



Tourism Action Plan

August 2016

 **WELCOME
TO
GREAT**
BRITAIN



**Prime Minister
Theresa May**

Tourism is vitally important to the UK. The industry provides 1.6 million jobs across the country. In 2015, we saw the greatest number of overseas visits to the UK on record, bringing £22.1 billion into our economy. Domestic overnight spend also hit a record high of £19.6 billion in England. In short, the sector goes from strength to strength.

But many overseas visitors never venture beyond London, so over 50% of their spending is in the capital. While we want tourist numbers to remain high, we also want the benefits of growth to be felt across the whole of the UK. This is a beautiful country, offering so much to see and do throughout, and we must do everything we can to make sure that visitors are encouraged to explore beyond the capital.

Progress is already being made. The South East, South West, West Midlands and North East have all seen international visitor rates and spend grow faster than London over the past year. The £40 million Discover England Fund will strengthen regional tourism even further. But there is still work to be done in promoting the whole of the UK. We must ensure that the benefits of tourism are shared across cities, regions and nations up and down the United Kingdom.

The British people's decision to leave the European Union creates many great opportunities for growth, such as cutting red tape and forging partnerships in new and developing markets. Our stunning scenery hasn't changed, nor our centuries-old monuments and cultural traditions. Together with industry, the Government will work to ensure that tourism continues to thrive as negotiations on the UK's exit progress. The end goal is a Britain that is even more attractive, accessible and welcoming to visitors.



Introduction

Tourism is one of the UK's most important industries with it directly responsible for 1.6 million jobs at all entry levels throughout the UK¹.

Last year was record-breaking, with tourism generating over £62bn in GVA to the UK economy. Domestic overnight spend² reached a new high of £19.6bn in England, and the UK attracted more overseas visits than ever before, generating over £22bn of export earnings. Further, the rate of growth in visits and spend to many regions was faster than in London - as visitors flocked to see our world class heritage sites, stunning countryside, and to capture moments from Glastonbury to the Rugby World Cup. However, with over 50% of international visitor spend still in the capital, there is more to be done to rebalance the sector, boosting jobs and growth right across the country.

This report sets out how this Government is working to do this through action on:

- i. **The tourism landscape:** strengthening co-ordination and collaboration
- ii. **Skills:** boosting apprenticeships and attracting more people to careers in tourism
- iii. **Common sense regulation:** examining the scope for deregulation
- iv. **Transport:** making it easier for visitors to explore by rail, bus and coach
- v. **A GREAT Welcome:** driving continuous improvements in our visa service

The British people have voted to leave the European Union and this Government is determined to make a success of it. As negotiations on the UK's exit progress, the Government will be working in close partnership with the devolved administrations and the industry to secure the best deal for Britain.

The actions in this report together with our new industrial strategy will make our tourism sector more internationally competitive and resilient, and ensure that its growth delivers for everyone.

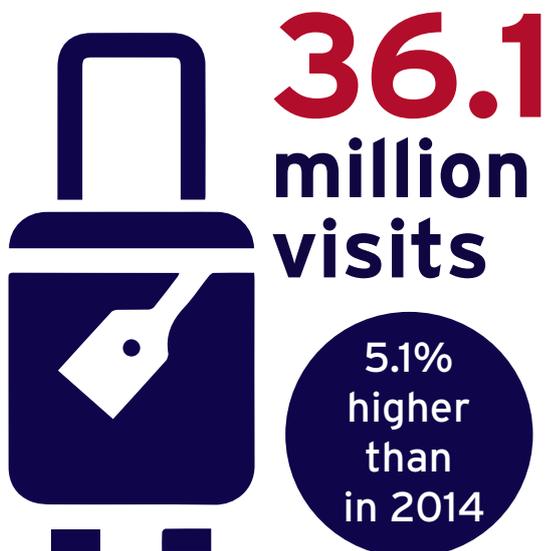
¹ Those sectors related to tourism account for 3.1m jobs in the UK, approximately 1 in 10.
<https://www.gov.uk/government/statistics/dcms-sectors-economic-estimates-2016>

² This is for overnight spend for all journey purposes including business and visiting friends and relatives, as well as holidays.

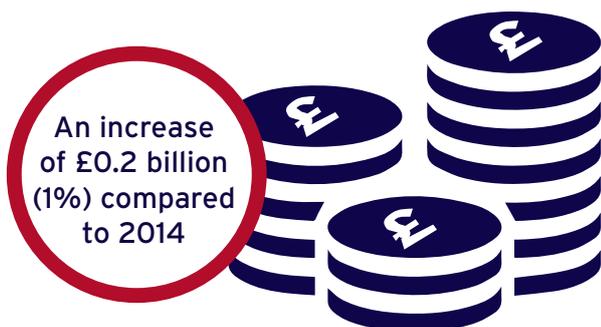
Facts and figures

2015 was a record-breaking year for UK tourism

Overseas residents made



While earnings from those visits reached **£22.1 billion**



Tourism's value to the economy continues to rise

Estimated tourism GVA is **£62.4bn** for 2015

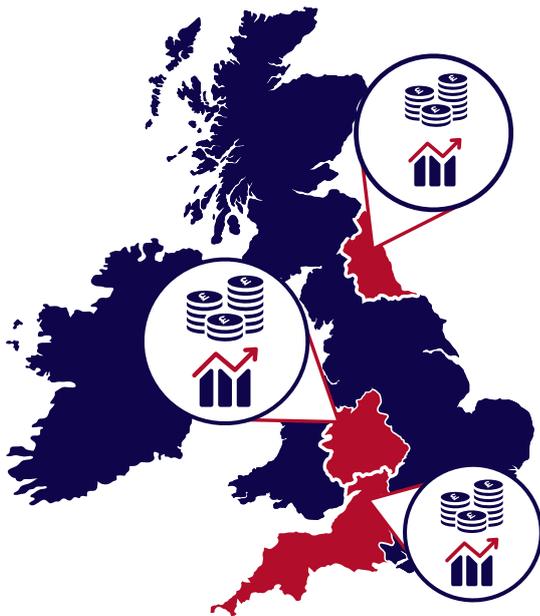


GVA - Gross Value Added

³ Tourism Satellite Account

Increase in domestic overnight visits and spend in all English regions (2014 - 15)

With the greatest proportionate growth in spend in the **West Midlands, North East** and **South West**



The South East, South West, West Midlands and the North East saw international visits and spend grow at a faster rate than London



Future forecasts look promising

In the six months to June 2016, there were

17.3 million international visits to the UK



Up by 2.2% compared with the corresponding period a year earlier



Visits from **Europe** and **North America** were up on the **first six months** of the year compared to the same time period last year



Tourism Landscape

The overall success of the tourism industry is contingent on its ability to work together to promote what it has to offer. However, the costs of collaboration are high, as the sector is diverse, fragmented and competitive, and this can deter action - despite it being collectively beneficial. The Government is taking steps to address this:

Creating an overarching industrial strategy

Multiple Government Departments, from Transport to Home Office to DCLG, and DEFRA, invest in the success of Britain's tourism industry. It is important to ensure that policy is considered in the round and action is joined up, so that where possible activity on coastal communities, national parks, and rail investment is complementary. Likewise, when we have invested in improving our tourism offer, we want to ensure that we are promoting this through the GREAT Britain campaign. **Through our work to develop our new industrial strategy we will ensure that departmental action to grow tourism is co-ordinated.**

Tourism is a devolved matter, but a number of policy levers—from aviation connectivity to aspects of the regulatory framework and immigration—are reserved. **We will hold regular meetings with Tourism Ministers in Wales and Scotland and, where appropriate, Northern Ireland to discuss how we can strengthen our collective offer to overseas visitors - particularly those from long-haul destinations.**

Establishing a clear framework of government support and activity will make it easier for local areas to develop their own strategies to grow tourism, and for businesses to take investment decisions.

Engaging through the Tourism Industry Council

Co-chaired by Tracey Crouch, the Minister for Tourism, and Simon Vincent, Hilton Worldwide, this refreshed group discusses cross-cutting issues for the tourism industry. Its discussions will inform the UK Government's negotiating position on Brexit and the development of our new industrial strategy.

Co-ordinating action on Events

Chaired by Nick de Bois, the Events Industry Board advises the Government on the implementation of the UK's Business Visits and Events Strategy, and the ways in which it can support and grow the events industry in the UK. The first round of the Event Support Programme⁴ is live until 16 September, welcoming applications for financial and advocacy support for UK cities and companies bidding to host international events in the UK.

Events produce a diffuse and beneficial effect far beyond increased visitor spend by delegates in the immediate geographical area. Events strengthen local economies by encouraging employment and developing infrastructure and there is evidence that delegates at conferences are more likely to return for tourism, work or study. Professional, creative and research networks are strengthened by gathering for events, and an event can also create a powerful association between the industry and the host location, giving local businesses and organisations in that sector a competitive advantage. The Board is backing a **range of events** and has created **guidance** on how to apply for support.

Being clear on the roles and responsibilities of VisitEngland and VisitBritain.

VisitEngland and VisitBritain are trading names of the British Tourist Authority (BTA). Following the 2015 Spending Review, we clarified the distinct activities that we wish the BTA to undertake as VisitEngland and VisitBritain - with separate, ring-fenced, budgets allocated to each.

We will be working closely with the devolved administrations to strengthen collaboration between our tourism bodies and to ensure that funding allocated for Britain-activity is delivering for each of the nations and regions, and in accordance with new **targets** for VisitBritain to drive growth in inbound spend across the nations and regions.

Announcing a new £40m Discover England fund

The aim of the fund is to incentivise England's destination organisations and businesses to join up to build world class tourism experiences and products.

In May, phase one of the fund was launched and the first winners have now been announced. Each of these projects test new products or innovative ways of joining up and distributing our existing tourism offer. A condition of funding is that the learning will be shared, so successes can be replicated, supporting growth across the English visitor economy.

⁴ <https://www.visitbritain.org/events-support-programme-overview>

We have launched ***the criteria*** for bigger bids of over £1 million. This process will encourage consortia of public and private organisations to collaborate to make it easier for visitors to explore the crown jewels of England's tourist offer, as well as discovering its hidden gems. Winning bids will ideally align investment in tourism and culture from a range of different private and public funding streams - for example, the Local Growth Fund, the Coastal Communities Fund, the Rural Development Programme for England (including LEADER⁵), Arts Council England and the Heritage Lottery Fund - to support the development of a world class visitor experience.

⁵ LEADER funding provides smaller amounts of funding to local businesses through the 80 LEADER action groups that have been established across the country.



Jobs and skills

This Government is committed to increasing the quality and quantity of apprenticeships to reach the objective of 3 million apprenticeships starts in England by 2020. Following calls from the Tourism Industry Council, we have overseen the creation of a new, pilot apprenticeship scheme. The pilot recognises that the seasonal nature of tourism can act as a barrier to smaller and rural businesses in the sector taking on apprenticeships. The new scheme enables apprentices to complete their training over 16-18 months, instead of 12, with a break in the middle to undertake other activities. **We are delighted to be working with a range of companies - including PGL, TUI, Merlin Entertainments, Eurocamp, Monarch Airlines and Parkdean Holidays, as well as colleges across the country to take this forward.**

Through the Coastal Communities Fund, we are also supporting a range of projects in England that are forecast to deliver over 6,000 training places and apprentices in coastal and seaside towns by March 2017 - many of which aim to improve and retain skills in the tourism sector. The learning from these schemes, and the Apprenticeship Training Agency that is operating under Cornwall's Devolution Deal, will be shared more widely and inform our approach to strengthening skills, as part of our industrial strategy.

With employment in tourism growing at a faster rate than total UK employment, the Government has been working to improve perceptions of the tourism industry. The #mytourism job campaign seeks to encourage more young people to consider it as a career option, but there is more to be done. **We will be working with the Careers & Enterprise Company for schools to develop a tourism dimension to its work to broker relationships between employers, schools and colleges. This will enable the tourism industry to better support young people with decision-making and career development.**

Over the coming year, we will also be working with the Tourism Industry Council to undertake a programme of work to promote the tourism sector as a great place to build a career.

The tourism sector is overwhelmingly comprised of SMEs providing employment in some of our most rural communities and enjoyment to millions. **We want to support those businesses to succeed and grow, and will be reviewing how best we do this - whether through VisitEngland's Business Advice Hubs or by supporting more small businesses to attend major trade events, like Explore GB, to improve their export capabilities.**

Our investment in broadband and digital skills is key, as this is the platform on which tourism product is increasingly marketed, sold and reviewed. The Government is on track to ensure 95% of homes and businesses in the UK can access superfast speeds by the end of 2017. At the 2016 Budget we also announced £14.5 million in grants to extend ultrafast broadband coverage to the South-West. **To ensure that everyone is able to make the most of this opportunity, we are also working with a range of partners to ensure that barriers to digital inclusion are removed, as well as raise the overall digital skills level of the population.**

Through our links with the Tourism Industry Council, we are working to assist businesses, particularly small businesses, to help improve their productivity and grow. As a part of the Productivity Review led by Charlie Mayfield, Chairman of the John Lewis Partnership, a new free online tool⁶ has been launched that helps businesses in the hospitality sector assess their performance, benchmark themselves and understand where there is room for improvement. This is part of a broader online marketplace in which employers in all sectors can access other tools, support and advice on how to improve their productivity. The aim is to build a movement where SMEs continually ask themselves 'how good is my business really?' in order to raise ambition and improve the productivity of UK businesses.

⁶ <http://howgoodsyourbusinessreally.co.uk/>



Commonsense Regulation

Working in partnership with the Tourism Industry Council, we have identified four areas of regulation where progress can be made to allow tourism businesses to flourish:

- **We will seek to deregulate an element of Private Hire Vehicle (PHV) licences as soon as parliamentary time allows. This will allow owners of hotels/ attractions to collect visitors from train stations/ ports of entry, without having to apply for PHV licences (operator, vehicle and driver).**
- **We will introduce a new, light-touch licensing notice, which will allow small quantities of alcohol to be sold by small accommodation providers to their guests, and by community groups at local events. This will enhance the welcome that small establishments can provide to guests - without requiring them to apply for a full licence.**
- **We will look at how we can modernise and digitise the retail export scheme to make it easier for tourists to claim back VAT on eligible purchases.**
- **As part of HMT's consultation on the EU's 4th Money Laundering Directive later this Autumn, we will seek views on raising the threshold for 'occasional or very limited financial activity' under the Money Laundering Regulations. Subject to the outcome of this consultation, this change could allow businesses like hotels and travel agents to offer services like currency exchange to more of their customers and increase the volume of their activities.**

The Government has been carrying out a review of Local Authority Regulation and Enforcement, during which evidence was gathered from businesses and local authorities in relation to the fair and consistent enforcement of regulation across business, including tourism businesses. The Review's objective is to find ways of cutting red tape and reducing bureaucratic barriers to growth and productivity. We would expect tourism businesses to be among those that will benefit from improvements made in light of the review.



Transport

Britain's road system is an excellent means of exploring the country. However, many international visitors are fearful of driving on the 'wrong' side of the road, so it's vital that they feel confident navigating our system of public transport, if they are to explore beyond London. However, international visitors can find it difficult to find the information they need, in the right language, to book the right tickets at the right price, and to be assured of a seamless journey.

To overcome this, **we are working to develop a new GREAT Rail offer - beginning with piloting the promotion overseas of up to five, easy to book, rail itineraries.** These itineraries will help overcome issues associated with the 'final mile' so that visitors have confidence getting from the train station to the entrance of some of Britain's most popular attractions and back again. **VisitBritain and the Rail Delivery Group have today *launched a competition* for ten people (five lucky pairs) to road-test these itineraries.** In parallel, the Rail Delivery Group which own the Britrail Pass are launching a series of product improvements - including a 15 days in two months option for tickets and the ability to book tickets 11 months in advance, from the current three months. **New partnerships between VisitBritain and online booking companies, like Expedia, will make it easier for international travellers to find and book the right tickets and accommodation.**

Further steps are being taken to modernise transport connections to the countryside. For example, the Government's £15 billion road investment strategy includes the A303 expressway to the South West, which will offer 'mile a minute' driving whilst improving the environmental setting of the Stonehenge World Heritage Site.

In 2015, 73% of international visits to the UK were made by air. The Government has accepted the case for airport expansion in the South East and the Airports Commission's shortlisted options. A final decision on the preferred scheme will be taken in due course, but it is clear that regional airports will have an increasingly important role as ports of entry for international visitors. Last year the number of passengers using

UK regional airports⁷ increased by 5%, and the Government's regional connectivity scheme has supported the development of new routes - from Norwich to Exeter, Southampton to Lyon, Dundee to Amsterdam, and Leeds Bradford to Newquay. In June, Hainan Airlines launched the first direct Manchester-Beijing flight. It has been estimated by Manchester Airport that the route is worth at least £250 million in economic benefits to the UK over the next decade, with two-thirds being felt directly in the Northern economy in terms of increased jobs, economic activity and tourism. Virgin Atlantic and Delta Air Lines have also announced new routes from San Francisco and Boston to Manchester launching in Spring 2017. If they achieve their expectations, Virgin will carry over 70,000 more passengers than in 2014 bringing an economic impact of £23 million by the end of 2017.

The accessibility of our wider transport offer is critical to the attractiveness of these routes, because most first time visitors to the UK want to experience London as part of their stay. There has been significant investment in connections to international gateways, for example, the third platform at Manchester Airport station is now open, and electric trains direct from Manchester Airport to Liverpool started in service in December 2015. Access to two of the three international airports in Yorkshire has also been improved, and plans are in place for Luton and Birmingham.

However, the roll-out of smart ticketing infrastructure, the development of route-planning apps like Rome2Rio and reduced international roaming charges are key to giving international visitors the confidence to use these services. **To make it easier for passengers to make better decisions about their journeys, the Department for Transport will be releasing the open data that it owns by December 2016, and publishing a joint Government-industry Rail Data Action Plan.**

Air Passenger Duty (APD) is an excise duty charged on the carriage of passengers flying from a United Kingdom airport⁸. Last summer, HM Treasury published a discussion paper containing options to support English regional airports from the potential impacts of APD devolution. HM Treasury is carefully considering the responses received to the discussion paper and will respond in due course, setting out next steps. **The Government is clear however that all airlines operating in the UK should be complying with consumer protection legislation, and that their refund policy, including on APD, should be clear at the point of booking. We will be reviewing this issue to make sure that consumers get a fair deal.**

⁷ All UK airports apart from Heathrow, Gatwick, Stansted, London City, and London Luton.

⁸ Air Passenger Duty is devolved to the Scottish Parliament and the Scottish Government has given a commitment to design a replacement tax within the current Scottish Parliament



GREAT Welcome

This Government has capped visitor visa fee rises at 2% per annum during this Parliament, in recognition of visitors' important contribution to Britain's economic growth and prosperity. We have also made improvements to the visa system for key tourism markets including the Gulf and China. For example, a new electronic waiver system for Kuwaiti passport holders and, in China, in response to increasing demand, UKVI has opened three new visa application centres in Changsha, Kunming and Xian this summer, bringing the UK's visa application centre network in the country to 15. This is delivering record breaking levels of satisfaction for those applying for a UK visa.

To raise awareness of our tourism offer, we will improve the availability of visitor information through the UKVI website and in Visa Application Centres, so that visitors can begin to get excited about their journey at the point of application.

Through the Tourism Industry Council and Events Industry Board, we will be working with partners to raise awareness of our visa offer and improve the welcome that visitors receive on arrival to the UK, by expanding on initiatives like the GREAT China Welcome campaign. This programme aims to make Britain the most welcoming destination in Europe for Chinese visitors, and revolves around a UK industry education programme and a Charter which recognises suppliers which are particularly suitable for China. It links these to the Chinese market through wider marketing and trade activities. Over 400 British destinations and individual suppliers have now signed up for the Charter, with their details being shared widely in market via a GREAT branded Chinese language directory and online database⁹.

⁹<http://www.ukgcw.com/>



Next steps

The British people have voted to leave the European Union. This creates new opportunities, from cutting red tape to forging new partnerships in emerging markets, as well as traditional strongholds like America. Working with the devolved administrations, our tourism bodies and the wider industry, we will seek to capitalise on this decision and show all our visitors how welcoming we are and that Britain truly is the home of amazing moments.

Through our work on the GREAT campaign, we will continue to promote the best of Britain. We will be showcasing British food and drink, through **Defra's Great British Food Campaign**. The Discover England fund will provide the opportunity to introduce people to new experiences, for example, the opportunity to walk a section of our new, 2,700 mile national coastal path.

As ever, there will be challenges - from ensuring the industry has access to the right skills to security to connectivity. But, we will continue to work in partnership to make a success of Brexit and to ensure that this vibrant industry goes from strength to strength.

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