

4th Ministerial Tourism Summit: 26 November 2002

Key Conclusions and Action Points

The focus for the 4th Tourism Summit of pan-Government Ministers and other key players in the tourism industry (attendee list at annex) was the continuing progress on taking forward the challenging modernisation agenda set for the industry, especially following the recent announcement by the Secretary of State on England reform.

England Reform and Marketing

The Secretary of State outlined the changes which she had recently announced which would amalgamate the roles of the English Tourism Council (ETC) with the British Tourist Authority (BTA) to develop a re-launched tourism body for inbound tourism to Britain, and for the marketing of England within Britain. The Government view was that the Regional Development Agencies (RDAs) had a major role to play in boosting the regional economy, so the RDAs would also be given more responsibility for Regional Tourist Boards in a new partnership.

The changes were aimed at achieving more emphasis on frontline marketing services overseas; to spread visitor spend out over the UK; and to improve accountability to Ministers in Scotland, Wales and England. They would also remove duplication and reduce overheads in policy and central services, which was vital. It was hoped that the changes would link public and private investment together better, and help sustainability in the tourism industry, particularly in rural areas, some of which were still recovering from the Foot and Mouth outbreak and would particularly benefit from strengthened marketing arrangements.

The Government would provide an extra £10 million over three years to support these changes, subject to tough conditions about delivery of reform and matching of funds with the private sector.

Alan Britten had tabled a report on work delivered by the ETC since the last Summit in March. On marketing, the Government had asked the ETC to support the Jubilee and the Million Visitor Campaign and to encourage visitors to stay longer and go to places other than London. The tourism deficit had escalated hugely - meaningful reduction of that deficit should be the litmus test of success in the future.

Tom Wright reported that we now knew that there had been a £1.5bn cost to inbound tourism from Foot and Mouth disease and 9/11. The Million Visitor Campaign had been running since April with 31 Partner organisations, and was making good progress with more than 1 million visitors to its websites. The production of a royal heritage map had supported marketing effort in the Jubilee year. Visitor numbers were up 2% in the first nine months of this year, and the increase in USA visitors was 2%, which was a better performance than in other European countries where the number of USA visitors had declined. Forward bookings had also started to increase although it was likely to be 2003/4 before the industry had recovered back to 2000 levels.

The main BTA partner campaign for 2003 is focussed on short breaks, especially on cities as cultural gateways, and on the buoyant European market. Their new strategy "Leading the world to Britain" introduced the idea of eight worldwide regional hubs which would allow the BTA to move more of its infrastructure into up-front marketing and new markets. Those hubs would have put into them greater marketing expertise for the regions they covered while reducing infrastructure in local offices.

The BTA intended to expand from 27 markets to 31 by the Spring, using the web, trade links, and the press in the new markets. Kim Howells and Bob Cotton thought that the low cost short break operations that had been growing were now starting to bring some of the traffic back to Britain that they had at first taken away. The overall BTA strategy was now to decrease infrastructure costs where possible and to increase the virtual presence in many countries. Some, such as Russia, would need a presence on the ground, but more would be done to see if the BTA could be housed in such places as British Council offices to save on infrastructure costs.

Branding would expand people's understanding of Britain's image and the diversity of the different countries within it. A focus on increased market intelligence would give better knowledge of customers. Innovation in marketing, such as the BTA's sponsorship of the FA Premier League overseas, was also important.

Under the new structures, there would be synergies between the new BTA strategy and marketing of England eg. on the product development on such things as Harry Potter. The industry would also have one clear marketing body with which to engage.

Bob Cotton thought the industry might be able to help the BTA with more collateral support, since they already had hotels in some of the emerging markets. He thought

marketing effort should be chasing the growth markets of shortbreak and business tourism.

Ivan Lewis suggested that we might use Investors in People as a vehicle to encouraging people to come to the UK.

Sir Michael Lickiss reported that, in the light of the announcement on England reform, several RDAs were now in advanced discussion with Regional Tourist Boards, and one or two were already developing joint strategies. One was developing regional, and within that, county branding, so that the marketing the re-launched British tourism body would be doing at a national level could be cascaded down and followed through locally. Two RDAs had already put a member of their board on the Regional Tourist Board. The argument was now starting to be appreciated for using local marketing money in a more strategic way.

The Secretary of State thanked Mike Watson and Jack McConnell for their help on talks about restructuring. Mike Watson said that in Scotland there had been initial concerns, but that they were much happier now that points they had raised had been taken on board. It was helpful that the provision for England within the new organisation was to be ringfenced. It was now time to watch how the new arrangements settled down.

Malcolm Briant said that Northern Ireland had been grateful to be kept up to date with the reorganisation plans. He thought the approach in Northern Ireland on branding was right for them, but Northern Ireland wanted to fit into the UK brand as well.

Rural and Sustainable Tourism

Alun Michael said that some good things had come out of the foot and mouth disease (FMD) outbreak, such as the *Your Countryside, You're Welcome* campaign. That had been powerful as it had not been run by a single public sector body, but by a team approach across 50 organisations. A rural Public Spending Agreement target on which DEFRA had lead responsibility had also come out of the latest Spending Review round.

Alun Michael recognised how strongly DCMS activity had supported rural recovery, not just in the area of tourism, but also in other areas such as sport. Rural economies could not grow without a focus on tourism. DEFRA were working with the RDAs, the

ETC and the Countryside Agency to lift the standard of the worst performing rural economies. Alan Britten had tabled a report on progress on the ETC's work with the Countryside Agency on the rural agenda for tourism.

Alun Michael said that the fourth meeting of the Rural Affairs Forum for England had been held last month and had just had its first annual conference. There were also regional fora and a tourism sub-group chaired by Tim Smit. Alun Michael understood that the tourism sub-group would soon be recommending a possible Performance and Innovation Unit study on rural tourism.

On sustainability issues, there had been a great deal of interest from such bodies as English Nature. DEFRA did not want to create a museum of the landscape, but to promote thriving living countryside communities. National parks had a large part to play in tourism. DEFRA is making available over £152 million over six years through the Rural Enterprise Scheme and about a third of this is for tourism. So far, £5.5 million has been committed to projects in this area, many of which were town-based, such as bed and breakfasts. But some more innovative projects, such as a web-based map of country walks for Northumberland, were being developed, and DEFRA would welcome other departments promoting more innovative ventures.

A panel had also been established to look at the impact of climate change, on which DEFRA were committed to working with DCMS and others.

Action Point : In 2003, DCMS would work with DEFRA to organise a high-level tourism industry workshop to assess how the industry might be affected by climate change, so they could prepare for its impact.

DEFRA were trying to encourage entrepreneurship to promote recovery, and a review of skills and training opportunities in rural areas was also being considered.

Bob Cotton agreed that a key point that made a good business, whatever its size, was its ability to innovate. While the industry had appreciated money pumped in by DEFRA and others during the FMD crisis, he said that the biggest public support had been the relief on VAT which had allowed people to trade themselves out of their difficulties and then to repay the money. Some of the recovery success since the end of the FMD crisis had slowed now that the initial panic had gone away. There was also a concern

over Small Business Service penetration in rural areas, and confusion over the role of Business Links in helping recovery. It needed to be clearer to businesses where they should go for advice. While it had been a successful year for rural tourism, DEFRA and DCMS now needed to be working together to see what could be done to add value eg. by extending the tourist season.

Training & Skills and Employment

Ivan Lewis said that tourism was an important sector in the context of the cross Government skills strategy which DfES were working on for 2003. The emerging themes of that included:

- That any national strategy needed to add value to what was happening regionally;
- That there was a need to tailor the education system to focus more on customer needs;
- That there was a need to look at sectoral issues when making decisions related to education.
- That there was a need to focus on the quality of education and training delivery.

There was some incoherence which was why a national strategy was needed. SMEs in particular wanted an integrated Government approach to education and skills. Each region had identified its own skills shortage issues and there was a need to get sub regional, regional and national relationships right. The infrastructure had been built, new bodies such as RDAs, Learning and Skills Councils (LSCs) and Sector Skills Councils (SSCs) were in place or being established, now was the time to take forward changes. There were funding pilots involving RDAs and LSCs in four regions and the tourism industry should get involved in those.

Schools needed to be targeted to do more to alter young people's perceptions of vocational education and training, which was too often seen as second best to academic education. In September DfES had introduced eight new GCSEs, one of which was in leisure and tourism. The tourism industry needed to make linkages with schools and with those taking such courses.

On the Adult Basic Skills agenda, DfES were well on course to meet their target of helping 750,000 people by 2004, and would be extending the target to 1.5 million people by 2007. DfES did not expect business to help raise levels of basic skills altruistically, they had to show business that it was of direct benefit to them, especially as it was mostly Government funded. Many people working in the tourism industry lacked basic skills and could benefit from this Skills for Life strategy.

DfES had announced a reform and investment package for further education in the previous week, which demanded a clearer customer focus. Since the last Summit proposals for 25 Centres of Vocational Excellence related to tourism had been successful, and it was expected that many of those would shortly move into the development stage.

On the development of a Sector Skills Council (SSC) for tourism, leisure and hospitality, the industry were expected to submit a fully developed proposal by March 2003. Bob Cotton said that the SSC footprint covered around 2.5 million people. Establishment of an SSC was essential to formulate a workforce development plan, to get more people working in the sector, and to engage with schools. Employer funding in the interim before an SSC was set up was an issue.

Bob Cotton said the tourism industry were enthusiastic about Modern Apprenticeships though less so about National Vocational Qualifications. Ivan Lewis said that DfES had a target of 28% of young people between the ages of 16 and 22 being in Modern Apprenticeships by 2004. Tourism could make a real contribution to meeting that target.

The meeting agreed that the key issue was the continuing need to raise the image of the tourism industry as an employer.

Ivan Lewis said that education policy was moving to a more customer focussed system, with a greater emphasis on vocational education and training. Present systems for providing business advice on education and training were far too complex and needed simplification to a first stop, if not a one-stop, shop approach.

Sir Michael Lickiss felt that the flexibility of LSCs was restricted and needed to be increased. Ivan Lewis said that under the new spending agreement LSCs would have more flexibility, but that they would always have targets to meet. Some of the existing

spend on education and training needed to be rebalanced and reprioritised to get more from it.

Alan Britten said that the ETC had also promoted the skills agenda by launching the Institute of Tourist Guides with Kim Howells and by relaunching the Welcome to Excellence courses.

Clare Dodgson said that hospitality and tourism were very important as an employer. There had been 2,329 new New Deal placements related to tourism since JobCentre Plus came into operation on 1 April 2002. There was a huge role for hospitality and leisure in helping young people to acquire skills and get off benefit.

Mike Watson said that what he had heard on skills and employment at the meeting resonated with the Scottish experience. Eight out of 13 universities in Scotland offered tourism related courses, but all the graduates could not be placed. Meanwhile there were not enough young Scots going into the industry lower down. It was unclear why a bad perception of tourism led to it not being seen as a career option, while other industries with a similar reputation did seem to be seen as one. Mike Watson wanted to see a tourism GCSE at the Scottish equivalent Standard grade. He had not seen evidence that Careers Scotland were selling tourism as a career hard enough, although Springboard UK were helping in that area. In Scotland there was a target of 1,000 Modern Apprenticeships taken up in tourism in two years. While they were well ahead on achieving that, there was a high drop out rate, and it seemed that the hours and working practices were an influencing factor. Employers had to invest in skills for a better motivated workforce to emerge.

Malcolm Briant said that Northern Ireland had taken further and higher education out of their Education Department and placed them within their Employment Department. They had rebadged their Tourism Training Trust and had been experiencing the same problems as other UK countries with getting some SMEs to realise the importance of training. They were now trying to get employers to engage on the quality agenda, and to pick up skills as part of that.

Action point: Kim Howells to take the lead in arranging a meeting with Ivan Lewis and key players from the tourism and hospitality sector, to consider what the industry can do in the context of a national skills strategy.

Transport Regeneration

John Spellar said that there were currently 25 million overseas visitors a year arriving in the country by air and that figure was increasing. The DfT consultation on air transport was due to close shortly and would be followed by an air transport white paper (NB: a subsequent Judicial Review ruling since the Tourism Summit about possibilities for expansion of Gatwick mean that this will now be delayed). In the meantime, some regional airports such as Manchester were acquiring semi-hub status.

Mike Watson said that direct transport routes into Scotland were also a big issue, and the Scottish Government was trying to address that eg. by subsidizing high landing charges into Inverness. Malcolm Briant said that in Northern Ireland it was felt that not enough had been done to look at regional air transport problems – there had been too much focus on Heathrow and the possibility of an airport at Cliffe.

On travel within the UK, John Spellar said that London Underground was important because of the number of people who visited the capital. The provision of information to visitors and smartcard ticketing were particular areas for consideration. Sir Ron Watson raised the possibility of carnets being sold as one ticket and the issue of the rationalisation of concession tickets. John Spellar said that London Underground and a number of metro systems were looking at Smartcard tickets which were rechargeable. DfT were also negotiating in Brussels about extending bus fuel rebates. There were also Local Authority initiatives throughout the country responding to the transport needs of both local communities and their visitors.

Action Point: John Spellar committed to ensure that new DfT guidance on white and brown tourist signs would be ready by early next year.

Alan Britten said that internal transport was vital to underpin domestic tourism. One size did not fit all with regard to white and brown signs – if the visitor limit was moved upwards, that would not suit rural areas. John Spellar took on board the point that varying visitor limits were needed.

Kim Howells raised the issue of the means of access to seaside resorts often being very limited, since they were very dependent on the car. John Spellar agreed that those seaside resorts that had easier access were more attractive tourist destinations and were starting to regenerate quicker. But there was often divergence between local and national lobby groups about what was required in an area.

Best Practice Forum

Kim Howells thanked Bob Cotton for all the work industry had done on the Best Practice Forum (BPF). Peter Bunn said that the DTI-sponsored industry fora, which now represented 12 sectors, provided excellent examples of ways to increase productivity. The BPF for hospitality and tourism had been a pathfinder in the services area. A rigorous approach to performance measures for the industry fora had allowed capturing of quantitative benefits very quickly.

Bob Cotton said that the BPF for hospitality and tourism had a £4 million fund from various sources to work with. Research work to determine what best practice was now complete, and Kim Howells would be launching the results in March. The BPF's work would cover the whole of the UK and meetings had been held in the various countries and regions to promote it. 150 pilots – 50 each in Cumbria, the North West and London – had been conducted. Business was working with RDAs and RTBs as partners in taking forward the initiative.

There was a target of 4,500 businesses passing through the BPF's Profit Through Productivity programme in the next four years. There was a need to establish rigorous industry benchmarking, and key benchmarks of the benefits to business of the work would be increased sales, increased purchasing and a decreased staff turnover. Even such things as reduced costs for free drinks and meals given in response to complaints could be indicators of improved performance. There was a thrust to increase quality and that would be done by investment. Bob Cotton thanked DTI and DCMS for their support in carrying the programme forward.

Fitness for Purpose

Kim Howells said that Fitness for Purpose was one of the key changes emanating from the Hartwell House seminar in October 2001. The Secretary of State said she saw it as an absolute prerequisite to increasing quality.

Sir Ron Watson said that the LGA had brought together a Task Force of local authority specialists to take forward the next stage of work on Fitness for Purpose. It was important that the Task Force was made up of a cross section of both tourism and enforcement practitioners, because there were sometimes tensions between the two which needed to be resolved.

Action Point: Sir Ron Watson to ensure that the Task Force would complete its work and report to the DCMS cross sector working group and to Ministers in early February. A catalogue of Fitness for Purpose standards would form part of that work.

Action Point: Sir Ron Watson also committed that six Fitness for Purpose pilots would run in local authorities between the Spring and Autumn 2003 across a spread of regions. Sir Ron said that the LGA were grateful to DCMS for funding a consultant to evaluate the pilot phase. He was pleased at the progress being made on Fitness for Purpose - in about a year's time, pilots should have been completed and evaluated.

Data

The meeting agreed that improving data remained a key issue. When DEFRA and DCMS had been working together to tackle the effects of the FMD crisis, they had needed precise information about how the industry was being affected. Robust data continued to be needed to underpin decisions and to prove to the Treasury what affect their funding was having. Some of the industry already realised that and provided good data. However, it was generally the case that figures were not available quick enough to make important decisions, despite tourism being such an important industry to the economy. Kim Howells welcomed the BTA's input to the data problem, and the way forward that their models had given. DCMS would continue to crusade on this issue.

E-tourism

Alan Britten thanked Kim Howells for securing money to take forward the EnglandNet project from the Invest to Save Budget. EnglandNet would allow tourism businesses across the country to link up with each other, regardless of which ICT systems they operated. It was an enabling project for all tourism businesses to collect and analyse data, and did not involve new state of the art software. A grant for its development had also been secured from the Capital Modernisation Fund. Alan Britten said EnglandNet underpinned everything else that was going on in tourism. He therefore urged everyone present to make sure that their departments were aware of

EnglandNet, and contacted the EnglandNet team with regard to any ICT related matters. It was essential to make full use of the project and avoid duplication.

Next Summit

The Secretary of State said that the Ministerial Tourism Summit was an important meeting in taking forward the modernisation agenda for tourism. It had moved from being an event at which the participants were satisfied to reach high level agreements, to a fully engaged working session driving forward the agenda for change to which they were all signed up. She said that she welcomed, and would be delighted to accept, Mike Watson's offer for the next Summit to take place in Edinburgh.

Action point: DCMS to arrange a further Ministerial Tourism Summit in six months time to take the development of the skills agenda as the basis for discussions. Themes to focus on will be the development of the SSC, dealing with the level of vacancies, and increasing the skills base.

Department for Culture, Media & Sport

Tourism Division

December 2002

Tourism Summit Attendees

Department for Culture, Media & Sport	Tessa Jowell MP (Chair)
	Kim Howells MP
Department for Environment, Food & Rural Affairs	Alun Michael MP
Department for Transport	John Spellar MP
Department of Trade & Industry	Peter Bunn
Department for Education & Skills	Ivan Lewis MP
Department for Work and Pensions [Employment Service]	Clare Dodgson
Northern Ireland Executive	Malcolm Briant
Scottish Executive	Mike Watson MSP
HM Treasury	Lucy de Groot
English Tourism Council	Alan Britten
British Tourist Authority	Tom Wright
Local Government Association	Sir Ron Watson
British Hospitality Association	Bob Cotton
Regional Development Agencies	Sir Michael Lickiss
Tourism Alliance	June-Alison Sealy