

# Support for the tourism industry after the COVID-19 lockdown

House of Commons  
10 September 2020



## Key messages

- Councils play a key role in the tourism sector. They run tourism attractions, including castles and historic buildings, parks, piers, amusement parks, and destination management organisations.<sup>i</sup> They are the largest public investor in cultural activity, spending over £1.1 billion a year on culture and heritage in England.<sup>ii</sup>
- The visitor economy sector has taken one of the biggest financial hits due to COVID-19. Gaps in support packages alongside the absence of the seasonal boost the industry usually sees over the summer means the impact of the pandemic will be felt in the weeks and months to come, with many at risk of closure.
- Whilst tourism generates billions of pounds for the national economy and our coastline is fundamental to it,<sup>iii</sup> there are significant challenges which existed before COVID-19. These include the negative impact of seasonality, low wages, over-dependence on out-dated infrastructure, and pressure on the environment.
- We are recommending that the Government invest at least £1 billion into the sector, as well as introducing a funding programme that builds on the work of the Cultural Destination Programme<sup>iv</sup>, Great Places Scheme<sup>v</sup>, and Discover England Fund<sup>vi</sup> which enabled arts and culture organisations to increase their reach by working with the tourism sector.
- Tourism Zones, which were announced as part of the Tourism Sector Deal, should be expanded. This should include innovative options for raising finance, building on proposals from the Cultural Cities Enquiry<sup>vii</sup>, the option of a Tourism Levy, and business improvement districts.
- To avoid a cliff-edge, the Government should work to maximise 2020 income through extending the season into autumn and winter. Devolution and coordination of VisitBritain/England marketing funding to local areas should take place to enable creative approaches to boosting domestic tourism.
- Councils have a key role to play in national conversation on the visitor economy, given their unique position as direct deliverers of attractions, key transport infrastructure, funders, and curators of place. They should have representation on the Tourism Industry Council.

# Briefing

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## **FURTHER INFORMATION**

Councils have a strong stake in the visitor economy. They are direct providers, running tourism attractions themselves, including castles and historic buildings, parks, piers, amusement parks, and destination management organisations. Councils run over 350 museums, public archives, numerous theatres and galleries, and are responsible for many monuments. Overall, they are the largest public investor in cultural activity, spending over £1.1 billion. Councils' contribution to regional visitor economies is particularly significant, with many of our regional airports being directly or indirectly owned and managed by councils. These critical transport hubs are essential to ensuring all parts of the country benefit from the visitor economy.

### **Support for the sector post COVID-19**

- **Financial investment**

There is a clear need for direct investment in the tourism sector of at least £1 billion, in addition to the extension of existing packages of support. The £1.57 billion cultural and heritage fund announced on 5 July 2020 should also complement a comparable investment in tourism, given the close inter-relationship of these sectors. However, the cultural fund alone will not address the needs of the tourism sector. It will fail to have the desired impact if supporting visitor economy businesses, such as coach companies, do not survive and are unable to channel large numbers of visitors to cultural organisations.

We are calling on the Government to introduce a funding programme that builds on the work of the Cultural Destination Programme, Great Places Scheme, and Discover England Fund which enabled arts and culture organisations to increase their reach by working with the tourism sector. Some councils with seaside resorts are due to be the hardest hit due to the pandemic. It is therefore crucial local authorities have every opportunity to support this sector at their disposal.

- **Skills investment**

A significant portion of employment in coastal towns is from the visitor economy and a high proportion within the hospitality sector. Although the lifting of restrictions has seen visitors flock to the coast, social distancing measures mean many coastal businesses are not commercially viable and have reduced staffing levels. There has been a significant skills gap created in many local coastal areas and little funding has been allocated to creating apprenticeships. This could create a long-term impact on hospitality skills, which therefore needs addressing through government support.

Councils also need to be given devolved powers and responsibility for skills funding. Our publication, *Supplying skills for the local visitor economy*<sup>viii</sup>, revealed that the fragmented skills funding landscape prevents councils from effectively connecting up skills training with the skills needs of the local area, and that this is particularly pronounced in the visitor economy. By adopting the LGA's *Work Local*<sup>ix</sup> proposals, the Government could deliver on its devolution commitments and tourism sector deal promises, and also turbo-charge the visitor economy.

- **Tourism Zones**

Tourism Zones, announced as part of the Government's Tourism Sector Deal, should be expanded in number and brought forward as soon as possible. This should include innovative options for raising finance, building on proposals from

the Cultural Cities Enquiry<sup>x</sup>, the option of a tourism levy, and business improvement districts.

- **Tourism Levy**

According to LGA analysis, there is consensus among local government and residents that a Tourism Levy should be tested, but mixed views about whether it should be introduced on a national basis, for every area, or be a local decision.<sup>xi</sup> There is however agreement in local government that receipts from taxation should be ringfenced for investment in the area that raised the tax. Possible expenditure included local authority services (public realm), tourism market intelligence and out of season marketing in order to ensure industry buy-in.

We recognise the need for international competitiveness, and feel that a longer-term reduction in VAT for accommodation providers could be considered alongside the levy, as a way of ensuring that similar levels of public money are raised, but are not an additional financial burden on businesses, who will benefit from the tourism levy being directly invested in supporting the local tourism offer where the money is raised.

- **Extending the holiday season**

The end of Government support in October 2020 could lead to local areas dependent on tourism facing a so-called “three winters”, where they have missed out on the revenue generating summer season and instead seen levels of income usually see only in their low season. We are asking the Government to work to maximise 2020 income through extending the holiday season into autumn and winter. Councils have suggested a variety of ways this can be achieved:

- Visit Britain/England to devolve budget and/or of control of promotion of region to focus on autumn and winter, as well as periods beyond this
- Out of season events development funds and by relaxation of restrictions on holiday parks and resorts to allow out of season operation
- A specific support plan for the tourism and hospitality sector to see it through until March 2021, and beyond that, funding to deliver the tourism sector deal priorities

- **National review of Destination Management Organisations**

Destination Management Organisations (DMOs<sup>xii</sup>) are seen as critical by all partners during the recovery period. A rapid review of DMOs must be conducted to ensure they are appropriately structured and resourced to deliver on our marketing and business support needs. There has been variable performance even before this period and, while some have provided invaluable support to business recently, others have had to furlough staff from financial necessity. Effective marketing and business support to tourism businesses and potential visitors will be critical in the months ahead.

- **VisitEngland**

It is important that national marketing campaigns run by VisitBritain and VisitEngland are sufficiently joined-up with local activity so that shared messages are developed, networks exploited, duplication avoided and growth markets targeted.

For the next two years, significant resources must be redirected at internal UK marketing. This must include campaigns to extend the visitor season beyond the

summer period, using tested methods like Christmas markets and trialling innovative methods to extend the visitor economy into other seasons. We recommend that VisitEngland is strengthened, with its own budgets, and given the resources needed to maintain its new visitor kitemark; and to work with Natural England on websites that redirect visitors to less crowded and well-known parts of the country.

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i <https://www.local.gov.uk/lga-responds-governments-arts-funding-announcement>

ii <https://www.local.gov.uk/lga-responds-governments-arts-funding-announcement>

iii <https://www.local.gov.uk/about/news/lga-responds-prime-minister-new-tourism-sector-deal-announcement>

iv <https://www.artscouncil.org.uk/cultural-destinations#section-1>

v <https://www.heritagefund.org.uk/publications/great-place-scheme-evaluation-england>

vi <https://www.visitbritain.org/discover-england-fund>

vii <https://www.corecities.com/cultural-cities-enquiry>

viii <https://local.gov.uk/supplying-skills-local-visitor-economy>

ix <https://www.local.gov.uk/topics/employment-and-skills/work-local>

x <https://www.corecities.com/cultural-cities-enquiry>

xi <https://www.local.gov.uk/lga-survey-more-half-public-surveyed-support-local-tourism-levy>

xii <https://www.visitbritain.org/business-advice/find-local-support-0>