Evidence to the Culture, Media and Sport Select Committee on its Inquiry into Tourism

Introduction

1. The Country Land and Business Association (CLA) welcomes the opportunity to submit evidence to the Culture, Media and Sport Select Committee’s inquiry into tourism following the FMD crisis and the events of September 11. The CLA represents 45,000 rural businesses employing many thousands in rural areas; generating profits and incomes in the countryside; providing land, capital and buildings for productive use. Rural businesses help sustain the economy, environment and communities of the countryside. Rural areas play an essential role in the life of the nation, accounting for nearly a quarter of its population, 30% of its employment, 30% of its GDP, and 80% of its landscape.

2. The CLA has recently conducted a wide-ranging consultation of over 200 organisations and individuals to help inform the development of its rural tourism policy. It is intended that this policy document will be finalised by the end of the year.

Background

3. Rural tourism plays a fundamental part in maintaining a vibrant rural economy. As the Chancellor of the Exchequer, Gordon Brown, stated in presenting the Government’s spending review, a successful rural economy is vital to both rural areas and the entire economy. A vibrant rural tourism sector is a vital piece of that jigsaw.

4. Rural tourism generates some £14 billion for the rural economy and represents an enormous opportunity for reinvigorating the rural economy and rural communities. Rural areas need jobs and incomes to underpin services and communities. As agricultural incomes contract there is a need to maintain and manage the landscape and environment. Rural tourism can provide a means of alternative income for the farming community as well as being a growing industry in its own right.

5. But it is clear that rural tourism is not meeting its full potential and there are a number of essential questions that have to be answered:
   - **Attracting visitors**: How can small scale rural tourist enterprises compete with bigger often urban based tourist businesses;
   - **Marketing and promotion - A value-added service**: How can marketing and promotion be improved;
   - **Better quality and efficient service**: How can the visitor’s rural tourism experience be improved;
   - **Representation - The policy agenda**: Who speaks for rural tourism;
   - **Financial and fiscal: A kick-start for fragile rural tourism businesses**: What kind of financial and fiscal support is actually required;
   - **Town and country planning**: How can the planning system be made more sympathetic;
   - **Research**: How do we prevent the over-supply of tourist services
   - **Training and employment**: How can we ensure fair competition
• **Agriculture and rural tourism**: Does tourism have a role to play in agriculture
• **Less red tape**: What bureaucratic constraints prevent business development.

The perennial problem

6. The one criticism of rural tourism that is made time and again is the fragmented nature of the industry. It lacks co-ordination and proper representation. The rural tourism industry is particularly susceptible to structural and market failures and will mean a continuing need for support in many cases to ensure its viability. But fragmentation is also the most intractable problem to resolve. What is required is a more effective coalition to represent the disparate elements of the rural tourism industry to Government.

Performance of the Rural Tourism sector: since foot and mouth and eleventh September

7. It is well known that the Foot and Mouth crisis of last year had an enormous impact on the tourism sector. According to data released by the Tourism Alliance, the tourism sector lost approximately £8 billion in global terms. However, this masks some important differences in performance: although farm based tourism was severely affected, primarily because visitors believed that the countryside was closed, trade for seaside towns increased significantly, to counter this loss.

8. Anecdotal evidence received from CLA members who run rural tourism businesses shows that performance this year has been mixed. Although the number of domestic visitors coming to the countryside has increased, overseas visitor numbers are down, primarily the result of the September 11 attacks. However, rural tourism is largely dependent on the domestic market, accounting for some 80% of domestic visitors.

9. The number of visitors taking long breaks in self catering accommodation appears to be down; however, visitors taking caravanning breaks or staying at caravan parks shows an increase. Short break destinations appear to have picked up, highlighting the increasing importance of the short break market.

10. All in all, performance in rural tourism thus far in 2002 has been on a par with that in 2000.

The lack of data, over-capacity and seasonality

11. In many rural areas there is already over-capacity in some sectors. Disaffected farmers who can no longer earn a viable living from their agricultural occupation have turned to rural tourism. Because they continue to receive some income from the farm they do not need to have a fully viable tourist business either and the true costs are often disguised. Also a shortage of data causes real problems for those who do have to make their business work or those who have to make a case to their bank manager for a loan to fund their development. Business advisers visiting farms in the wake of FMD for example are often ill equipped to assess the prospects for a rural tourism business because of this task. They may be able to cope with the bottom line but the top line invariably defeats them.
12. It is still the case that the general level of available data for day visits to the countryside is out of date and we have yet to see effective ways of measuring the spin off to the rural economy for agriculture let alone rural tourism. There needs to be an effective way of measuring the value of the countryside and landscape. The provision of better and more comprehensive data is vital to prevent the oversupply of tourist facilities in some areas and to ensure a more even distribution in others. Reliable data is a key because only by knowing who is out there in the countryside and the number of people visiting is it possible to propose solutions. But that is not the case at present.

The role of Government: what more can government do?

13. It seems surprising that tourism, generating as it does £73 billion a year, is seen by many as lacking profile. This is clearly in part due to the fragmented state of the industry. But there is certainly an element of truth in the view that a low profile is the result of no single Government department dedicated to the promotion of tourism. The Department for Culture, Media and Sport (DCMS) which currently has the remit for tourism does not even have the word tourism in its title! Although we welcome the comments made by the Culture Secretary at the third tourism summit about the need for cross-departmental co-operation, we are particularly concerned that the rural tourism voice does not get squeezed out in the process. This would be to the detriment of all those who are striving to make rural tourism a success.

14. The CLA recognises the importance of the “Your Countryside, You’re Welcome” (YCYW) initiative in providing much needed promotional activity and, as a major stakeholder, we have supported the extension to the current programme. We believe that it is achieving its objectives. But we also feel that unless this initiative leads to a permanent structure for marketing rural tourist businesses, it will not have achieved its aim.

Support and promotion of the rural tourism industry

Marketing

15. One of the main concerns for the rural tourism industry is the lack of a clear brand that prevents many rural tourism businesses working together in partnership with the Community and other rural interests. In effect, there is a lack of marketing focus that is detrimental to the effective delivery of a range of rural tourism initiatives that are aimed at revitalising and renewing the rural tourism industry:

- Bringing out local distinctiveness, culture and heritage: branding does not relate to the countryside or landscape criteria and the distinctiveness they possess;
- Promoting local produce and gastronomy: strong local and regional rural tourism networks are not in place to deliver good local connections between food producers and tourism establishments.

16. The CLA strongly supports the need for strong and centralised marketing of England. Some promotion, for example, of England’s country areas, needs to be done nationally rather than purely at regional level. This is particularly the case when looking to promote the attractions of England’s rural countryside in general, including those areas which are not historically tourist honeypots. But it is also important for any central body to co-ordinate its activities with industry led rural tourism groups at the local level, the RDAs, RTBs and local
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authorities. What is essential is that effective marketing can only succeed if it is done in partnership and not in isolation.

17. London is the premier gateway in this country but there are similar gateways in each region. The CLA would like to work with the regional tourist boards in using these gateways to attract tourists out into rural areas. Business tourists, for example, could well be persuaded to spend time in the hinterlands of regional towns and cities. Some form of promotion to the business traveller coupled with minimum quality guarantees should be possible.

Fiscal arrangements

18. Given the problem of fragmentation and the small scale nature of rural tourism enterprises co-operation is not always forthcoming particularly if many perceive themselves to be in competition with their neighbours. Difficulties arise when there is insufficient capacity to develop the business. Clearly, there is a continuing need for external support in the form of pump priming. However, grant applications under the Rural Enterprise Scheme are often complex and co-ordinated bids for Leader + funds are difficult to arrange.

19. If rural tourism businesses are to thrive, they must do so on the same footing as their EU competitors. One of the most significant restrictions to the creation of new rural tourism businesses is the imposition of a 17.5% VAT rate on tourist accommodation. This is the second highest level of VAT placed on tourism in the EU, only beaten by the 25% rate imposed in Denmark. In addition, it should be noted that many farmers are particularly disadvantaged when diversifying out of agriculture as they will be voluntarily registered for VAT well under the minimum threshold to enable them to claim back VAT on farm supplies. This means that they will have to charge VAT on the supply of tourist services.

20. The CLA fully supports the points made by the Historic Houses Association (HHA) in its submission to the Committee on the subject of Grant Aid.

Planning

21. The planning system often holds the key to the development of rural tourist businesses, whether it be for the improvement, enlargement or change of use of the business or setting it up from scratch. Almost inevitably the location will be a sensitive one, often within an area with a restrictive planning designation. Often the roads will be narrow and there will be local opposition from those who oppose change.

22. There may be problems from the planning department in a number of areas. Some of the problems identified include:
   • Finding an economic use (often a tourist use) for the listed buildings that play such an important role in defining the landscape and heritage and attracting tourists which is often frustrated by the criteria used to judge applications for listed building consent
   • Presumption in local development plans against residential development for barn conversions in rural areas which often leads to holiday complexes being developed whether or not there is a perceived need. This may well lead to oversupply.
• The need for vehicle access; (in some areas standard access splays are simply not possible or even necessary and there is no realistic danger to the public);
• Advertisements and road signs; rural tourism businesses need to be able to attract passing custom for their very survival. Current policy is very restrictive.

Quality

23. The provision of sub-standard accommodation, cafes, pubs, restaurants and attractions is as much a problem in rural areas as it is anywhere else in the UK. The resulting loss of confidence in the product has a detrimental effect on the industry as a whole. The CLA fully supports the ‘Fitness for Purpose’ initiative and the Quality Standards and Inspection Schemes promoted by the English Tourism Council. Assessment is becoming increasingly familiar and farmers are already coming to terms with the benefits of assurance schemes in connection with their farming operations.

24. At present the grading schemes for accommodation focus exclusively on meeting certain minimum standards indoors. There is nothing in the scheme that assesses the quality of the surroundings of a property. We believe that this is a missed opportunity and we will be promoting ideas along these lines as part of our policy, as indicated in paragraph 2 of this submission.

25. Sir Don Curry’s report into the future of food and farming made a number of recommendations amongst which were proposals for a broad and shallow environmental scheme. The idea of this scheme would be to shift the emphasis of farming support to environmental support for a two year pilot study period. It has to be understood that within a broad and shallow scheme, the protection and management of the landscape is a cornerstone of rural tourism. Clearly, land managers have to recognise themselves as delivering a key component of the rural tourism product and Government has to recognise that delivery can only take place with adequate funding – the result of this awareness means that the links between the countryside, the environment and the visitor become more explicit. We believe that this recognition of the importance of landscape management is a vital link between rural tourism and the future direction of agricultural support in this country.

Training and employment

26. Many rural business operators have developed their tourism businesses as a sideline from their main business which may well have been agriculture. They may therefore have had little specific training. The same may well apply to those who were formerly employed in agriculture and find their skills particularly unsuited to tourism - whether it be the financial side of running the business or marketing or dealing with the public. The CLA recognises that much work is going into the Sector Skills Council bid and the development of school courses and vocational degrees in hospitality and Tourism. We also welcome the encouragement from Regional Tourist Boards for initiatives such as “Welcome Host”.

27. The Curry report highlighted the need for Government to fund visits for schoolchildren to the countryside. The CLA is aware of bodies such as the Country Trust who already have expertise in this area and could well be
useful. In addition we would like to see the close links between agriculture, the shape and pattern of the countryside and the rural tourist businesses that help visitors to enjoy the countryside made clear to visitors through the RDAs, the RTBs, the ETC and Local Authorities. Individual tourist businesses should provide interpretative material for their visitors. Indeed, the CLA Charitable Trust has been set up specifically to promote access to country areas for those with disabilities.

28. In some rural areas there is a severe shortage of labour. This may be because the jobs on offer are low paid, seasonal and without status. Seasonality is a particular problem with rural tourism where the countryside is uninviting in the winter and there are a lack of covered attractions. In a service industry these jobs still need to be done.

29. Raising the status of tourism jobs and providing training as mentioned above may help. But the CLA believes that further research should be undertaken into:
   • Housing workers in rural tourism: Exceptions are already made for housing agricultural workers. With rapidly rising house prices in rural areas, consideration is increasingly being given to affordable housing. It may be possible to make it easier for rural tourism employers to provide housing for staff particularly where there are problems with local recruitment; and,
   • A properly funded and developed training scheme for seasonal workers;

Information Technology

30. The ability to utilise Information Technology (IT) is a must for the vast majority of rural tourism businesses. The CLA welcomes the grant to the ETC for the development of the EnglandNet online booking system. IT does hold the key for the marketing of many rural tourist businesses but it should not be seen as a panacea. As a few important portals develop for tourist businesses there will be an inevitable problem for businesses to enable their enterprise to stand out from the crowd.

31. The need for visitors to have info has always been crucial. However, there is a problem when it comes to the allocation of resources for providing information. The national network of Tourist Information Centres (TIC) is an important resource. Linking them up with a unified IT system is required. Many of these Centres operate under different rules as to how local businesses are promoted, what items are sold and whether local attractions, accommodation and food outlets are promoted. There are concerns that some do not offer information on local small-scale facilities but instead promote larger but more distant businesses. Often funding is uncertain especially in local authority areas where tourism has a lower profile.

32. It remains therefore important that local authorities maintain their budget commitments to TICs. In addition, it is important for local authorities to embrace the opportunities afforded by IT, such as broadband.
Conclusion

33. It is clear that the major problem facing the rural tourism sector is that of fragmentation. The plethora of rural tourism businesses and the increasing number of actors involved in the policy making process makes it very difficult to set out a coherent strategy for the future. The CLA believes that this has to be tackled immediately if the industry is to realise its enormous potential.

34. Co-operation is a pre-requisite: without it, progress will remain very difficult to make. The CLA has set out in this statement of evidence the problems it believes have to be addressed. This quite naturally includes the role of all tiers of government in supporting the industry. In addition, we have set out our views on a number of issues, such as tax and planning, that have to be tackled within a coherent framework on order to stimulate the rural tourism sector.

Country Land and Business Association
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