



**TOURISM REVIEW AND IMPLEMENTATION GROUP**

**INTERIM REPORT**

**JUNE 2005**

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## INTRODUCTION BY THE MINISTER FOR CREATIVE INDUSTRIES AND TOURISM



As its new Chairman, I am very pleased to introduce this interim report of the Tourism Review and Implementation Group (TRIG). As well as setting out a solid record of operational delivery in key areas, this report lays the foundations for what I hope will be some ground-breaking work to come on improving productivity in our tourism, hospitality and leisure sectors.

TRIG is an important element of DCMS's partnership work with these sectors. It also embodies my Department's commitment to advocating their interests energetically in Whitehall. Although I was not in at the start of TRIG's work, my initial reaction over the weeks since I became Tourism Minister has been that the framework I inherited is a sound one. This is primarily because that framework was agreed in full collaboration with our partners in the industry, and the public sector at regional and local levels.

*Tomorrow's Tourism Today* set out the terms of that collaboration last summer, as well as our joint target of a £100 billion a year industry by 2010. That target is achievable, But, if the industry is to get there, it must squarely face some real challenges. Prominent among these are the changing demographics of travel, which point to some significant changes in the make-up of the domestic customer base. The times of loyal, relatively undemanding consumers for UK tourism businesses may well be about to end, and this process could be quicker than we expect.

So some urgent and honest consideration is needed of why the productivity of our tourism industry lags behind that of our competitors. With its members drawn from right across our sectors, TRIG is ideally placed to do this. It is already performing an admirable role here in providing oversight and coherence in the four delivery areas we set out last year – marketing and e-tourism, product quality, workforce skills, and business data.

But TRIG has been appointed with one end in mind: to significantly improve the productivity of our tourism sector. So it is rightly going beyond those delivery areas, investigating some of the structural, cultural and regulatory barriers to better business performance.

TRIG's members – and DCMS – are well aware that the last thing our tourism sector needs is another talking shop. TRIG is made up of people at the sharp end of delivery in the industry itself, at VisitBritain, in the Regional Development Agency network, in local government, and in our tourist boards. I thank its members for their commitment to date, and I look forward to seeing what I hope are some substantial productivity recommendations in the final TRIG report later this year.

A handwritten signature in blue ink, appearing to read 'James Purnell', written in a cursive style.

**JAMES PURNELL MP**

## TOURISM REVIEW & IMPLEMENTATION GROUP

### EXECUTIVE SUMMARY

#### The Issue -

**Productivity improvements** are now central to tourism policy at national, regional, and local levels.

At national level, the **DCMS PSA Target** is to improve the productivity of the tourism, creative and leisure industries, by 2008.

The tourism sector has agreed a strategic policy target with DCMS: **to increase the sector's turnover to at least £100 billion by 2010 (from £74 billion in 2003).**

This target was agreed by DCMS, VisitBritain, the RDAs, the Local Government, and the Tourism Alliance, in *Tomorrow's Tourism Today* in July 2004.

It is achievable. But it means an **annual UK growth rate of 3.9%** - significantly better than the 2.1% achieved in 2001/02, and the 1.9% in 2002/03.

#### The Agreed Way Forward -

*Tomorrow's Tourism Today* set out five **key work areas** for the tourism industry, and the public and private sector organisations which support it:

- marketing/e-tourism;
- product quality;
- workforce skills;
- business data; and
- advocacy across Government.

**TRIG** was established to do two things:

- to **oversee joint progress** in these areas, and
- to consider **wider issues of productivity** and investment.

#### Progress in Key Areas -

**Section 1** of this interim report details progress in the key *Tomorrow's Tourism Today* work areas:

In **marketing/e-tourism**, Tom Wright outlines VisitBritain's recent marketing initiatives, and the opportunities to come through EnglandNet.

In **product quality**, Alan Britten sets out the impressive progress towards common quality standards made by the cross-GB Quality Review Group.

In **workforce skills**, People1st sets out its achievements over the year since its launch as our new Sector Skills Council in May 2004.

And in **business data**, DCMS sets out progress towards a new UK Tourism Survey.

### Looking Wider -

TRIG is taking forward its wider work on productivity and investment through **dedicated sub-groups**.

Progress in the four initial areas it agreed to consider is detailed in **Section 2**, and summarised as follows:

In **workforce skills** provision, TRIG has identified significant skills gaps in our sectors, particularly at junior management level. It will be considering targeted financial incentives, including possible levy-based approaches and tax incentives.

In the operation of the **planning** regime, TRIG has identified the need for more awareness of tourism and leisure on the part of the planning bodies. The forthcoming Good Planning Guidance should encourage local authorities and RDAs to plan fully for tourism through Local Development Frameworks and Regional Spatial Strategies, and other planning guidance should be fully informed by tourism needs.

In considering **sub-regional tourism structures**, TRIG considers that the RDA Tourism Leads Group will significantly improve co-ordination and partnership working, and that good practice in destination management would usefully be highlighted at an annual conference, and through improved web-based guidance.

On **sustainability**, TRIG considers that an improved and web-based Destination Managers' Handbook is needed. Further work will now be taken forward on the proposal for a national, two level sustainability accreditation scheme for businesses.

### Next Steps -

TRIG will continue to oversee and guide work in the four key *Tomorrow's Tourism Today* work areas.

It will continue to embody, and give shape to, DCMS's aim to **raise the profile of tourism** in Whitehall.

And its sub-groups will build on their provisional findings, producing **firm recommendations for improvements** in their areas.

TRIG will produce its **final report** before the end of 2005.

## SECTION 1 - KEY TOMORROW'S TOURISM TODAY WORK AREAS

### Marketing and E-Tourism – Tom Wright

This report covers the key areas of inbound, domestic, 'new model', and e-tourism.

#### Inbound

The VisitBritain (VB) website [www.visitbritain.com](http://www.visitbritain.com) was re-launched last year, and now includes 38 country/language specific versions. It subsequently won the 'Worlds Leading Tourism Authority Internet Site' at the World Travel Awards last December.

Website traffic is up 42% year on year, and our search engine marketing campaign generated 1.5 million additional web visits, each generating £0.07. This gives an extrapolated estimated additional spend for Britain in excess of £150 million. In addition, 5.8 million marketing e-mails were sent to customers during 2004/05, achieving a 47% open rate and a 20% "click-thru" rate (the industry average is 8%). And a global customer segmentation was launched to improve the targeting of marketing communications. The percentage of customers segmented on the VB database has already risen to about 40%, and the number of records has grown by about 1 million in the year.

The UK's international business tourism events have been highly successful. Last October's *Discovery* attracted some 70 overseas buyers and journalists, along with 60 UK suppliers. VisitBritain co-ordinated British pavilions at IMEX in May 2004 and EIBTM in December. The second edition of *MeetBritain* was produced in August 2004 - business tourism's flagship publication for meeting, incentive and conference buyers. And research into the 172 best prospect international conferences has identified the 30 best prospects for the UK, which are worth approximately £56 million in potential delegate expenditure.

A growth markets research strategy is now supporting VisitBritain's focus on new and developing markets. As part of this, the *Moments of Truth* campaign is identifying drivers of satisfaction and loyalty in the US market; *Project Costa* is assessing opportunities among the British expatriate market in Spain; and *Shopping* is helping our understanding of the visitor experience. And a wider central campaigns programme has been developed, covering Short Break, Main Stay/Touring, Youth Travel, Gay, and Luxury.

Targeted campaigns have had a solid record of delivery in 2004/05:

- the *City Short Breaks* campaign looks set to achieve the most effective return on investment of any centrally co-ordinated VB campaign.
- the *Youth* campaign, in association with *Lonely Planet*, has received an overwhelming response from the industry, with VB now seen as one of the top two youth marketing Tourist Boards in the world.
- the first edition of *So British* magazine was launched in February, targeting the affluent American with a circulation of 185,000 distributed via a network US magazines, airport lounges, and First/Business Class facilities. The first copy attracted 36 advertising partners.

VB has also launched a detailed recruitment toolkit to engage non-tourism partners in our overseas marketing activity. Several partnership "on-product" were secured, including branded promotion with Weetabix in Spain, and deals with major US book retailers for the launch of *Shopaholic & Sister* (Bantam Dell Publishing), plus an on-line themed

sweepstake. This achieved over \$200,000-worth of media exposure in monthly US consumer publications.

The roll-out of the Britain brand has been completed in all markets through the development of detailed guideline toolkit sets covering the Britain brand story and delivery; the re-branding of public and staff areas of VB's overseas offices; and Britain-branded exhibition material. And international marketing partnerships have been established through sponsorship partnerships and sector clubs. These included *Food From Britain*, which has successfully raised the profile of British food and drink in several overseas markets.

### Domestic

Nearly 150,000 people have now taken holidays or short breaks in England as a direct result of enjoyEngland's activities, and evaluation research shows these people considered enjoyEngland's campaigns had *definitely* turned a possible holiday into a certainty. The overall additional spend generated is estimated to amount to over £155 million - a return on investment of 21:1 (based on campaign spend).

The enjoyEngland campaigns will now move to a new model in 2005/6. There will be a greater emphasis on CRM activities, using the growing database of some 550,000 people who have opted to receive further information on short breaks. Lifestyle campaigns will continue to underpin this activity by amplifying key messages. The portfolio of lifestyle campaigns - *Outdoor England*, *Waterside England*, *Taste England*, *City Culture*, and *Just Relax* - has been carefully selected after thorough consumer research.

The England Marketing Division took on responsibility for international marketing in four short-haul markets on 1 April - Ireland, the Netherlands, Germany and France – as well as the quality grading scheme. This is the first time that quality assessment and marketing have sat in the same Division of VB, and it will ensure a much higher profile for quality issues.

### New Model

The new model was signed off by Richard Caborn and Scottish and Welsh Tourism Ministers in March, and the resulting new overseas marketing arrangements came into effect 1 April. Each partner (VisitScotland, the Wales Tourist Board, the England Marketing Division, and Visit London) is now planning its activities with VB's overseas offices in the priority markets, using guidelines on "core" and "added value" VB services. This progress is supported by Memoranda of Understanding between VB and all partners (other than London, which is in hand).

VB will now start developing lists of "core" and "added value" services for intermediate markets (eg Sweden and the USA), Placements are also being made in British Council offices in the new markets of Hungary, the Czech Republic, and Russia.

### E-Tourism

VB took over ownership of the EnglandNet platform and its associated services in January, and the programme's strategic direction is now governed by representatives of VB, the RDAs, and their Regional Delivery Partners (RDPs). From April, operational delivery will be managed by the EnglandNet Programme Manager and representatives of each RDP.

Technical development is now approaching completion, and the Interoperability Gateway is configured for the transfer of accommodation, attraction and event data (from Destination Management and national providers' systems) to the National Tourism Product Database. The Data Management Application, which allows direct capture of product data in regions and destinations which do not have access to a Destination Management System, will be released for live usage in early May.

The EnglandNet "Polling" service will be completed during April, allowing the availability and pricing of tourism products to be checked online, and booking via Destination Management/national providers' systems. This will be piloted over April/ May with two selected partners, (a Destination Management System provider and a national commercial provider). The first transactions will be facilitated in early May.

## Product Quality – Alan Britten CBE

The Quality Review Group (QRG) was established created at the instigation of Dr Kim Howells, and its work was incorporated into TRIG by Richard Caborn.

The purpose of the QRG was to improve Quality Standards within Tourism, particularly for accommodation grading, Britain-wide. The QRG was chaired by Alan Britten, formerly the Chair of the English Tourism Council; led by the Quality Standards professionals from VisitScotland, VisitBritain, the Wales Tourist Board, the AA and the RAC;; and supported by senior representatives of the RDAs, Local Government, the Regional Tourist Boards, the Wales Tourism Alliance, and Bob Cotton for the British Hospitality Association.

Throughout, the QRG took as its basic standpoint the need to make accommodation quality grading simpler to understand, and more useful for the tourist visitor. To that end, a new series of more rigorous quality standards will be introduced. The process of inspection and grading, and the outward display of appropriate symbols, will be introduced progressively throughout Britain, for completion by 2008.

During its work – which was regularly reported to TRIG - the QRG also sought to raise quality standards to meet rising customer expectations and competition from overseas. Such fundamental improvements as the widespread availability of en-suite facilities, and the need for all aspects of an establishment to attain the standard awarded, rather than just one or two areas are now to be included.

In general, the QRG has sought to move away from the tick-box approach which has sometimes brought quality gradings into disrepute, in favour of an all-round service-and-facilities concept of Quality, which recognises that to customers, a warm welcome can be as important as (say) the provision of a hair-dryer.

Other significant innovations, endorsed by TRIG members, include the creation of an entry-level award, to attract small businesses which have traditionally regarded themselves as outside the quality net; the recognition of so-called "Budget Hotels" as a new and significant category of accommodation; the adoption of stars as the only symbol of quality grading for common standards; and the insistence that businesses with "Hotel" as their trading title must be assessed as a hotel, rather than as B&B or self-catering accommodation.

The QRG has benefited from widespread support for its mission. Hilton, and other major hotel groups, have declared their intention to participate; the LGA has adopted "Inspected Only" as its policy with regard to local publicity; VisitBritain will introduce, in 2006, vigorous promotional campaigns to increase customer awareness of the quality schemes and its own Inspected Only policy; and DCMS Ministers have lent strong support to a "culture of tourism" across Whitehall, making accommodation which has been graded within the Common Standards system the preferred choice for all government funded overnight and conference bookings.

The QRG has now completed its research-based set of new standards for all categories of accommodation. For the first time, a single method of assessing and rating serviced accommodation establishments will be adopted throughout Britain.

## Workforce Skills – People1st

People 1<sup>st</sup>'s remit is to put our sectors into a position to achieve world-class performance through developing people. And to do this by providing employers with the right people, with the right skills and qualifications, at the right time.

### Skills Gaps

Skills gaps occur when members of the existing workforce do not have the necessary skills required to meet business objectives. The recent Skills and Labour Market Profile provides both a snapshot and analysis of the major labour market and skills issues facing the hospitality, leisure, travel and tourism sectors. The Profile demonstrates that the skills gaps in our sector compare poorly to five other economic sectors (Table 1). After the retail sector (Skillsmart), it has the highest number of skills gaps - a huge problem bearing in mind the comparative size of retail against hospitality, leisure, travel and tourism. Employers in the e-skills and construction sectors are least likely to have skills gaps within their workforce.

**Table 1: Skills gaps versus other sectors**

Skills Council	Number of establishments with skills gaps	% of establishments with skills gaps	Number of skills gaps
People 1 <sup>st</sup>	107,000	29%	215,800
Financial services skills	10,900	27%	115,100
Skillsmart	185,500	26%	310,500
SkillsActive	5,800	24%	42,200
Construction skills	203,300	18%	147,200
	112,900	15%	98,200
<b>Whole economy</b>	<b>420,200</b>	<b>22%</b>	<b>2,399,300</b>

Source: NESS, 2003

Table 2 shows the instances of skills gaps by the size of business. We can clearly see that smaller businesses are less likely to identify skills gaps. Only 15% of such businesses (fewer than four people) identified a skills gap. This could be due to employers from micro businesses offering better support and training to their staff, or it could be put down to smaller employers having difficulty identifying skills gaps.

**Table 2: Incidence of skills gaps by size of establishment**

	% of ests reporting skills gap	Number of staff that are not fully proficient	% of staff that are not fully proficient	Weighted base	Unweighted base
1 - 4	15	16,124	1	79,282	838
5 - 24	42	85,026	5	59,882	3015
25 - 99	63	75,908	5	10,788	1703
100 - 199	67	16,842	1	851	177
200 - 499	62	12,104	1	299	55
<b>Total</b>	<b>29</b>	<b>215,838</b>	<b>14</b>	<b>151,170</b>	<b>5,801</b>

Source: National Employer Skills Survey, 2003; Base: all establishments; Note: Figures for establishments of 500+ staff are not reported due to insufficient unweighted base.

Research shows that nearly 75% of employers believe that skills gaps are caused by a lack of experience, or because employees have been recently recruited. This highlights the relationship between skills gaps and hard-to-fill vacancies. This relationship is part of a vicious circle: employers have to recruit new applicants with few or no skills, and then have to develop them. In the meantime, of course, employees may not have the necessary skills required, which in turn affects the performance of the business. In examining other reasons, over a third of employers believe that skills gaps are a result of a lack of staff motivation and a quarter of employers blame it on their failure to train and develop their staff.

### The Way Forward

People1st sees the way forward as:

- fit for purpose education provision which meets the demands of both employers and employees (research for the future);
- a re-negotiation of supply with the sector education and Government;
- a simple qualifications framework which is fit for purpose and clearly understood; and
- improved productivity through increased and smarter investment in skills.

The first step towards this is a Sector Skills Agreement with organisations across the sector which provide, and use, available training. People1<sup>st</sup> is shortly to start work on this.

### Key People1st Projects

While work progresses on the Agreement, People1st is taking forward project work as follows:

- *merging of the quality & skills agendas*: People 1<sup>st</sup>, VB and the Best Practice Forum have signed a tripartite agreement to introduce voluntary skills needs analyses for establishments that participate in the quality assessment programme. Pilot work will commence shortly.
- *smarter spending*: People1<sup>st</sup> has worked in specific regions to identify the type and amount of resource going in to tourism skills and productivity support in regions. Information is currently available for the North West, North East and East Midlands. People 1<sup>st</sup> is seeking to extend this research to all regions and to establish a Regional League Table that will help to highlight gaps and concentrations of resources.
- *an audit of tourism networks*: auditing existing employer networks within regions helps to identify the priorities, main activities, and potential needs of these groups and also provides an opportunity to champion skills, training and quality issues within the sector. This work is ongoing.

## Business Data – DCMS

TRIG is overseeing work on improved data sources through the Tourism Statistics Implementation Planning Group (TSIPG). Since the publication of *Tomorrow's Tourism Today*, work involving DCMS, the Devolved Administrations (DAs), and the national tourist boards has concentrated on:

- greatly improving the key UK Tourism Survey (UKTS) – the key domestic statistical resource; and
- establishing Tourism Satellite Accounting as our national approach to sectoral statistics.

### The UK Tourism Survey

The deficiencies of tourism's data sources were examined in detail in the report of the DCMS/Office of National Statistics (ONS) "Review of Tourism Statistics", published in May 2004. The Review considered a range of proposed improvements to UKTS, the Leisure Day Visits Survey, International Passenger Survey, and the UK Occupancy Survey. It also recommended the establishment of a Tourism Statistics Unit.

TSIPG was appointed to prioritise the recommendations in the light of available funding. It included DCMS, the DAs and Tourist Boards, and the ONS. TSIPG published a detailed action plan on the DCMS website in December 2004. It was unanimous in deciding that the single most pressing issue was a new UKTS, which should move from its present random, telephone based methodology, to one based on face-to-face interviewing. VB estimates the costs of an ideal survey along these lines, with a sample size of 50,000, at £3-4 million. It is clear that within the limits of available funding, a compromise solution will be necessary.

The present UKTS, administered by Millward Brown, costs £667,000 a year. This is split between the DA Administrations on population lines. VB's tender exercise for a new UKTS for 2006-2010 ended in February, with seven tenders received. Following detailed discussions, VB appointed Total Network Solutions (TNS) as the new contractor. TNS is including tourism questions at the head of a wider "omnibus" survey, at a cost of £775,000 a year.

Funding discussions between DCMS and with the Scottish and Welsh DAs produced in-principle agreement at the Tourism Ministers' meeting on 23 March. The new UKTS will be funded along the lines of the existing funding arrangements.

By agreement with all funders, the collection of UKTS data by Millward Brown, continued until the end of 2004/05. TNS started collecting data on 4 May 2005. The first results are being produced in June, and monthly updates will follow.

### Tourism Satellite Accounting (TSA)

DCMS has now adopted TSA as its approach to national tourism data, and published the first UK Tourism TSA on its website in September 2004.

The British-Irish Council considered TSA at its Guernsey Summit in November 2004. TSA has now been adopted by Scotland, Wales, and Northern Ireland, as well as by Guernsey, Jersey and the Isle of Man.

## SECTION TWO - SUB-GROUP REPORTS

### A Workforce Skills Incentives

#### Key Provisional Findings

**Significant skills gaps in sector- particularly at junior management level.**

**Work to come on targeted financial incentives, including possibly levy-based approaches and tax incentives.**

#### Remit

To consider the case for financial or other incentives for higher investment by tourism and hospitality firms in training/workforce development, and possible approaches to incentives. This is to go beyond the structural and mapping work being taken forward by People1st.

#### The Problem

The tourism, hospitality, travel and leisure industries employ 1.968 million people, working for 182,659 employers (figures for 2002-04). At the most basic level of filling jobs, 24% of those employers reported vacancies in 2003, compared to only 17% across the rest of the economy (the British Hospitality Association estimates that there are a total of 100,000 unfilled vacancies across the hospitality sector). 5% of those employers reported that these vacancies reflected skills shortages, compared to a national average of 4%. And 29% of them reported general skills gaps, compared to 22% nationally.

HM Treasury has found clear correlations between skills gaps and value added per hour worked. National Institute of Economic and Social Research found in 1999 that UK labour in these sectors is 82% and 31% less productive than that in France and the US respectively. An earlier McKinsey study showed that UK hotel labour productivity is 53% of the US level, and 60% of the French. The Treasury's 2003 study of tourism productivity acknowledged that non-labour factors have an impact on these figures – for example, the relative age of the UK hotel industry's capital stock. But it concluded that skills gaps play a central role.

#### Present Levels of Skills Provision

One obvious conclusion would be that employers in our sectors are not offering training to their people, possibly because they do not have access to sources of training, or because they have no incentives to offer it. Our initial work suggests that the matter is not so simple.

The National Employer Skills Survey (NESS) for 2003 found that 14% of jobs in the tourism and hospitality sector were affected by skills gaps, compared to 11% across the economy. There is clearly a general problem here, but we have been interested to compare the UK position with competitor countries. Eurostat research for 1999/2000 showed the percentages of hotel/restaurant employers providing training, and assessing training needs, as follows:

	<u>Any training provided</u>	<u>Some needs assessment made</u>
UK	75%	97%
France	66%	44%
Germany	63%	56%
Italy	18%	55%

Moreover, NESS has found that tourism and hospitality put up a respectable performance when compared to other sectors:

<u>Sector Skills Council/area</u>	<u>Employers providing training</u>	<u>% of total employers</u>
Financial services	30,128	75%
SkillsActive (sport, leisure)	8,420	64%
E-skills	83,322	63%
<b>People1st</b>	87,468	58%
Construction	137,384	56%

This is a complicated area, and these figures should be treated with caution. However, the provisional conclusion we draw from them is that it may well not be the *amount* of training available to employers and their staffs in our sector which is the problem; it is the *form* of what is on offer, and the way it is targeted. Notwithstanding that, more research is needed.

### Junior/Middle Management Skills

We have therefore looked at the way our sector is perceived by those joining and leaving it. Springboard's research shows that some 26% of all school leavers have some experience of the hospitality sector - usually evening, weekend or holiday jobs. It is clear that a high proportion of these young people do not subsequently enter the sector and many of those that do leave quickly. Springboard has found that over half of these school leavers are not put off the industry by its image, by hours, or by pay levels. They leave because of poor individual experiences, including the lack of development opportunities and/or support. We consider that management standards are central to this.

The Labour Force Survey for 2003 found that only 16% of managers in our sectors have any management qualifications. The Treasury compares this to averages of 50% in other economic sectors. This is partly a structural issue. Our sectors are characterised by high proportions of SMEs – 78% of 182,659 employers had fewer than 10 staff in 2002. Even allowing for this, though, we believe that there is scope for improvement through better, and better targeted, management training in our sector.

### Incentivising Improvement

We have considered the options for incentivising improvement. *Exhortation* – ramming home the message that skills improve profits – is clearly necessary, and would build on existing good practice (for example, the Best Practice Forum). It would, however, only reach those employers who already accept the benefits of productivity gains. *Regulation* – making training compulsory – would be disproportionate, complex and expensive. We conclude that the provision of *financial or other incentives* are the best way to achieve improvements.

The sub-group will be considering the best forms of incentives. This work will include possible skills levies (along the lines of the successful CITB Construction Skills scheme, and the recent Skillset scheme for the film industry); and possible tax incentive proposals. We will be considering the extent to which such measures could achieve improvements in the areas we discuss above.

## B Planning

### Key Provisional Findings

**More awareness of tourism and leisure needed by planning bodies.**

**This should be embodied in ODPM's Good Planning Guidance, which should encourage local authorities and RDAs to plan fully for tourism through Local Development Frameworks and Regional Spatial Strategies.**

**ODPM work on other planning guidance, including that covering Town Centres, should be fully informed by tourism's needs.**

### Remit

To consider how the planning system could be made more responsive to the needs of the tourism and hospitality sectors, in the context of the Office of the Deputy Prime Minister's (ODPM's) forthcoming Good Practice Guidance for local authorities and others. The Guidance will replace the present PPG21 on tourism. For these purpose, we treat tourism as covering the sport, leisure, and hospitality industries, as affected by day and businesses tourists as well as overseas visitors.

### Key Issues

*Awareness raising/acknowledgement of the importance of land use planning:* the sub-group acknowledged that the tourism industry's relationship with the land use planning system is a two-way process. Although the planning system is often perceived by the industry as a barrier to progress, the industry is also in debt to the success of the planning system in protecting and maintaining the environment in both town and country on which much of its activities depend. The Group also recognised that the planning system performs a difficult role in seeking to reconcile a range of competing interests for land and development, of which tourism is just one. Planners undertake little specific training in leisure and tourism and very few specialise in this area; its diversity is not as easy to understand as, for example, the commercial or retail sectors. The fresh impetus for the importance of land-use planning given by recent legislative and policy reforms is welcome. The tourism industry needs to make clear its strong support for land-use planning, as well as taking opportunities to raise awareness of its economic importance.

*Local Development Frameworks (LDFs) and Regional Spatial Strategies (RSSs):* very few local authorities identify sites for leisure and tourism in their LDFs or site specific development plans. Development by Regional Assemblies of RSSs provide a further opportunity to spread the message. There is a real need for the Good Practice Guidance (see below) to make this clear, and for greater encouragement from Ministers.

*Use Classes Orders:* designations under these may contribute to lack of site identification which should be helped by changes to Use Classes from April 2005, resulting in fewer refusals/referrals regionally or nationally as a "departure" from the relevant LDF.

*PPG 21 (Tourism)/Good Practice Guidance:* ODPM has been working on Good Practice Guidance with consultants for 18 months, with the aim of its replacing the present PPG 21, provided tourism and leisure is mainstreamed into other relevant PPGs/PPSs (eg PPS 6 - see below). It is important that the Guidance is seen as a "material consideration" under planning law and/or that its specific guidance on tourism caravans and seasonal and

holiday occupancy are replicated in other PPGs. The industry will be consulted (through the original Steering Group) in the following months on finalisation of the Guidance.

*PPS 6 (Town Centres):* the new PPS6 contains many robust messages about the importance of tourism and the implementation of the Licensing Act. However, as private sector indoor sport, leisure and tennis centres run by such operators as David Lloyd Leisure, Esporta and Next Generation include an element of health and fitness, they are being treated by local planning authorities as health and fitness clubs under PPS 6 - and therefore subject to the "sequential test". All other multi-sports clubs in local authority ownership are dealt with under PPG 17 (Open Space, Sport and Recreation). ODPM believes that there is sufficient flexibility in the system to accommodate the issues around town centre planning. Discussions are continuing about how best to emphasise that flexibility more publicly, perhaps through a Ministerial statement or through Ministerial correspondence. The need for change has recently been supported by the publication of the *Carter Report* commissioned by the Secretary of State at DCMS and the Chancellor of the Exchequer.

*Employment Land:* sections of the industry believe that the recent ODPM statement urging local authorities to re-assess sites identified for "employment" use, and to consider housing and "other uses", do not help tourism developments. Although the value of sites identified for housing is far higher than leisure or tourism developments can afford to pay, such sites are often the most suitable for leisure and tourism uses. More discussion is required, perhaps linked with a Ministerial Statement to clarify the guidance.

*Customer v Local Authority expectations:* there is often a divergence between customer and local authority expectations. For example, a local authority will look for a prestigious four star hotel, even though customer demand is for a budget hotel. This needs to be better managed through the Good Practice Guidance.

*Other Planning Issues:* the industry has reacted positively to the recent guidance and additional funding for the planning appeals system. At present many leisure and tourism schemes are held up by the time appeals are taking. For example, evidence shows that the waiting time for inspection visits is estimated at 45–50 weeks in some areas, even though 12 weeks is the aim. The industry has supported the rise in planning fees from April 2005 in return for greater efficiency in local planning departments.

The industry has supported the new guidance on planning obligations, including the clarification it includes of what is considered 'necessary' for the development (if reflected in the development plan), rather than contributions to other unrelated local authority funding requirements.

## Conclusions

More work by ODPM and DCMS at official and Ministerial level is desirable to improve the operation of the land-use planning system for leisure and tourism, whilst protecting the natural and built heritage which is such an important part of the tourism offer. The tourism industry is huge; it is one of just three industries predicted to grow in Europe in the medium term and it plays an increasingly important part of the UK economy. There is a need to achieve better integration in terms of land-use planning that reflects the diversity of the tourism industry and much more discussion and action is required.

## Key Recommendations for Action

- There should be continuing and proactive engagement between Government and industry representatives through TRIG.
- Work with education and planning bodies is needed to ensure that greater awareness of tourism and leisure is included in training on land-use planning.
- The forthcoming Good Practice Guidance should include:
  - encouragement for local authorities and Regional Assemblies to plan in a positive way for leisure and tourism facilities in the new LDFs and RSSs;
  - steps to ensure that either the guidance is a “material consideration” or guidance on tourist caravans and season and holiday occupancy is replicated in other PPGs so local authorities have to take it into account;
  - encouragement to local authorities in developing a greater understanding of customer expectations; and
  - work with ODPM on the guidance given to local authorities for alternative uses for ‘employment land’.
- Work is needed with ODPM on the clarification (possibly through a Ministerial Statement) of PPS 6, with a view to applications for private sector multi-sport centres with indoor tennis centres being considered under PPG17 (Open Space, Sport and Recreation) and encouraged through LDFs, as well as being covered by the expected Codes of Practice on ‘need’ and the ‘sequential test’ in PPS 6 (Town Centres).

## C Sub-regional Tourism Structures

### Key Provisional Findings

**The recently-announced RDA Tourism Leads Group will significantly improve co-ordination and partnership working.**

**Good practice in destination management would usefully be highlighted at an annual conference, and by updating the Destination Managers' Handbook as a web-based resource.**

### The Remit

To consider the case for additional administrative machinery to co-ordinate the work of England's 100+ Destination Management Organisations (DMOs), ensuring that this is consistent with the strategic roles of RDAs in tourism.

The environment for tourism structures and policy development has changed greatly in the last 2-3 years, with devolution, the establishment of VisitBritain, and the RDAs' new roles in tourism support. As well as less clarity in strategic direction at national level, this has posed problems of communication and co-ordination in some regions, particularly for the industry and local authorities. Greater national consistency and strategic leadership is needed in a number of areas including quality, skills, marketing and data.

Rather than added administrative machinery, we require a better approach toward reconciling greater regional autonomy with the need for national cohesion and co-ordination in certain key elements of tourism policy (though this should not be at the expense of regional flexibility).

### The Problem

The RDAs have strategic responsibility for tourism in their regions. But differing economic circumstances dictate different approaches, with tourism being one of many priorities being addressed by the Regional Economic Strategies produced by each RDA.

There has been considerable progress at both regional and sub-regional level, but further work is still required in some parts of the country to bring about better integration of the work of RDAs and their delivery partners, and that of local authorities. This would help to ensure a greater degree of consistency in approach within each part of the country, as well as providing clarity to the private sector on who they should engage with, and where responsibility lies for particular activity. In turn, this will make it easier to evaluate the performance of all tourism support agencies.

### Ways Forward

While RDAs must respond to the economic circumstances of their own regions in determining their priorities (as set out in Regional Economic Strategies), there is a case for strengthening the co-ordination of policy-making by RDAs, and for sharing and building good practice. The RDA Chief Executives have recently agreed to the creation of a national Tourism Leads Group that will support the work of SWRDA as lead RDA for DCMS. This should strengthen strategic leadership and policy work, particularly between DCMS, the RDAs, VisitBritain, the Tourism Alliance and the LGA. It will also help to connect the

growth and strategy targets set in *Tomorrow's Tourism Today* with RDA targets which have been set by the Government.

Better co-ordination will make it easier to achieve consistency where this is required, both nationally and regionally. It will also enable good practice to be developed, and promoted, particularly with respect to the role of local authorities and the engagement of the private sector.

In addition, the following points require consideration:

- The need to make a better case to RDAs to fore-front tourism, particularly those with low take-up thus far. There are some good examples of co-operation and co-ordination already – not least, the recent establishment of the RDA Tourism Leads Group. Existing best practice should now be built upon, and greater integration with business encouraged through a non-prescriptive, supportive approach.
- All stakeholders need to grasp tourism's distinctiveness from other economic sectors. No matter the region or locality visited, consumers expect consistency of standards, signage and so on, which may demand common branding on Tourist Information Centres, consistent signage and accommodation schemes in operation, etc. (which may well need a lead from a national agency.) This is linked with a larger problem of boundaries and the tendency of some stakeholders to see and think only within their own territories, even though many organisations (e.g., hotel chains) have pan-regional and cross-regional operations and interests.
- Local authorities need to be reminded of tourism's potential, bearing in mind that continuing financial pressures on local government has resulted in many local authorities withdrawing from tourism management. Co-ordination with local businesses, and empowerment of local structures and strategies, should be encouraged, in keeping with the key roles assigned to local authorities in the Visitor, Industry, Community and Environment (VICE) model.
- There is a need for better integration and engagement with industry, particularly through membership organisations. Potential membership of local, sub-regional and regional bodies makes a difference, encouraging commitment and identification. This should extend beyond tourism businesses toward a larger destination buy-in. Membership places a greater onus on private and public sectors to work together.
- There should be some form of evaluation or assessment of the state of DMOs/DMPs – their quality is uneven and many are actually focused on destination marketing rather than destination management.

## Conclusions

We do not believe that any additional administrative machinery is necessary. The recently-announced RDA Tourism Leads Group (TLG) will work with DCMS, VisitBritain, the LGA, and other partners to provide better co-ordination and to address cross-regional issues. The TLG would usefully produce an annual report on its work, and develop a Memorandum of Understanding with national delivery partners.

An annual conference focusing on good practice in destination management and providing delivery partners with an opportunity for communication would be helpful. This might

form part of an existing event. It was suggested that TRIG should endorse a first conference to be held in autumn 2005.

There is a need for clear guidance on best practice, and the ETC-TMI Destination Management Handbook (DMH) could provide a good basis for this. The DMH is already available as a central resource for best practice, but needs to be updated and web-based. Work to update and disseminate the DMH should to be endorsed by TRIG and should involve both RDAs and their delivery partners. It was proposed that the costs of this work should be borne in part by the RDAs collectively and by DCMS. TMI is to prepare a detailed proposal for the DMH revision project.

In addition, a web-based map of regional structures being developed by VB was welcomed.

## D Sustainability

### Key Provisional Findings

**Sustainability work should be at the centre of tourism strategy at all levels, informed at operational level by an improved and web-based Destination Managers' Handbook.**

**Further work to be taken forward on a national, two level sustainability scheme for businesses – one level a "stepping stones" scheme, the other a full accreditation framework based on the present Green Tourism Business Scheme.**

### Remit

This sub-group's remit was to consider the adequacy of the present tourism sustainability agenda (in particular, monitoring work on sustainability by the Government and others), and how a green accreditation scheme for tourism businesses could fit with wider work on product quality.

### Present Position

Scotland has had a national eco-label, the Green Tourism Business Scheme (GTBS), for several years, operated on behalf of VisitScotland by Green Business UK Ltd. However, there is no single national sustainable/green tourism scheme in England. There are, however, a growing number of businesses in England that participate in a large number of different initiatives supporting sustainable tourism. Some English bodies interested in participating in an eco-labelling scheme have approached the GTBS. In each case, they have consulted local businesses and tailored schemes to the local area.

The GTBS has been self-financing in Scotland since 2001. The Wales Tourist Board have recently decided to develop the Green Dragon tourism scheme for Wales. The EU eco-labelling board introduced an EU Flower to cover the "tourist accommodation service" in 2003. The Department of Food and Rural Affairs manages the scheme and is working with GTBS on the details of how to make it workable in the UK. The Youth Hostel Association have expressed an interest in trialing the scheme.

The proliferation of such schemes causes confusion for visitors. There is therefore growing support for a nationally recognised scheme. A recent review of the 46 local quality schemes across the UK revealed that the vast majority had a "green" element to them. There are also a large number of continental schemes with "green" credentials. Indications are therefore that tapping into the sustainable tourism market will have marketing potentials for the UK. That would contribute to the aims set out in *Tomorrow's Tourism Today* to increase turnover of the tourism industry from £74 to £100 billion by 2010.

### The Way Forward

Sustainability involves all aspects of visitor experiences and Destination Management. The work of the Sustainability sub-group therefore needs to link into all other TRIG work, especially the Regional and Destination Architecture sub-group. We also need greater clarity in terminology; indeed, there is a need to create a national glossary of terms.

The sub-group agrees that achieving sustainability in English and UK tourism will be about achieving three things:

- balancing the needs and demands of visitor, industry, community and environmental interests locally at a destination level;
- connecting that process to driving up quality and effectiveness regionally and nationally; and
- creating a comprehensive national sustainability scheme and network to support this process which will also provide a coherent approach for national marketing and ICT development (EnglandNet).

The group therefore recommends that a self-assessment, participatory, "stepping stones" scheme for businesses, along with a fully-accredited GTBS scheme, should be developed for use at destination level. This should be linked to the regions, and then to VisitBritain's national quality schemes. Both should be:

- affordable for businesses and Government and is self financing in the medium term;
- useable by businesses currently belonging to an existing scheme;
- supported by local and regional government;
- linked to the developing tourism Combined Performance Assessment process; and
- supported through an updated, published and online version of the Destination Management Handbook.

The details of the proposed scheme should be developed by taking account of existing schemes, and by holding a workshop to establish the criteria for the stepping-stones scheme. It will be important to work closely with all national tourist boards, and with DEFRA, throughout this development phase.

The sub-group further recommends that the new schemes (GTBS & "stepping stone") should be piloted in those areas (mainly in the South West and South East) which are keen to take forward the sustainable tourism agenda. This pilot phase would be a useful mechanism for ironing out the details of the scheme and identifying pressure points.

#### A Network Of Destinations - The Sustainable Destination Management Handbook

This sub-group agrees that there is a need to republish and develop the ETC/TMI Destination Management Handbook as a website, and as a sustainability network to support and promote a nationally common but locally flexible approach and include good practice and case studies. A national sustainable network would bring many benefits – especially if it were able to capture data from agencies involved in workforce development, including People1st (which has estimated that there are more than 2600 agencies involved in this field, with little evidence of joined-up thinking, action or investment). Other linkages would usefully be made in quality, marketing, and ICT.

Moreover, Beacon Councils for the Promotion of Sustainable Tourism can support and promote TRIG's outputs. There is an ideal opportunity to consider the above ideas further at the TMI/Beacons/ Northwest RDA Conference on 29 June.

## ANNEX A

### TOURISM REVIEW AND IMPLEMENTATION GROUP TERMS OF REFERENCE

1. To consider barriers to investment and performance in the tourism industry, including (*inter alia* as appropriate):  
  
size of businesses, and proprietors' expectations;  
capital investment patterns;  
planning issues; and  
regulation.
2. To guide and monitor the implementation of the tourism reform work programme set out in the DCMS Tourism *Prospectus (Tomorrow's Tourism Today)*, with particular regard to:  
  
the implementation of the Britain Quality Review Report, and its agreed framework for standardising the accommodation grading systems used by VisitBritain, the RAC, and the AA in England, and by VisitScotland and the Wales Tourist Board;  
  
the establishment across England, Scotland, and Wales of an "Entry Level" grading standard, bridging the gap between accommodation covered by the Fitness for Purpose scheme, and that meeting new standards set out in (a) [this builds on the general quality recommendations of *Tomorrow's Tourism Today*];  
  
the work of People1st in identifying skills gaps and in proposing measures to improve recruitment and retention.
3. To consider the issues of quality and skills in the wider contexts of consumer expectations, industry norms, and the realities of consumer experiences; and to make recommendations on further measures for industry-wide improvement.
4. In the light of its considerations of 1-3 above, to make recommendations on the encouragement of a culture of improvement and achievement across the tourism industry in England, Scotland and Wales.
5. To report to the Secretary of State for CMS after a period of one year from the appointment of the Group.

## **ANNEX B**

### **MEETINGS & MEMBERSHIP**

TRIG has met four times:

15 September 2004  
30 November 2004  
3 February 2005  
9 June 2005.

Its members are:

**James Purnell MP, Minister for Creative Industries & Tourism** (Chair from May 2005)  
**Professor David Airey** (University of Surrey)  
**Alan Britten** (Quality Review Group)  
**Tony Burton** (National Trust)  
**Tony Climpson** (Tourism Management Institute)  
**Bob Cotton** (British Hospitality Association)  
**Rosa D'Alessandro** (London Borough of Greenwich)  
**Kurt Janson** (Tourism Alliance; from December 2004)  
**Michael Jolly** (Penna Consulting)  
**Sir William Lawrence** (Heart of England Tourist Board)  
**Stephen Moss** (Springboard UK)  
**David Richardson** (Whitbread plc)  
**Eric Robson** (Cumbria Tourist Board)  
**Belinda Ryan** (People1st)  
**Brigid Simmonds** (Tourism Alliance, from December 2004)  
**Richard Tobias** (Tourism Alliance; to December 2004)  
**Steve Smith** (Small Business Service)  
**Chris White** (Local Government Association)  
**Juliet Williams** (SW Regional Development Agency)  
**Tom Wright** (VisitBritain)

## **ANNEX C**

### **SUB-GROUP MEMBERS**

#### **A Workforce Skills Incentives**

Professor David Airey (Chair)  
Jude Brimble  
Bob Cotton  
Stephen Moss  
Belinda Ryan  
Susanna Wiltshire (DCMS)

#### **B Planning**

Tony Burton  
Joan Clarke (BH & HPA)  
Valerie Curtis (DCMS)  
Mark Kerr (Whitbread Group)  
Roger Platt (Thameside MBC)  
Russell Reefer (LGA)  
Brigid Simmonds (Chair)

#### **C Sub-regional Tourism Structures**

Tony Climpson  
Bob Cotton  
Rosa D'Alessandro  
Sandie Dawe (VB)  
Sir William Lawrence (Chair)  
Phil Reddy (NWDA)  
Eric Robson  
Susanna Wiltshire (DCMS)

#### **D Sustainability**

Tony Burton  
Graham Catt (DCMS)  
Tony Climpson (Chair)  
Rosa D'Alessandro  
Kurt Janson  
Peter Varlow (VB)

