opportunities available; and
- support from experienced operators.

The *National Skills Strategy* is based on this research and it recognises the needs of small businesses (point 4 of the 10-point plan).

The development of the UKSP (formerly the UK Skills Passport) provides businesses with an on-line integrated skills and jobs resource, which includes information on how to access funding as well as tools that allow employers to match up suitable candidates to vacancies and help develop job adverts, amongst other things. This resource is particularly useful for small businesses.

As part of the *Sector Qualifications Strategy* (point 3 of the 10-point plan), specific activities have been identified to make training and qualifications more relevant to the needs of small businesses. In particular, a suite of short programmes for micro businesses will be identified, and qualifications and courses suitable for small businesses will be highlighted on the UKSP. A group of micro businesses is being established to oversee this and to ensure that delivery and assessment of the training and qualifications meets their needs.

The Train to Gain sector compact 'deal', agreed between the Department for Innovation, Universities and Skills (DIUS) and People1st in June 2008, will help employers overcome the difficulties they can face in accessing appropriate training and funding, and releasing staff, with an offer of a contribution to wage costs for companies with less than 50 employees. The compact will tailor the Train to Gain service to the specific needs of the sector, including small businesses, and will ensure that all brokers are trained in the UKSP, therefore signposting businesses to relevant training and qualifications as it is identified.

Government and its agencies (notably the Learning and Skills Council, Regional Development Agencies and VisitBritain) have signed up to the strategy and to the implementation of its solutions, such as the UKSP and improved training and qualifications. The DCMS is working with these agencies, DIUS, People1st and the industry to ensure that progress is made with small businesses.

16. While we recognise the value of migrant workers to the industry, a reliance on this stream of labour may not be sustainable in the long term. We would like to see the Government and its agencies place greater emphasis upon initiatives to attract the locally unemployed to the industry. At the same time, local authorities and/or RDAs, in partnership with the trade unions, should ensure that migrant workers are given every opportunity to understand their rights. (Paragraph 124)

Whilst there is no evidence that migration has contributed to unemployment or caused UK nationals to be unemployed, the DCMS agrees that it is important to develop the skills of our domestic tourism workforce and encourage more local people to take jobs in the industry, including the unemployed. The Government and industry are taking steps to do so.

As discussed above in the response to the Inquiry's recommendation no. 15, the industry-led *National Skills Strategy* aims to improve the skills of those already in the workforce, both those born in the UK and those born overseas. However, it also aims to attract more people from the UK into the industry by improving entry routes into the sector (by helping people gain relevant skills before they start work, while they are in school or further education, and through Apprenticeships) and by broadening the appeal of the sector (by attracting new pools of labour through promoting careers in the industry with the best employers and improving perceptions).

The DCMS also agrees with the Inquiry's assessment of the value of migrant workers and their skills to the tourism industry. Of workers in the hospitality, leisure, travel and tourism sector, the percentage of migrant workers employed increased from 17% to 22% over the three years to 2006-07. This reflects the high value that the industry places on the skills of migrant workers and the sector's need for this labour to help meet skills shortages, for example in recruiting some types of chefs and cooks (as recognised by the Migration Advisory Committee in its recent recommended Shortage Occupation List).

Government is committed to working with all relevant parties, including the unions, RDAs and local authorities, to ensure that migrant workers in the industry are treated fairly and understand their rights. The UKSP resource will help migrant workers find jobs with the best and most responsible employers.

The Inquiry recognises that efforts are already being made to attract local people, including the unemployed, into the tourism industry (at paragraph 123) and the Government intends to build on these successes. In addition to the above this includes: the British Hospitality Associations' work in East London to provide work experience opportunities for 15,000 young people; the piloting of a pre-employability package, developed by People1st, aimed at jobseekers to help tackle the most critical employability skills needed to work in the sector; and Local Employment Partnerships which help employers to provide more job opportunities for those most disadvantaged in the labour market.

17. The high cost of obtaining a visa to visit the UK is one constraint on inbound tourism. The cost of a UK visa is not competitive with that of our European neighbours and this acts as a disincentive for those requiring a visa to enter the UK to visit. It is not the only cause of the recent drop-off in inbound tourism revenues, but it is almost certainly a contributory factor. We are deeply concerned that the consequences for tourism appear not to have been considered by the Home Office when the new visa charges were drawn up. We strongly recommend reforms to the current system to address this disincentive and we are therefore encouraged to hear that there are now ongoing discussions between DCMS and the Home Office. We support the plans for a "Schengen add-on visa", which would make visits to the UK for those already holding a Schengen visa a more affordable proposition. We also support moves to introduce a cheaper, short term, single entry visa. However, these modifications are unlikely to be possible under UKvisas' revenue-neutral model. This system is putting off potential visitors who are likely to boost the UK economy to a far greater degree than the value of a visa. We recommend that

the Government undertakes a cost-benefit study into the effects of reduced visa charges under certain circumstances, with a view to reforming the present system. (Paragraph 136)

18. We recommend that the Government also reviews the practicalities associated with obtaining a UK visa. Modifications to the present system, such as permitting the completion of visa forms in certain other languages, could make obtaining a visa a simpler process for prospective visitors without compromising the UK's national security. (Paragraph 137)

The impact on tourism of changes to the visa fee regime was considered in depth by the Government and the DCMS was fully involved in discussions at Ministerial level with the Home Office; the UK Borders Agency and others before the changes were finalised. Since 2007-08, the Government has implemented a flexible charging model for visa fees, moving away from the previous approach of simple cost recovery. Fees are now set at levels which reflect – amongst other factors – the need to promote the UK as an attractive destination of choice for legal migrants, including genuine visitors. The detail of the changes made reflect that change of approach:

- the change in headline fee for a visitor visa application, from £50 in 2006-07 to £63 in 2007-08, incorporated the separate fee paid to commercial partners in over 80% of applications;
- this was an average of £13 per application, but ranged from £4 to £45 across the world – and key new tourism markets such as China and Russia actually saw a decrease in the total fees payable; and
- the fee increase of £2 to £65 for 2008-09 was just below inflation.

The Government's recent response to the Visitor Consultation set out its intention to consider – with stakeholders from a number of relevant sectors who sit on the Visitor Taskforce – the feasibility of a short-term, single entry visa for spectators at one-off, special or major events. The Government is also considering the feasibility of a cheaper visa for those who already hold a Schengen visa, and is currently consulting on other proposals including the possibility of mutual recognition of short term visitor visas issued by the UK and Irish Governments. The response also confirmed that the length of leave for a short term visit visa would be retained at six months. This will help to maintain the UK's competitiveness with the Schengen area, as a Schengen visa only confers leave of up to three months.

Recent research funded by the UK Border Agency, the DCMS and the Tourism Alliance concluded that no direct link between application fees for short term visit visas and demand could be identified, except for those with the lowest income in countries with the lowest GDP (where a 100% increase in the fee might lead to a downward impact of 9% on demand). The Government is now working with the Visitor Taskforce to consider the wider factors which may have an adverse impact on the attractiveness of the UK as a destination for genuine tourists.

The Government also keeps the entry clearance process under continuous review, both to evaluate the success of the implementation of changes to the system but also to ensure the continued delivery of an effective and high quality service.

The Government has recently decided to retain the visa application form in English only. However, it has also been decided that the revised guidance to the form will be available in most local languages, to assist in the better the completion of the forms. This approach will allow the application to be considered by entry clearance staff who are not necessarily fully fluent in the local language and allows faster decision-making.

It supports the further implementation of the re-structuring of the visa network along “hub and spoke” lines, with a view to decisions on entry clearance being made by staff in countries other than that in which the application was made. This allows a better oversight of decision-making

and consistency of approach and service standards. It should also be noted that the increasing use of online applications also means that not all local languages could be supported by the global application tool (visa4uk.gov.uk).

19. During our investigation, we received no evidence on the potential impact of the current entry clearance regime on the availability of visas both generally and in respect of visitors to the 2012 Games. The recent European Champions League final in Moscow, however, does highlight the dilemmas faced by government when confronted with a rush of applications for a popular event, even when potential “over-staying” was not an issue. The Government will clearly have to give considerable thought to this issue in the approach to the 2012 Games. (Paragraph 138)

The Government agrees that the London Olympic Games and Paralympic Games will offer both opportunities and risks. Planning is already in hand to ensure the quick and effective handling of the likely surge in visa applications from people associated with the Games, and spectators. In this, full account is being taken of lessons learnt from events such as the UEFA Cup Final in Manchester in May 2007.

As set out above in response to the Inquiry’s conclusion no. 17, the Government is also considering the feasibility of a short-term, single entry visa for spectators at one-off, special or major events.

20. We encourage the other regions to follow London’s lead, and draw on the experience of the London Development Agency in improving the provision of tourism statistics. (Paragraph 144)

This is a recommendation for the eight non-London Regional Development Agencies. The DCMS agrees that the Agencies should consider following London’s lead in the use of the Local Area Tourism Impact model (as discussed at paragraph 144 of the Report), and suggests that this should be considered in detail by the English Tourism Intelligence Partnership (which is fully supported by the DCMS, and is discussed further below in the response to the Inquiry’s conclusion no. 21).

21. The current deficiencies in the provision of statistics are a major constraint on the potential growth of the tourism industry. The findings of the Allnut Review, which outlined many of these deficiencies, drew wide support from the industry. Yet it is clear that its recommendations have thus far been implemented only in a very limited and piecemeal fashion. There has therefore been very little benefit to the industry as a result. However, the Committee is encouraged by the plans to develop a Tourism Intelligence Unit. We support the proposal for the Unit to review the Allnut recommendations, with a view to their development and implementation. While this is a positive step, the Unit must receive adequate funding so that the limitations of tourism statistics, that have been recognised for so long, can finally be addressed. We note that no definite commitments have been made beyond setting up the Unit. It is of vital importance to the industry that this should not be merely another false dawn. (Paragraph 155)

The DCMS is pleased that the Inquiry has recognised the work undertaken since 2004 to implement the findings and recommendations of the Allnut Report.

The Inquiry is aware of pressures in the wider funding environment for public sector tourism support. Over recent years, national funding has been directed, in the main, to supporting marketing and other support work. However, the DCMS has been active in work to implement the Allnut recommendations since 2004. This was initially through the Tourism Statistics Implementation Planning Group, which the DCMS established and led over 2004-05 to prioritise the Allnut recommendations. The Planning Group, which included representatives from all of the Devolved Administrations, clearly found that the two priority areas for improvement were:

- the UK Tourism Survey, which is the primary data source for the domestic market at national level; and
- the establishment of a new Tourism Statistics Unit.

Both of these recommendations have now been implemented. The DCMS instructed VisitBritain to re-tender the contract for the UK Tourism Survey in 2004-05, moving from a random telephone sampling approach to a methodology involving face-to-face interviews as part of a wider consumer survey. The new survey has been in operation since May 2005, and has produced much more robust data on domestic tourism movements than the survey it replaced.

The Tourism Statistics Unit has been implemented as the English Tourism Intelligence Partnership, which draws on the operational expertise of the Office of National Statistics. It has already begun its work under the impressive chairmanship of David Quarmby. The Partnership has an annual budget of £300,000: £30,000 of this is from VisitBritain's grant-in-aid from the DCMS, and the rest from the Regional Development Agencies. This funding will be in place for an initial three years. The DCMS participates fully in the work of the Partnership, and fully supports its work to improve tourism data sources at national, regional and local levels.

22. We recognise that it is not always possible to provide sustainable travel options to tourist attractions, particularly when the attractions are remote or do not attract large numbers of visitors. However, where opportunities do exist, we encourage the public and private sectors to work in partnership to reduce the reliance on the car and the pressure this places upon the local environment. (Paragraph 160)

The Inquiry has recognised Natural England's commitment and efforts since 2006 to raise awareness of the effects of travel choices, and to develop more sustainable travel options (at paragraph 159). The DCMS fully agrees that the effective promotion of sustainable transport options is a major challenge for both the private and public sectors.

The proper assessment of the impact of tourism transport in the UK is one of the key challenges included in the Sustainable Tourism Framework which is presently being developed by the DCMS. Meeting this challenge will, among other things, require tourism planners and businesses to work together to promote the use of more environmentally friendly forms of transport, the encouragement of people to explore the attractions of their immediate vicinities rather than travelling further, the provision of integrated transport links, and towards work to influence visitors' choices and behaviour through promotional material.

23. We are encouraged by the growing profile of environmental issues in the tourism sector. However, while significant progress has been made in recent years, there is clearly still scope for the industry to become more environmentally sustainable. The public is beginning to demand a better performance from tourism businesses on "green" issues, and we encourage the industry to respond to this demand. This will not only bring environmental benefits but will place businesses at a competitive advantage to those failing to meet the public's environmental expectations. (Paragraph 163)

The DCMS is pleased with the Inquiry's recognition that significant progress has been made in this area over recent years, and agrees that there is more to be done by both the public and private sectors.

The Inquiry has recognised the success of the six Beacon Councils in promoting best practice in sustainable tourism (paragraph 156), and of the new Visitor Attractions Code of Conduct on sustainable practices (paragraph 161). The Inquiry should be aware that the Code of Conduct was a cross-industry initiative which was fully supported by VisitBritain. Although the Association of Leading Visitor Attractions was prominent amongst the organisations which agreed the terms of the Code, the latter also benefited from the involvement of the British Association of Leisure Parks, Piers, and Attractions, the Historic Houses Association, and other bodies.

A growing number of organisations, including the Carbon Trust, exist to help businesses become more environmentally aware. The DCMS has made it very clear to its industry partners that it actively encourages better dialogue with such organisations, and that it fully supports accreditation schemes such as the Green Tourism Business Scheme and the David Bellamy Award Scheme.

24. There is little doubt that the Green Tourism Business Scheme has helped promote and reward environmental sustainability in the tourism sector. However, we are convinced that some modest changes would lead to both a greater uptake and a greater effectiveness. Significant benefits can be realised from ensuring a closer alignment between the National Quality Assurance Schemes and the Green Tourism Business Scheme. Environmental sustainability should be included within the NQAS. The Government must also take a lead in rewarding those accommodation providers that operate in a sustainable manner. We recommend that sound environmental practice should be a pre-requisite for the acquisition of accommodation contracts for the Government and its sponsored bodies. (Paragraph 167)

With the involvement of the DCMS, VisitBritain carried out a review of possible conflicts between the encouragement of sustainable business practices, and existing criteria of the National Quality Assurance Schemes (NQAS), in 2007. The review concluded that the overall aim should be to ensure that broad sustainable principles – rather than simply environmental ones – should be embedded in the NQAS. The achievement of that aim will be an ongoing process. As a first step, this issue has been included in a wider review of quality work which forms part of VisitBritain’s Framework Review of public sector tourism support. The Review will report shortly, but VisitBritain has already indicated that it will ensure that any new NQAS standards which are developed or reviewed will include best sustainable practices. In addition, VisitBritain has produced best practice leaflets on sustainable practices, and these are available to businesses and NQAS quality assessors.

The DCMS agrees that the Green Tourism Business Scheme (GTBS), along with other and similar initiatives, has already played an important part in helping tourism businesses to address their environmental responsibilities. The DCMS encourages businesses within the NQAS schemes to consider participation in the GTBS and other green schemes. VisitBritain has launched the Green Start Scheme, which helps accommodation and attractions businesses to adopt more sustainable practices, and prepares them for membership of more formal accreditation schemes like the GTBS.

It is important that recognition is given to the achievements of businesses which have successfully adopted sustainable practices. The 2008 Enjoy England Awards, which are organised by VisitBritain, showcased leading “green” tourism businesses which have worked towards having a positive impact on local environments and communities.

The use of hotel and accommodation providers by Government Departments and the wider public sector is discussed above in response to the Inquiry’s conclusion no. 14. The DCMS has worked to ensure that the public sector makes use of NQAS-assessed accommodation providers wherever possible, as best practice. As discussed above, active consideration is being given to the inclusion of sustainable business practices among the NQAS criteria.

25. The Committee recognises that the introduction of Double British Summer Time does not have universal support. However, there is a growing body of convincing evidence demonstrating the benefits of the proposal, not least in terms of energy savings, road safety and increased tourism revenue. On the other hand, there are objections that different time zones within the UK would not be feasible nor desirable. We call on the Government therefore to consult widely on this matter to see if a consensus could be reached. (Paragraph 172)

As the Minister for Culture, Creative Industries and Tourism made clear in her evidence to the Inquiry, she has discussed this issue in detail on a number of occasions with the visitor attractions sector and with other parts of the tourism industry. Since submitting that evidence, the Minister

has raised the matter with the Minister for Employment Relations and Postal Affairs, and with the Scottish Minister for Enterprise, Energy, and Tourism. Officials in the DCMS have also discussed the issue further with the British Association of Leisure Parks, Piers and Attractions.

The Inquiry recognises that the introduction of Double British Summer Time, or of other changes designed to allow an additional hour of evening daylight, does not have universal support. This is not surprising. Any change to the UK's time zones would have widespread and significant effects, extending far wider than the tourism industry. In addition to the effects of any change on businesses, there could be important effects on energy use, road safety, crime levels, and on people's general sense of wellbeing. The evidence in all of these areas is inconclusive and, in considering the matter, the Government is mindful of the Portuguese experiment in moving time zones in the early 1990's. Portugal is at a lower latitude than the UK, so the results of its experiment must be treated with some caution in any attempt to project the possible effects of any changes in the UK context. However, the results of that experiment (and its eventual abandonment) are relevant, especially:

- the negligible effect on levels of energy use;
- the lack of any apparent effect on numbers of road accidents; and
- the negative effects on children's sleeping patterns.

The Government believes that further research in these areas is needed in the UK context, if a compelling case is to be made for a full consultation (although the Government notes the research published by Cambridge University in October 2007, and mentioned by the Inquiry at paragraph 169 of its report). This applies equally to tourism's economic case for change. The widely-quoted figure of £2 billion a year in economic benefits for tourism, should a change be made to introduce an additional hour of daylight in the summer, comes from research carried out in 1992. The DCMS has discussed the need for more current figures with the tourism industry, along with the desirability of robust projections of the (possibly very different) economic benefits for tourism of changes to summer time, and to winter time. The industry has recently indicated to the DCMS that it will look at the case for commissioning such work.

The Inquiry has noted Visit Scotland's opposition to any change (at paragraph 171). Wider Scottish opposition has since been confirmed by the Scottish Minister for Enterprise, Energy, and Tourism. The Government's position is that a single, national time zone for the whole of the UK remains both necessary and desirable. However, the DCMS has made it clear to the tourism industry that it will consider the case for a more detailed review (which could include a full consultation), if this is justified by new evidence.



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