

House of Lords Select Committee on Regenerating Seaside Towns and Communities

Call for Evidence

1. Introduction

The Tourism Alliance was established in 2001 as the voice of the UK tourism industry. It comprises 55 tourism industry associations that together represent some 200,000 business of all sizes throughout the UK. The Tourism Alliance's mandate is to work with Government on issues relevant to the growth and development of tourism and its contribution to the economy. It is therefore responding to this discussion paper in that capacity. A list of member organisations is included as Appendix 1.

2. Tourism and Seaside Destinations

The Tourism Alliance very much welcomes the Lord's Select Committee's timely inquiry as tourism has an important role in the regeneration of seaside towns and communities.

Tourism is one of the UK's largest industries and most successful industries with residents and overseas visitors spending an estimated £140bn in 2017 and employing 3.1m people (just under 10% of the UK's workforce). Tourism to seaside destinations is a significant component of the UK tourism industry. In 2017, 29m overnight trips were taken to seaside destinations by UK residents while day-visitors undertook a further 159m trips to seaside destinations. Together these visitors spent £11bn in seaside destinations. In addition, around 4m overseas tourists visit seaside destinations while they are in the UK, spending a further £3.5bn.

Altogether, therefore, visitors to seaside destinations contribute £14.4bn to the local economy of these areas, which is sufficient to support over 260,000 fulltime jobs.

Importantly, in terms of the Government's agenda to address inequity between regions, the £11bn of domestic tourism expenditure in seaside towns each year represents the largest non-Governmental transfer of wealth from urban to seaside communities in the UK.

Underpinning these headline figures are three factors that are significant for understanding the importance of tourism to seaside destinations.

1. Spread

Tourism in the UK is relatively evenly spread across all regions meaning that initiatives to support tourism will boost the economies of all seaside destinations.

2. Success

The tourism industry has been one of the main drivers of growth in the UK economy since the 2008 recession, with research by the Office for National Statistics finding that the industry has provided growth at a faster rate than most other industries and additional employment at almost twice the rate of other industries

3. Post-Brexit Opportunities

Tourism is an industry that can never be related overseas. As such, whatever the outcome of Brexit negotiations, the UK, and UK seaside towns, will always be popular destinations for both UK residents and overseas visitors. Indeed, we believe that there are considerable opportunities that will arise from Brexit to enhance the competitiveness on seaside destinations when the UK leaves the EU and thereby support regeneration and growth, including reforming the EU's Package Travel Regulations.

3. Evidence on Specific Issues

This section provides evidence on the key issues that are restricting tourism growth, and therefore economic growth, in seaside towns.

3.1 What are the challenges facing seaside towns and communities?

From a tourism perspective, many seaside destinations face significant challenges due to two main issues.

1. They are Peripheral

Coastal towns are, by their very nature, on the periphery of the country and therefore at the furthest reaches of transport and communications systems which are vital for development and growth of their economy.

A good illustration of this is Broadband speeds to coastal destinations. A Broadband speed of 10mbps is generally agreed to be sufficient to meet the needs of most SMEs. However, many tourism businesses in seaside areas do not receive speed anywhere near this level. For example, a 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 increased demand for broadband by business in order to 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.

Visitors to tourism destinations and businesses are increasingly expecting to be able to undertake the same online activities as when they are at home in urban areas with access to superfast broadband. This means that customers are increasingly unable to understand why many tourism businesses are unable to provide broadband that is sufficient to enable movie streaming movies, playing online games or undertaking video chatting

Many tourism businesses feel as though there is little choice of suitable products to meet their requirements. For example, a third of Caravan and Motorhome Club sites have no Wi-Fi connection at all because they are located in areas with either limited broadband or where the technical solution is so expensive that the costs of installation cannot be justified. Of the two thirds of sites where Wi-Fi is available, almost 50% do not have that do Fibre to the Cabinet (FTTC) connections meaning that there is little hope of meeting future broadband requirements.

There are also considerable concerns regarding mobile phone coverage as visitors need to access information when they are outside their accommodation. This is particularly important for delivering public transport options, attraction information and weather updates in coastal areas.

To resolve these issues, the Tourism Alliance believes that the criteria for the roll-out of broadband should be amended to include visitor usage and the impact on the tourism economy.

2. Ability to Adjust to Change

The development of many seaside towns has been based on the growth of a single industry. Without the wider economic base of urban areas, the fortunes of seaside town have been much more closely tied to the fortunes of specific industries and therefore are vulnerable if these industries decline.

As such, many seaside towns are having difficulty adjusting to the decline in their traditional industries, whether that be tourism, fishing, heavy industry or being a gateway for to the transport of goods and people.

In relation to tourism, the largest barriers to adjustment relate to the repurposing of the existing building stock when the primary industry associated with a seaside town declines – be this industrial buildings or outdated tourism accommodation stock such as Victorian guesthouses.

While one of the most important elements of tourism seaside towns in the UK is the historic built environment, the 20% VAT rate on all maintenance, repairs and alterations is a significant burden on redeveloping historic buildings.

Britain's forthcoming departure from the European Union opens-up the opportunity to introduce a concessionary rate for repairs to historic buildings. Under EU law, confirmed by EU Finance Ministers in 2009, no concessions allowing member states discretion to set their own rates of VAT on such repairs was permitted. With Brexit, the UK Government could remove VAT for the maintenance or repair of historic building within seaside towns as a means of encouraging inward investment that would help enable destinations to adjust to change in their traditional industries and reinvent both their tourism offering and improve their attractiveness as places to live and locate other businesses, thus widening their economic base.

3.2 Has sufficient research been conducted to provide robust analysis of the economic and social health and vitality of seaside towns?

While there has been considerable work undertaken on seaside towns, the Tourism Alliance does not consider that this is sufficient to fully resolve the issues being faced by many destinations. We fully support the work of organisations such as the National Coastal Tourism Academy and British Destinations and their more detailed submissions on the importance of further sustained research to identify and resolve the economic and social problems faced by many seaside towns.

3.3 To what extent are seaside towns affected by issues arising from the nature of their housing stock, including HMOs and former tourist accommodation that has been converted for other uses?

A common theme in struggling seaside towns is the rise of poor-quality accommodation and houses in multiple occupation (HMOs). With fewer visitors and changes in demand for more traditional types of accommodation, destinations have been left with an oversupply of B&Bs, guesthouses and hotels that are no longer viable. Many have been bought by private landlords and converted into poor-quality privately-rented flats and HMOs.

In the 2010 'Seaside Resorts Action Plan', VisitEngland cited 'uncontrolled or poorly planned conversion of traditionally large housing, former guest houses and hotel stock to HMOs' as one of the greatest threats to seaside resorts. While affordable housing is needed for the local population, a ready supply of cheap accommodation has attracted in-migration of households who are economically inactive and reliant on state welfare. HMOs are also being used by councils to house vulnerable groups.

Poor quality accommodation coupled with poor local economy is leading, in some destinations, to acute social deprivation. This in turn impacts on consumer perceptions and the desirability to visit.

Local Councils need enhanced planning powers to allow for the removal of certain business and accommodation types, such as HMOs from their core tourism zones so that future regeneration efforts and improvements to the public realm are not undermined.

3.4 Do problems relating to transport and connectivity present a barrier to economic growth for seaside towns? What action has been taken and is further action required?

Transport is one of the key barriers to tourism development in seaside towns as they are literally "at the end of the line" from urban conurbations and suffer from poor connectivity and low levels of investment due to the majority of transport infrastructure spending being predicated on resolving commuter transport issues and providing faster connections between cities.

In addition, maintenance works on the UK's transport infrastructure network tend to be programmed for holidays and weekends so as not to disrupt business travel, which significantly hinders tourism related travel.

It is our view that DfT's focus remains on facilitating business and commuter travel through investing in main intercity transport network. This focus means that DCLG must become more active in championing transport in coastal areas. There are a range of initiatives that should be undertaken

through this role including helping to improving response times to reopen road and railway lines that are vital to seaside towns – this is especially important as climate change and sea level rises will increasingly threaten the integrity of transport infrastructure located on the coast.

3.5 How successful have initiatives that seek to promote tourism and the visitor economy in seaside towns proven to be? How important are these sectors to the economies of seaside towns?

Historically, initiatives by Local Councils, Regional Development Agencies, Destination Management Organisations and VisitEngland have been very successful when aligned with a destination having a strong tourism offering or successful regeneration projects. However, since the global economic downturn in 2008, there has been a very sharp decline in funding for domestic tourism funding which is impacting on the ability of seaside towns to develop their tourism industry.

a. Local Authorities

Local Authorities have traditionally been the greatest source of funding for seaside towns. However, tourism development and promotion is not a statutory function of Local Authorities and, with councils under mounting financial pressure, funding for tourism has declined by almost 50% - from £122m in 2007/8 to £67.4m in 2016/17

This decrease in council funding is far greater than the 10% overall reduction in total local authority expenditure over the same period and further cuts are likely in future years and councils in seaside areas have to focus expenditure on areas such as social care.

b. RDAs

While there was debate regarding the effectiveness of some RDA expenditure, the RDAs nevertheless spent £65m per annum on tourism growth and development. This funding, much of which targeted seaside areas, ended in 2012 with the abolition of the RDAs. While RDAs have been replaced by Local Enterprise Partnerships (LEPs), LEP funding for tourism is minimal and only a tiny number of LEPs view tourism as a primary focus for growth in their area.

c. VisitEngland

VisitEngland was established in 2010 as the Government body responsible for domestic tourism development and promotion. However, in 2015, the Government decided that VisitEngland should merge with VisitBritain.

The Government's subsequent tourism strategy – the Five Point Plan for Tourism - determines that Destination Management Organisations should now be responsible for domestic tourism marketing while the Government focuses its activity on encouraging overseas visitors to travel out from London.

While the Tourism Alliance is supportive of spreading the benefits of inbound tourism more widely, it should be recognised that domestic visitors will remain the main source of revenue for seaside destinations for the foreseeable future.

It should also be recognised that tourism is an internationally competitive industry. As such, seaside destinations are competing directly with the marketing resources of seaside destination such as Spain, Greece and Turkey, the advertising budgets of airlines such as Easyjet and the promotional activities of tour operators such as Thomson Holidays for the

holiday expenditure of people living in cities such as London, Birmingham and Manchester.

For seaside towns to be competitive in this environment, they need to have a strong, sustainable funding source for tourism development and marketing, supported by a dedicated government agency

To this end the Tourism Alliance believes that the Government needs to work with the tourism industry to develop a mechanism whereby some of the tax paid by visitors and tourism businesses is retained in destinations. In addition, the Government needs to return VisitEngland to being a stand-alone agency dedicated to supporting the development and marketing of domestic tourism - a role was supported by both the DCMS Select Committee and the last Triennial Review.

3.6 What impact has the Coastal Communities Fund had upon seaside towns and communities? Are any further targeted interventions from Government required?

The Tourism Alliance is extremely supportive of the Coastal Community Fund, which has been vital in regenerating seaside destinations. This funding is set to deliver over 16,000 jobs and help attract over £316 million of additional funds to coastal areas to support regeneration and improve their tourism offering. As such, this funding should continue beyond its current planned end date of 2021. The percentage of funds from the Crown Estate marine revenues allocated to the Coastal Communities Fund also needs to be restored to the original 50% as this has recently been reduced.

In addition to this funding, one of the most important ways in which the Government can support the regeneration of seaside towns is through taking forward the Tourism Industry Bid under the Industrial Strategy.

This bid seeks to resolve key tourism issues such as skills, connectivity, productivity and proposes the creation of Tourism Action Zones which will boost growth, productivity and the development of place by providing the tools required by destinations such as seaside towns to redevelop and reinvigorate their tourism offering,

It is envisaged that designated Tourism Action Zone will have access to a range of different incentives from which they can choose from in order to develop solutions that suits their local circumstances. These incentives should include:

- Prioritised Access to Existing Funds such as the Coastal Community Fund, the UK Shared Prosperity Fund and Heritage Lottery Funding
- Additional local authority powers such as the ability to address inappropriate development and land use in Tourism Zones such as HMOs or to vary business trading hours
- Prioritisation of infrastructure provision, both in terms of digital and transport infrastructure.

3.7 Are there fiscal or financial measures available which could help to support the regeneration of seaside towns?

In addition to the fiscal and financial measures already highlighted in this submission, attention should be drawn to the 3% surcharge on SDLT for secondary properties which the Government introduced to reduce Buy-To-

Let ownership and reduce the number of people buying holiday homes in popular seaside destinations. This surcharge has increased the SDLT payable on the average UK property (£185,000) by over 460% from £1,200 to £6,750.

While this move is understandable in urban areas, it is detrimental to tourism in seaside areas where self-catering accommodation is one of the dominant forms of tourism accommodation and generates significant revenue for local communities.

The Tourism Alliance has calculated that a single self-catering property in a seaside town generates around £33,000 for the local community and provides 0.7 of a FTE job. By comparison, a holiday home in a seaside destination only generates around £6,000 for the local economy.

If just 10% of potential operators are deterred by this additional start-up cost, it would lower the revenue generated by the self-catering sector by £330m per annum and cause the loss of over 6,000 jobs. This is three times the revenue that the Government would receive from self-catering businesses as a result of the new SDLT.

A simple solution that would aid tourism development but retain the surcharge on holiday homes would be to charge the additional SDLT and allow operators that comply with the Furnished Holiday Letting Rules (which require properties to be let for at least 15 weeks per annum) to claw back the tax.

Finally, we would also like to see the Government commit to its manifesto promise of a wholesale review of business rates to address the rapidly evolving nature of business – and particularly the move to online goods and services reflecting the growth of on-line businesses and ensuring on-line businesses pay a fairer share of the business tax burden.

The burden of business rates is increasingly falling on pubs, attractions and accommodation businesses which have no ability to locate online and this is starting to severely restrict investment in the tourism sector.

3.8 To what extent is it currently possible to develop a 'vision' for individual seaside towns? Is there a need for longer-term thinking and, if so, is that need currently being met? What role should Government departments, local authorities, local enterprise partnerships and other stakeholders play in delivering against such a vision, and is any action required to improve integrated working between these groups?

It is possible to develop a vision for individual seaside towns that provides a real step-change in regeneration efforts as there is significant will to do so across a broad range of Government Departments, Agencies, Local Government bodies and Industry Organisations. There is also a wide range of current and potential funding mechanisms to achieve this.

However, the one thing that is missing is that there is no body or organisation that has a statutory duty to undertake tourism development and promotion for seaside destinations. The key requirement for the tourism-related regeneration of seaside destinations is, therefore, for an organisation to be made responsible for developing and implementing the vision for individual seaside towns.

The Tourism Alliance, as the voice of the UK tourism industry, would welcome the opportunity to provide oral evidence to the Committee on these issues. In the meantime, if we can provide any further information or assistance, please do not hesitate to contact me.

A handwritten signature in black ink, appearing to read 'Kurt Janson', with a long horizontal flourish extending to the right.

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Appendix 1 Tourism Alliance Members

ABTA - The Travel Association
Airport Operators Association
AIPO
ALVA
ANTOR
Association of Group Travel Organisers
ASAP
ATHE
BACTA
BALPPA
Bed & Breakfast Association
British Beer & Pub Association
British Destinations
British Educational Travel Association
British Holiday & Home Parks Association
British Marine Federation
Business Visits & Events Partnership
Camping & Caravanning Club
Caravan and Motorhome Club
Churches Visitor and Tourism Association
Coach Tourism Association
Confederation of Passenger Transport
Country Land and Business Association
Cumbria Tourism
English UK
European Holiday Home Association
European Tour Operators Association
Family Holiday Association
Go New Forest
Group Travel Business Forum
Heritage Railway Association
Historic Houses
Holiday Home Association
Institute of Tourist Guiding
Liverpool City Region LEP
Marketing Manchester
National Caravan Council
National Coastal Tourism Academy
National Trust
Outdoor Industries Association
PASC
Premier Cottages
Resort Development Organisation
South West Tourism Alliance
The Tourism Society
Tourism For All
Tourism Management Institute
Tourism South East
UKHospitality
UKInbound
Visit Brighton
Visit Cornwall
Visit Greenwich
Visit Kent
Visit Wiltshire
Wine and Spirit Association

Observers

Local Government Association
VisitBritain
VisitEngland