

# UK TOURISM: **2020 AND BEYOND**

2021

2022

2023

2024

2025

**12 Key Policies for Maximizing the Benefits of One of  
the UK's Largest and Most Successful Industries**

# Introduction

Tourism is one of the world's largest and fastest growing industries. Research by the United Nations World Travel Organisation (UNWTO) shows that, despite the global economic crisis in 2008/9 and the current global economic slowdown, total international travel has increased at an average of 5% per annum over the last decade.

In 2018, there were a record 1.4bn trips taken internationally, generating US\$1.7 tr in revenue for host destinations. This level of growth means that tourism now represents 7% of total global exports and 29% of global service sector exports, making the sector the world's third largest export industry after chemicals and fuels, but ahead of automotive products and food.

Tourism is also one of the UK's largest, most successful and dynamic industries, generating £146bn per annum, employing 3.1m people and delivering £26bn per annum in export earnings. Tourism, especially business and educational tourism, is also a very important component of the UK's projection of soft power overseas, enhancing the country's status as a place to invest and supporting international diplomacy.

The value of the Tourism industry to the UK was recently recognized by the Government through the signing of a Sector Deal which aims to deliver a 23% increase in inbound visitors by 2025.

Central to this deal was four key commitments from the Tourism industry.

1. Tourism is one of the world's largest and fastest growing industries. Research by the United Nations World Travel Organisation (UNWTO) shows that, despite the global economic crisis in 2008/9 and the current global economic slowdown, total international travel has increased at an average of 5% per annum over the last decade.
2. In 2018, there were a record 1.4bn trips taken internationally, generating US\$1.7 tr in revenue for host destinations. This level of growth means that tourism now represents 7% of total global exports and 29% of global service sector exports, making the sector the world's third largest export industry after chemicals and fuels, but ahead of automotive products and food.
3. Tourism is also one of the UK's largest, most successful and dynamic industries, generating £146bn per annum, employing 3.1m people and delivering £26bn per annum in export earnings. Tourism, especially business and educational tourism, is also a very important component of the UK's projection of soft power overseas, enhancing the country's status as a place to invest and supporting international diplomacy.
4. The value of the Tourism industry to the UK was recently recognized by the Government through the signing of a Sector Deal which aims to deliver a 23% increase in inbound visitors by 2025.

Yet, there is much more that can, and needs to be done to maximise the benefits derived from the UK's tourism industry. This manifesto outlines ten important policy areas that need to be addressed. These proposals are designed to sit alongside, and work in combination with, the commitments in the new Tourism sector deal in order to ensure that the UK tourism industry is truly the best in the world.

# 12 Key Policies for Tourism Growth

In order to deliver the Tourism Sector Deal and maximise the benefits associated with the UK tourism industry, the UK government needs to adopt and implement the following 12 key policies.

- **Delivering Sustainable Tourism**  
Incorporate a new Sustainability Pillar into the Tourism Sector Deal and create an Office for Sustainable Aviation Fuels (OSAF) to make the UK a world-leader in this technology.
- **Providing World-Class Service**  
Develop a Tourism Employment Strategy that integrates with the Government's Immigration Strategy to ensure that the UK Tourism industry has access to staff with the skills the sector requires to be globally competitive.
- **Reforming Business Rates**  
As a matter of urgency, reform Business Rates which are disproportionately impacting the UK tourism industry and constraining investment.
- **Making Taxation Work**  
Undertake a full review of the taxation of international and domestic tourists that addresses the World Economic Forum's finding that current taxation levels make the UK the least competitive destination in the world in terms of Price Competitiveness.
- **Getting Tourism Structures and Support Right**  
Review the structure of public sector tourism delivery and support to ensure that it is efficient and effective in delivering growth.
- **Creating Sustainable Destinations**  
Establish a taskforce to determine an appropriate fiscal mechanism for enabling Destination Management Organisations to gain the resources required to support the Tourism Sector Deal.
- **Investing in Rural and Seaside Areas**  
Develop strategic plans for rural and seaside communities that recognize and support the important economic contribution that tourism makes to these areas.
- **Using ETAs to Boost Tourism**  
Creatively use the introduction of Electronic Travel Authorisations (ETAs) to create a mechanism whereby high net worth, low-risk visitors from visa national countries can be fast-tracked through UK entry clearance procedures.
- **Maximising Educational Tourism**  
Establish an Educational Travel Board similar to the Events Industry Board in order to develop and implement an International Educational Travel Action Plan aimed at boosting this important component of the tourism industry.
- **Protecting Our Heritage**  
Recognise that the UK's heritage and culture is a bedrock on which the UK's £146bn tourism industry is built and reform Heritage Maintenance Funds to incentivize the maintenance and protection of this unique resource.
- **Improving Transport**  
Make the development of tourism transport infrastructure and policies a core requirement of DfT and establish a Cross Whitehall Working Group to develop strategies for improving tourism-related transport.
- **Ensuring Tourism Accommodation is "Safe and Legal"**  
Undertake a consultation on how to ensure that all accommodation provided for domestic and international visitors is safe and legal.

# Why Tourism?

Tourism is one of the UK's largest and best performing industries. It is made up of 241,000 inbound, outbound and domestic travel and tourism businesses. Together, these businesses make the tourism industry the UK's third largest employer, providing jobs for 3.1m people (over 9.5% of the UK workforce) and contributing £146bn to the UK economy (6.5% of GDP). In international terms, the UK tourism industry is the fifth largest in the world based on value, contributing £26bn per annum to the UK economy in export earnings.

Over the last two years the revenue generated by the UK tourism industry has increased by 15% from £127bn to £146bn. This high level of growth is supported by research by the Office for National Statistics which shows that the UK tourism industry has generated around 400,000 additional jobs for the UK economy over the last 10 years.

- **Tourism can Deliver Sustainable Growth**

Tourism is an important mechanism for delivering sustainable growth for the UK economy as it supports local communities, encourages the development of local products and services and incentivises the protection of the historic and natural resources on which it is based.

- **Tourism is an International Growth Industry**

Globally, international travel has increased at an average of 5% per annum since 2010 to the stage that there are now 1.4bn international trips taken every year and visitors spend US\$1.7 tr per annum in host destinations. Despite the current global economic slowdown, the industry is still growing at 4% per annum with total international travel expected to reach 2.5bn trips by 2030.

- **The UK Tourism Industry is Internationally Competitive**

Despite being an island destination, the UK has one of the most competitive tourism industries in the world. The World Economic Forum's 2019 Travel & Tourism Competitiveness Index ranks the UK as the sixth most competitive destination in the world. It is therefore ideally placed to provide continued growth for the UK economy.

- **The Benefits of Tourism are Distributed Throughout the UK**

Tourism is a decentralized industry. While London is an obvious hub for international visitors, all regions of the UK have a strong tourism sector that directly employs at least 650,000 people and generates at least £3.5bn for the local economy.

- **Tourism is the Main Non-Governmental Mechanism for Redistributing Wealth**

Tourism plays a very important role in the redistribution of wealth in the UK as the main tourism flows are from urban areas to rural and seaside locations. In 2018, domestic tourism in the UK was responsible to transferring £25bn from the UK's towns and cities to rural and seaside destinations. This revenue provides direct employment for over 400,000 people in these communities and contributes significantly to Government's place-building policies.

- **Tourism is an Important Component of the UK's Soft Power**

The tourism industry helps shape how the UK is perceived overseas. International marketing campaigns (including the GREAT campaign), business and events based tourism and study travel all enhance the UK's global standing and project the country as an open and welcoming place for investment and trade.

# Delivering Sustainable Tourism

## Incorporate a new Sustainability Pillar into the Tourism Sector Deal and create an Office for Sustainable Aviation Fuels (OSAF) to make the UK a world-leader in this technology

Preventing climate change and protecting biodiversity is the most important challenge facing the country and the UK tourism industry has a unique role to play in shifting the UK towards a more sustainable future. Being an island nation with one of the world's largest inbound and outbound tourism industries presents considerable challenges but, through working with Government, we believe that there are considerable opportunities to deliver sustainable tourism growth.

The most widely accepted definition of sustainable tourism is that of the United Nations World Tourism Organisation (UNWTO). It defines "sustainable tourism" as:

*Tourism that meets the needs of present tourists and host regions while protecting and enhancing opportunity for the future.*

Therefore, to be sustainable, tourism activity in the UK must comply with four principles:

- **Environmental Protection** – in addition to not damaging the environment, tourism should contribute to its protection
- **Community Acceptance** - tourism must support the aspirations of local communities
- **Visitor Satisfaction** – tourism products and services must provide quality and value
- **Industry Profitability** - businesses must be incentivized to grow and invest

The 12 key policies outlined in this document are all underpinned by these four principles. These policies that support the protection of the historic resources and rural and seaside environments that are the mainstay of the tourism industry, push for improved public transport and the infrastructure required the shift to electric vehicles, describe the resources and structures needed to boost domestic tourism and support destination management while at the same time incentive businesses to invest and ensure tourism products and service comply with legislation aimed at protecting visitors.

However, there are other significant opportunities to deliver sustainable tourism growth. The Tourism Sector Deal, while a major step forward for the industry, does not currently include a strand on Sustainability. We therefore believe that a new sustainability pillar should be included in the Deal as part of the one year progress review.

In addition, there are significant opportunities for Government to boost the work of the Sustainable Aviation initiative and make the UK a world centre for green aviation development. We support Sustainable Aviation's call for a dedicated Office for Sustainable Aviation Fuels (OSAF) to help make the UK a world-leader in this technology, the prioritisation of airspace modernisation to end wasteful stacking and allow more fuel-efficient flights and for the Government to commit to funding the Aerospace Technology Institute to help speed-up innovation.



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# Providing World-Class Service

**Develop a Tourism Employment Strategy that integrates with the Government's Immigration Strategy to ensure that the UK Tourism industry has access to staff with the skills the sector requires to be globally competitive**

The UK tourism industry has recently signed a sector deal with the government under the Industrial Strategy which aims to make the UK the most competitive tourism destination in Europe by 2025.

However, the biggest issue facing the UK tourism industry in achieving this goal is the ability to employ staff with the skills required to provide international and domestic visitors with world-class service.

Research by People 1st, the former skills sector council for tourism and hospitality, concludes that the sector will need to recruit 1.3m new staff during this period, a task made significantly more difficult as a result of an historically low unemployment rate and demographic changes that mean that there will be 700,000 fewer 16-24 year olds entering the workforce by 2025.

While the Tourism Sector Deal includes a range of initiatives aimed at increasing the number of British people entering the sector, this alone will not meet the skills shortage that the industry is facing. This shortage will be exacerbated by any proposals to introduce arbitrary salary thresholds or an academic qualification based points scheme that does not recognise the language and soft skills needed in the tourism and hospitality sectors.

Recent research by Canterbury Christ Church University for UKinbound highlights the scale of the problem with 65% of businesses surveyed stating that current proposals would impact negatively on their ability to continue to operate and 75% stating that the proposals would reduce their ability to remain competitive. This rises to 90% in some major tourism destinations.

Due to the large numbers of skilled workers that will be needed by the UK tourism and hospitality sector over the next five years, the Government needs to work with the industry to develop a comprehensive Tourism Employment Strategy for filling the shortfall in workers with the skills required by the sector.

This strategy would combine the initiatives in the Tourism Deal for encouraging UK residents coming through the education system to undertake careers in the tourism industry with mechanisms in the new Immigration Strategy by which UK tourism business could recruit the staff they need to provide world-class service. Such mechanisms could include:

- Expanding proposals in the Immigration White Paper for extending the Youth Mobility Scheme to EU nationals so that workers can come to the UK for up to four years before the age of 34.
- Establishing a fund for workers whose jobs are affected by the introduction of AI so that they can be retrained for work in the tourism sector
- Adding key foreign language skills to the occupation shortage list so that they are exempt from immigration restrictions
- Having the Migration Advisory Committee work with the industry to monitor vacancy levels in the sector and implement a quota scheme if skill shortages are identified.

# Reforming Business Rates

**As a matter of urgency, reform the Business Rates which are disproportionately impacting the UK tourism industry and constraining investment**

There are two significant problems for the UK tourism industry in how business rates are applied. The first is that the tax is applied to physical properties and the second is that business rates are a 'zero sum game' which means that, if businesses close, those that are left need to pay more to make up the shortfall.

The combination of these two factors is having an increasingly detrimental impact on the UK tourism industry. While retail businesses are transferring their operations online, it is almost impossible for tourism and hospitality businesses to operate in this way. Hotels, pubs, restaurants, historic houses, leisure and visitor attractions, betting shops, amusement arcades, piers, zoos, holiday parks, self-catering, bed and breakfasts and holiday cottages all require a physical property to operate. This means that there is little they can do to reduce their exposure to business rates. At the same time, those businesses that can reduce their exposure by operating online transfer their business rates burden onto the tourism industry.

UKHospitality has calculated that businesses such as hotels, pubs, restaurants and visitor attractions now pay £2.7bn in business rates. This represents 9% of the total business rates paid in the UK, even though the sector comprises just 4% of business turnover – an overpayment of £1.8bn per annum.

The British Beer and Pub Association estimates that following the 2017 revaluation, pubs rates increased on average by nearly 15%, while research by the South West Tourism Alliance shows an increase 43%-71% for professional self-caterers (those with more than 13 beds). These increases are not sustainable and are crippling tourism businesses across the country.

What is needed is a fundamental review of business rates and a hard look at alternative methods of taxation. The Government has already announced its intention to introduce a digital tax of 2% on sales generated in the UK from April 2020, following a consultation. HM Treasury believe that this will generate up to £400 million by 2021/22. There has, however, been no suggestion from HM Treasury that this will be used to reduce the overall business rates sum raised. While it is right that Government seek to rebalance the tax system so as to capture new businesses in the digital space, it must see this as contributing to, rather than supplementing, the revenue from business rates. In order to make business rates fair, the Government must seek to include all business in today's modern economy.

Business Rate increases act as a real disincentive for investment. Scotland has introduced a 'Growth Accelerator which delays increases in business rates by a year after investment. The recent MHCLC Select Committee Report into High Streets and Town Centres has suggested that this should also be introduced across the rest of the UK. This would help businesses reinvest without the immediate penalty of a rate rise, creating a virtuous cycle of investment.

Reliefs are only a temporary fix, but they demonstrate the complexity and financial burden businesses face under the current system. Until reform can be enacted, the government should seek to provide business with clarity and certainty by giving long-term commitments to reliefs.

Finally, the multiplier rate should also be lowered in order to bring overall rates back in line with previously affordable costs and revaluations should occur more frequently. Despite the welcomed announcement that England will move to three-year valuations, the more regular these occur, the less shock between revaluations occurs for business.

# Making Taxation Work

**Undertake a full review of the taxation of international and domestic tourists that addresses the World Economic Forum's finding that current taxation levels make the UK the least competitive destination in the world in terms of Price Competitiveness**

The global tourism market is highly price sensitive. Research by VisitBritain using ONS data on inbound tourism shows that for every 1.0% increase in the cost of visiting the UK, the country's international tourism earnings decrease by 1.3%. This means that just a 5% increase in the cost of travelling to the UK will reduce tourism revenue by £1.7bn per annum and employment by almost 30,000 full time jobs. Conversely, moves to reduce the cost of travel to the UK by 5% will result in a similar increase in export earnings and employment.

While the World Economic Forum's 2019 Travel & Tourism Competitiveness Index ranked the UK as the 5th most competitive destination overall, this position was undermined by the level of tax that the UK imposes on people taking holidays in the country. Specifically, the WEF research found that, of the 140 countries that it surveyed, the UK ranked:

- 140th in terms of Ticket Taxes and Airport Charges due to the world's highest level of Air Passenger Duty
- 72nd in terms of Hotel Price Index due to the high VAT rate on accommodation,
- 125th in terms of Purchasing Power Parity due to VAT of restaurant meals and attractions
- 137th in terms of the Fuel Price Index due to high levels of duty on fuel

Together, these taxes on the key components of tourism expenditure mean that the UK ranks 140th out of 140 countries in the world in terms of Price Competitiveness. Clearly this is unsustainable if the UK is going to continue to compete in a highly price sensitive international tourism market.

High levels of tourism-related taxation are also detrimental to the UK domestic tourism industry as they make domestic holidays more expensive than overseas alternatives. In the early 1990s, the arrival of budget carriers into the aviation market removed a significant barrier to travel and allowed UK residents to undertake holidays in countries with lower costs and taxation. Prior to the introduction of budget carriers, the UK ran an annual tourism surplus. Today, the UK's tourism deficit is over £22bn per annum. While tourism taxes are not the only reason for this change, the large tourism deficit highlights the need to review tourism-related taxes in order to make the UK a more price competitive destination.

This review would include:

- Reducing VAT rates for accommodation, restaurant meals and attractions to make sure that UK remains competitive with its European counterparts
- Removing Air Passenger Duty
- Reforming the Tour Operators Margin Scheme
- Reviewing tax incentives for tourism-related investment and product development
- Providing incentives for hosting overseas buyers of conference services, where events are designed to create and support inward investment and export trade led opportunities.
- Reversing the recent 700% increase in Vehicle Excise Duty for motorhomes.



# Getting Tourism Structures and Support Right

## Review the structure of public sector tourism delivery and support to ensure that it is efficient and effective in delivering growth

The UK's tourism structure is defined by the Development of Tourism Act 1969. The Act originally determined that each of the nations of England, Scotland and Wales should have a National Tourist Board (NTB) with responsibility for developing tourism products and services and promoting tourism in the domestic market. Meanwhile, the Act determined that the overseas marketing of the UK would be undertaken by a separate body, the British Tourist Authority, on behalf of the NTBs.

This structure aligned with the UK's political structure in the 1970s and 1980s. However, in 1997, voters chose to create devolved political administrations. These administrations received a series of devolved powers from Westminster over a range of policy areas including Education, Health and Transport. Tourism was one of the policy areas devolved to the Scottish Parliament and Welsh Assembly, thereby resulting in the Scottish Tourist Board and the Wales Tourist Board reporting to their respective legislatures and being given responsibility for promoting Scotland and Wales both domestically and in international markets. Meanwhile the British Tourism Authority remained responsible to Westminster but was required to report to the Scottish Parliament and Welsh Assembly due to its remit to promote Britain internationally.

In a move that further complicated the structure of tourism delivery, in 2001 the Government decided to downgrade the English Tourism Board so that it became a quasi-autonomous part of the British Tourism Authority.

Although the 2014 Select Committee Inquiry on tourism and the 2014 Triennial Review both determined that the English Tourism Board should be restored to the being an independent Government body, in 2015 the Government decided that it should be merged into the British Tourism Authority and its marketing powers removed – despite 80% of the value of tourism in England being domestic.

The result of all these changes is that the Government structure for tourism support and development in England is confused, inefficient and remains inconsistent with devolution 20 years after the establishment of the devolved administrations.

To resolve this, the English Tourism Board (VisitEngland) needs to be reinstated as an independent National Tourist Board with the same powers and responsibilities as its counterparts, VisitScotland and Visit Wales. With all three Home Nations having their own National Tourist Board, VisitBritain could then be their overseas marketing body delivering the GREAT campaign under a joint memorandum of understanding.

Getting the national structure for tourism delivery right needs to be supported by the provision of adequate resources to deliver the Tourism Sector Deal and allow England and the UK to compete in the global market. This includes a continuation of funding for the GREAT campaign in overseas markets, committing further resources to implement the new International Business Events Action Plan and providing sufficient funds to boost domestic tourism.



# Creating Sustainable Destinations

## **Establish a taskforce to determine an appropriate fiscal mechanism for enabling Destination Management Organisations to gain the resources required to support the Tourism Sector Deal**

Domestic tourism comprises over 80% of total tourism revenue and, outside Government expenditure, represents the most important mechanism for redistributing economic activity and wealth from urban to rural and seaside areas in the UK.

While tourism is extremely important to many local and regional economies, since the abolition of the Regional Development Agencies in 2010 there have been no bodies or organisations charged with the statutory responsibility for tourism development and promotion at the sub-national level. This is despite Government tourism strategies and Action Plans and the new Tourism Sector Deal continuing to cite the importance of a strong network of Destination Management Organisations (DMOs) in the delivery of national objectives for tourism development and growth.

The failure to transfer statutory responsibility for tourism development when the RDAs were abolished, combined with significant cuts to Local Authority budgets for non-statutory activities, has resulted in public funding for regional tourism development and promotion decreasing from £182m to just £54m since 2008. Hopes that the industry would step in and replace the reduction in public funding have proved wrong due to the free-rider effect which acts as a barrier to the industry committing funds voluntarily and is the reason that tourism funding is provided through public bodies in the first place.

Because DMOs have neither a statutory remit nor access to stable funding, sub-national tourism delivery has fragmented and DMOs tend to engage in revenue chasing behavior rather than focusing on the management of tourism in their area.

One of the key Government policy goals for tourism is to spread the benefits of inbound tourism to the regions. For this goal to be achieved, the National Tourism Board needs to have strong, viable DMO partners that it can work with in order to develop and market the regional products and services needed to draw visitors out from London.

For DMOs to be viable, they need a mechanism for accessing long-term sustainable funding. The solution is not a further tourism tax - the World Economic Forum already ranks visitors to the UK as the most highly taxed in the world while the Tourism Alliance estimates that visitors in the UK already pay over £21bn per annum in VAT and Air Passenger Duty alone. The problem is therefore, not that visitors don't pay their way, but that the taxes that they pay are not being reinvested in the tourism development and promotion required for sustainable growth.

It is therefore proposed that a DCMS-sponsored taskforce is established to determine an appropriate fiscal mechanism for enabling DMOs to gain the resources required to play their role in delivering the Tourism Sector Deal, meaningfully engaging in placemaking and managing the sustainable development of tourism at the destination level.

# Investing in Rural and Seaside Areas

**The Government work with the industry to develop strategic plans for rural and seaside communities that recognize and support the important economic contribution that tourism makes to these areas**

Tourism is the largest single industry in the UK's rural and seaside economies, generating £25bn per annum and providing direct employment UK for over 400,000 people. Yet, tourism in these areas is still operating far below its potential due to a lack of investment. To fully realise this potential, three key issues need to be addressed.

## **Broadband**

Broadband speeds of 10mbps are generally agreed to be sufficient to meet the needs of most SMEs. However, many tourism businesses in rural areas do not receive speeds anywhere near this level. For example, a study of tourism businesses in the New Forest found that 39% of businesses were achieving speeds of 0-2Mbs, with only 5% at 10-20Mbs and 3% above 20Mbs. A similar survey of tourism businesses in Cornwall by the local Tourism Board (VisitCornwall) found that 55% of the businesses surveyed received broadband speeds of less than 10mbps.

While there is a real need for investment in broadband so that businesses can provide customers with richer online information (eg., virtual tours of facilities, interactive booking support and promotional videos), the highest demand for improved broadband speeds is coming from customers. For example, the Camping and Caravanning Club, which operates a network of more than 100 high-quality Club Sites and 1600 smaller Certificated Sites throughout the UK are seeing consumer demand for broadband services such as Wi-Fi rise by over 50% year-on-year.

## **Planning**

The tourism industry relies on both the maintenance of the natural and historic landscape in rural and seaside areas and the ability to develop businesses based on those resources. Because of this tension, the Tourism Alliance worked with DCLG to develop The Good Practice Guide on Planning for Tourism as guidance on how to develop for the visitor economy in a sustainable manner.

However, when the NPPF was developed, the Good Practice Guide was replaced by a single page of tourism planning guidance that relates only to developments in town centres. The lack of guidance has resulted considerable uncertainty in the planning process, increasing costs and delays as planning applications get bogged down in the appeals process. The lack of guidance has also resulted in inappropriate developments in rural and seaside areas.

The Tourism Alliance believes that the Good Practice Guide should be reintroduced in order to facilitate rural tourism growth by providing direction and clarity for both Local Authorities and businesses in rural and seaside areas.

## **Funding**

The tourism industry is a significant beneficiary of the European funding that goes to rural and seaside areas through CAP payments and EU Structural and Social Funds as these tend to be some of the most deprived areas. These funds are particularly important in preserving the natural and historic landscape in rural areas and providing the infrastructure and investment needed to reinvigorate seaside destinations. With tourism contributing £25bn per annum and 400,000 jobs for rural and seaside communities, it is important tourism is appropriately acknowledged and incorporated into the fund programmes designed to replace these EU schemes.

# Using ETAs to Boost Tourism

**Creatively use the introduction of Electronic Travel Authorisations (ETAs) to create a mechanism whereby high net worth, low-risk visitors from visa national countries can be fast-tracked through UK entry clearance procedures**

Two of the world's largest and fastest growing source markets for tourists are India and China. Together, people from these countries take over 175m overseas trips per annum and spend £280bn in host destinations.

However, the requirement for visas for Chinese and Indian visitors to enter the UK represents a considerable barrier to fully developing inbound tourism from these markets. As an example of the barrier caused by requiring visas, when biometric visas were introduced in 2008, the UK's share of the Chinese outbound market fell by 39% while the UK's share of the Indian outbound market fell by 37%.

If the UK had maintained its share of the outbound tourism market from these two countries, we would now be receiving 101,000 additional visitors from China and 480,000 additional visitors from India. The revenue from these additional visitors would be £491m per annum and it would have created 8,500 additional FTE jobs in the UK economy.

The problem with the current visitor visa system is that, in requiring everyone from a particular country to obtain a visa, it is a highly inefficient way of targeting high risk visitors. This is especially true for developing countries with a rapidly growing middle class such as China where the approval rate for visa applications is over 95%.

Government proposals to introduce Electronic Travel Authorities (ETAs) offer an opportunity to develop a more sophisticated and targeted approach to border control which both increases visitor numbers from visa national countries while reducing Home Office costs and lowering congestion at airports.

The opportunity is use ETAs alongside visas in countries such as China and India as a way of facilitating the travel of low risk visitors (eg., those with a high net worth, tour groups or those attending a conference). Potential visitors would be able to apply for an ETA and, if they met certain criteria, they would be granted an ETA meaning that they could travel to the UK without the need for a full visa. Those visitors that did not meet the criteria required for being granted an ETA would simply be invited to apply for a full visa in the normal way.

Even if just 30% of current visitors from China and India qualified for an ETA, this would reduce queues at immigration desks by 350,000 people per annum. It would also save the Government around £17m per annum in visa processing costs and enable UK businesses to attract additional visitors from these countries by marketing ETAs as a "fast-tracking" service.

Such a regime would also support both the Government's Tourism Sector Deal and International Business Events Action Plan which aims to maintain the UK's position as a leading European country for hosting business events, conferences and congresses.

# Maximising Educational Tourism

**Establish an Educational Travel Board similar to the Events Industry Board in order to develop and implement an International Educational Travel Action Plan aimed at boosting this important component of the tourism industry.**

The youth, student and educational travel market collectively contributes £27 billion to the UK economy. Overall 15.2m youth and student travelers visit or study in the UK. Not only do these visitors support over 265,000 UK jobs in the education sector, they are important for the UK's future growth and projecting the UK as an international business centre due to being more likely to undertake trade with, and invest in, the UK when they return home.

Within this, around 550,000 students come to the UK for periods under one year to study English as a language. While these visitors comprise less than 1.5% of the total number of visitors to the UK, the £1.2bn that they spend in the country constitutes almost 5.5% of the UK's total annual tourism earnings. This is due to the average expenditure of educational visitors being £2399 per visit, which is four times the expenditure of the average visitor to the UK.

Additional benefits of educational visitors are that, due to their longer length of stay in the country, they are usually visited by friends, while research by Universities UK shows that 88% of students that study in the UK plan to return for a holiday.

However, the number of EFL students visiting the UK has declined by 23% since 2014 resulting in the loss of £570m in export earnings. Proposals to remove the ability of EU nationals to enter the UK using National Identity Cards will cause a further reduction in educational travel, especially for those aged under 20 who are undertaking a short language course in the UK as these visitors are much less likely to have full passports. It is highly likely that the parents of these students will simply send them to competitor destinations in the EU such as Ireland and Malta rather than pay for a passport.

To rebuild the UK's competitive advantage in the highly valuable Educational Travel Market, the Government needs to establish an Educational Travel Board similar to the Events Industry Board with the task of developing and implementing an Educational Travel Action Plan aimed at boosting this sector. This Plan would address issues such as:

- Continuing the ID card route for young educational travelers
- Removing the £30k salary cap for ESL teachers
- Developing group travel arrangements for students that are less burdensome.
- Allowing students to transfer from language schools into Higher Education courses, without having to return to their own country

There is also a significant opportunity to boost this sector by providing visas to the parents of students accepted to study in the UK that mirror the length of time that the student is allowed to remain in the UK. For example, if a student is accepted to undertake a three-year degree in the UK, the student's parents should be provided with a three-year tourist visa. This would allow parents from visa-national countries to visit their children whenever they wanted without the need to constantly reapply for a visa. This would both increase the UK's competitiveness in the education market and the UK's tourism revenue.

# Protecting Our Heritage

**Recognize that the UK's heritage and culture is a bedrock on which the UK's £146bn tourism industry is built and reform Heritage Maintenance Funds to incentivize the maintenance and protection of this unique resource**

Our unique heritage and culture is the major reason that the UK is the 7th most popular destination in the world. Historic buildings and landscapes are the resource on which the country's £26bn per annum inbound tourism industry is based on and therefore this resource needs to be protected and enhanced if the UK tourism industry is to continue to be successful.

Yet research by Historic Houses indicates that the UK's historic resources are under threat from a lack of investment in maintenance with the backlog of repairs among their members alone now totaling £1.38 billion.

Ensuring the required level of investment needed to protect our heritage requires the reform of Heritage Maintenance Funds (HMFs). HMFs are designed to enable nationally important historic houses that are open to the public to ring-fence funds (from their own resources) for maintenance. In their current form, however, HMFs are not being used to their full potential – just 8% of historic houses have one due to income in HMFs being subject to a tax rate of 45%. Reducing this income tax rate would release more funding for conservation while guaranteeing public access, generating economic growth and boosting tourism revenue for local communities.

Independent economic analysis shows that reducing the income tax charged on HMFs to the basic rate (20%) would result in a net economic benefit of £85.5 million by 2023 by:

- Generating more private sector money ring-fenced for spending on the maintenance of publicly accessible and nationally important heritage, with historic houses able to spend an estimated additional £16.2 million in total, annually, on repair, maintenance and conservation
- Increasing public access; historic houses adopting an HMF report they would open to the public for an additional 20 days annually on average, attracting an estimated 629,000 extra visitors per year. 15% of historic houses that already hold an HMF report they would open to the public for an additional 35 days annually on average, attracting an estimated 119,000 extra visitors per year and bringing total annual additional visitors to 748,000
- Boosting tourism spending across the UK, with the spending attributable to these additional visitors totaling over £11 million and generating £10.2 million in additional GVA for the UK economy
- Promoting people's health and wellbeing, with a value of £89.4 million for the UK economy created from these additional visits
- Generating additional tax revenue of £4.6 million by 2023, offsetting part of the costs to the Exchequer.

This proposal would also help to level the playing field between independent historic houses and those supported directly by government or owned by major national charities – which are exempt from income and inheritance tax, and benefit from Gift Aid and access to grants.

# Improving Transport

**Make the development of tourism transport infrastructure and policies a core requirement of DfT and establish a Cross Whitehall working group to develop strategies for improving tourism-related public transport**

## **Public transport**

The lack of investment in developing transport infrastructure and services outside key intercity links continues to be one of the main barriers to domestic tourism development, especially to rural areas and those seaside destinations furthest away for large metropolitan areas such as Devon and Cornwall. This is particularly true when it comes to the provision of public transport services where investment is concentrated on facilitating business and commuter travel.

With tourism being the main source of revenue for rural and seaside economies, DfT needs to commit greater policy resources to developing and implementing initiatives that support tourism travel. For these destinations, facilitating leisure travel is the economic equivalent of facilitating business travel for city destinations.

There are a range of initiatives that DfT should be undertaking through this role including working with Local Authorities and LEPs on the development of Visitor Travel Plans as a management tool for developing practical travel options, developing a National Coach Tourism Strategy to support tour operators, encouraging integrated rural transport and removing regulations that inhibit rural accommodation providers picking-up visitors from local train stations.

There is also an urgent need for DfT to review policies on the prioritisation of railway maintenance and repair work during weekends and public holiday periods, which acts as a significant disincentive for the visitors to use public transport.

To achieve a better balance between business and tourism travel policy, there should be a cross-Whitehall working group established between DfT, DCMS, DEFRA with a brief to review needs of rural and seaside destinations and suggest initiatives that will enhance sustainable tourism, reduce social exclusion and support rural and seaside economies.

## **Investment in Electrical Infrastructure**

The Government's current policy under the Air Quality Plan is to end the sale of new conventional petrol and diesel cars and vans by 2040. While the increase in the number of electric vehicles on UK roads has increased dramatically from just 3,500 in 2013 to more than 246,000 by the end of October 2019, this still only represents 0.5% of the number of licensed vehicles in the country.

With the commitment to end petrol and diesel vehicle sales, the Government has pledged to invest heavily in the fast-charging network required to support electric vehicles. However, like Government investment in Broadband, this funding may be centred on urban areas and used to support commuter travel. One of the greatest concerns expressed by electric car users is "range anxiety" - the fear that a vehicle has insufficient range to reach its destination and could leave them stranded. Unless the Government allocates sufficient resources to developing electric vehicle charging infrastructure outside city areas, rural and seaside destinations in the UK will suffer as domestic visitors decide not to risk trips to these locations.



# Ensuring Tourism Accommodation is “Safe and Legal”

## **Undertake a consultation on how to ensure that all accommodation provided for domestic and international visitors is safe and legal**

The provision of tourism accommodation through the online platforms of sharing economy businesses has been one of the biggest trends in the UK tourism industry over the last five years with an estimated 300,000 properties now listed on platforms such as AirBnB and Home and Away.

The rapid growth of this sector of the tourism industry has provided a range of benefits to visitors, businesses and local communities. It has provided visitors, who are increasingly seeking authentic experiences, with greater choice, broadened the UK's tourism offering and increased capacity. At the same time, it has provided small accommodation businesses with an efficient and low-cost route to market and helped destinations and communities by spreading the tourism away from central areas.

However, the growth of the sharing economy has not occurred without considerable concerns being expressed by a range of organisations. Local Authorities have expressed concerns that, rather than visitors using spare accommodation capacity, landlords and property investors are increasingly switching residential accommodation into tourism accommodation. This view is supported by data from London where at over 55% of the 77,000 properties available on one platform do not have the host living on the premises and almost half of the operators using the site having more than one property listed.

A further concern is that many of the large number of new entrants into the tourism accommodation industry have little understanding of the legislation covering the provision of tourism accommodation and are therefore putting the welfare of visitors at risk. This represents a significant reputational risk to the UK tourism industry as a whole. As a bare minimum, all operators of tourism accommodation are legally required to undertake a fire safety assessment and a health and safety assessment of their property. It is virtually impossible to undertake a fire safety assessment of any tourism accommodation without concluding that you need to at least install a smoke detector, yet recent research by AirDNA found that 42,000 properties listed on one platform (1 in 5 of all listed properties) do not even have this basic safety measure.

The Tourism All Party Parliamentary Group undertook an inquiry into the sharing economy in 2018 and recommended that the Government launch a consultation on using the provisions of the Development of Tourism Act 1969 to establish a low-cost statutory registration scheme for tourism accommodation businesses. Such a scheme would improve the ability of councils to manage accommodation stock and provide enforcement officers with a database of tourism accommodation properties so that they could target their resources to those properties they deem to be the highest risk.

The Tourism Alliance supports the APPG's recommendation and urges the Government to undertake this consultation to ensure that all accommodation provided to visitors is safe and legal. As the aim of the Tourism Sector Deal is to enhance the position of the UK as one of the world's leading tourism destinations, this must be a priority.



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## ***The Tourism Alliance***

The Tourism Alliance is the Voice of the Tourism Industry, comprising 52 Tourism Industry Organisations that together represent some 200,000 businesses of all sizes throughout the UK.

The purpose of the Tourism Alliance is to identify and develop policies and strategies to raise standards and promote quality within the industry and work with and lobby government on all key issues relevant to the growth and development of tourism, to maximise its contribution to the economy.

The Tourism Alliance was established in 2001 with the support of the Secretary of State for Culture, Media and Sport.

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