



department for
**culture, media
and sport**

**DCMS RESPONSE TO THE BRITISH TOURISM
FRAMEWORK REVIEW REPORT "ACHIEVING THE
FULL POTENTIAL OF THE VISITOR ECONOMY"
PUBLISHED ON 11 FEBRUARY 2009**

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Our aim is to improve the quality of life for all through cultural and sporting activities, support the pursuit of excellence, and champion the tourism, creative and leisure industries.

Introduction

1. The Report may be read and downloaded at http://www.visitbritain.com/en/Images/btfr_full_final_tcm12-155094.pdf
2. The Secretary of State welcomes the Report. He wishes to thank the VisitBritain Board, their staff and, in particular, the independent members of the Review Committee who contributed so much to its production. He is also grateful to everyone who took part for their thoughtful submissions.
3. In welcoming the Review's findings, the Government wishes to emphasise its determination to forge a closer partnership with the tourism industry in order to minimise the impact of the economic downturn on both its employers and employees; to ensure that it and they are better positioned to exploit the opportunities offered by the recovery when it comes; and to help it develop its strategy for the long term.

Background

4. The Review was commissioned in 2007 by the then Secretary of State for Culture, Media and Sport, James Purnell, as a necessary outcome of the Comprehensive Spending Review, which was completed and announced in the October of that year. The CSR settlement was, it was stressed at the time, the framework within which the Government wanted VisitBritain to consider the future. The necessity of recognising that the support given to this body was only one aspect of public support to the industry and that contributions from the Welsh Assembly; the Scottish Executive; the Regional Development Agencies; the London Development Agency and the local authorities needed to also be taken into account.
5. The CSR settlement included a decision not to provide exceptional funding for the marketing of the 2012 Olympic Games and Paralympic Games for tourism purposes. This does not mean that the Government is not making funds available for the delivery of *Winning: A tourism strategy for 2012 and beyond* to maximise the financial benefits of the Games for British industry. The Government is investing heavily in one of the most potent visitor attractions any country can stage and, at the same time, it is spending very large sums of public money annually to improve skills within the tourism and hospitality sector in order to improve the quality of our welcome to the world. The Government also decided to spend money on sustaining other important tourism products like free museums, major cultural attractions and our incomparable heritage. In the light of this, and the other world class attractions it is helping to deliver over the next decade, the Government considers that its continuing investment in VisitBritain (over £130 million between 2008 and 2011) is currently sufficient to achieve its aims. The added investment of the Regional Development Agencies (almost £70 million in 2007/08), for tourism marketing and development, notably in skills, quality, data and sustainability, will provide valuable partnership support for this effort.
6. Since 2007, the Government has been determined to guard against short-termism and focus on sustainable improvement in the tourism sector. With the level of public sector investment in the industry from local, regional and national sources likely to significantly exceed £2 billion in the current CSR period and the spend by domestic and international visitors, even at today's reduced levels, likely to total about £860 billion, it is clear that the permanent legacy of the Games to tourism in this country is far more important to our economy than the short term benefits. This legacy will depend

heavily on improved visitor experience and the Government believes that the welcome, skills and the quality of our tourism products, including accommodation, are the most important components of this.

7. The current state of the international and national economy has, inevitably, impacted on the Government's Strategy. While maintaining its focus on the long term legacy of the Games, the Government is now also focused on providing immediate help to the industry. This includes, for example, the Enterprise Finance Guarantee Scheme which is aimed at businesses struggling to access finance for working capital and investment. Our focus also includes maximising the tourism opportunities provided by major forthcoming cultural and sports events, of which the 2012 Games is just one.

8. We have, therefore considered the recommendations of the Report in this context and our response is set out below:

The Ten Recommendations

Recommendation 1: Consolidate Britain's position in traditional international markets and invest in emerging markets, building on VisitBritain's overseas network

We welcome this recommendation's recognition that the physical location of VisitBritain's overseas offices must match the needs of the service offered and that it must also seek to share the fixed assets of public diplomacy partners, where the space is available and rental costs are competitive. We will monitor progress by VisitBritain in this area. We also agree entirely that, despite the global economic downturn affecting these countries, our long term strategy must prioritise the emerging markets such as Brazil, Russia, India and China. The effective and efficient co-ordination of the overseas marketing efforts of VisitEngland, Visit Scotland, Visit Wales, Visit London, the regional development agencies and some local authorities must be a leading goal of VisitBritain. We recognise that VisitBritain is working hard to develop more advanced digital platforms that will enhance its work, which is referenced in Recommendation 3.

Recommendation 2: Create product development and marketing initiatives that are actively supported by the industry and increase the value of inbound tourism spend

The Government fully endorses this recommendation. We welcome the importance that the Report attaches to demonstrating that VisitBritain can and does deliver for the British taxpayer who is also experiencing challenging times. VisitBritain must work closely with its industry partners - to ensure that its marketing activities directly respond to their priorities and make a clear and evidenced contribution to the economic well-being of the country, and work closely with DCMS on funding issues. DCMS will also work closely with the industry to ensure that its priorities are being carefully considered in developing strategies and products.

Recommendation 3: Further develop UK-wide tourism internet platforms and shared new media strategies to support the industry and national tourist boards

Such action was at the forefront of the Secretary of State's mind when commissioning the Framework Review and the Government welcomes the recommendation. We are aware that VisitBritain is already taking forward important development work in this area. To maintain our international competitiveness and provide the best possible service to domestic visitors, it is vital that we maximise the potential gains from new media strategies, including shared UK-wide capabilities for industry and national tourist boards.

Recommendation 4: Create a new English tourism lead body, create an English tourism strategy and agree processes for partnership with, and accountability to, stakeholders and appropriate performance metrics

The Government has made clear its support for the creation and development of Visit England separate from VisitBritain. It is an important recognition of the importance of the contribution made by domestic tourism to the UK's GDP and of sustaining that contribution. The Secretary of State has appointed Lady Cobham to the Chair of the VisitEngland Board from April and also wishes to thank Hugh Taylor, the outgoing Chairman, for the groundwork he has undertaken over recent years in preparation for this change. The future success of VisitEngland will depend significantly on its capability to form and maintain partnerships with regional development agencies and local authorities. The evolution of Partners for England (P4E) is vital to that end and the Government welcomes the group's progress so far and its future aims. The Government is confident that these arrangements will make for significantly strengthened strategic leadership and better representation of private and public sector stakeholders, and will provide a more robust and more responsive vehicle to grow and sustain the industry in the long term.

Recommendation 5: Engage the industry in national tourism policy development and delivery (including 2012 tourism strategy) and the nation in support for the tourism industry

Recommendation 6: Urge Government to create a cross-Whitehall and cross-ministerial group to be advised by a newly created government sponsored Tourism Advisory Council, which draws together senior practitioners from industry and the public sector to engage with the government departments whose policies impact on tourism

Recommendation 7: Ensure that the visitor economy is considered in the development of public policy

The Government accepts these recommendations in part. In considering how best the Government should engage with industry partners and other public sector partners, it is important to understand how Government works. All policy decisions are subject to the collective approval of the Cabinet, on which the Secretary of State for Culture, Media and Sport sits. New policies emerging from any Government Department have been endorsed and approved by the DCMS. Advocacy on behalf of one of DCMS' stakeholders does not mean that the Department would automatically block a policy proposal from another Government Department simply because it may have some detrimental impact

on its sector. The Secretary of State is required to balance such negative aspects against the overall public interest. This might arise, for example, where a policy is proposed in support of national security, the prevention of crime or the promotion of public safety.

The role of DCMS Ministers is to ensure that the economic importance of tourism is recognised in the argument and that proposals from other Government Departments are based on evidence, and that they are a necessary and proportionate response to the harm the policy is seeking to reduce. It is not the function of the DCMS to act as a trade association or to attempt to substitute for them. It therefore remains important that trade associations continue to lobby other Departments (and the DCMS itself) from their unique perspective. It is, of course, vital that the DCMS continues to work closely with the industry and with trade associations so that it is best placed and sufficiently informed to influence policy development in other Departments.

The Minister for Tourism currently meets the Tourism Alliance, comprising the many trade associations representing businesses within the tourism and hospitality sector, on a regular basis to examine the issues of main concern to its members. She also chairs a Ministerial Advisory Group, comprising public and private sector partners, to assist her in steering the delivery of the Strategy for maximising the tourism benefits of the Olympic Games; and co-chairs the Monitoring and Implementation Group for the National Skills Strategy, which again comprises public and private sector partners.

As recommended in the review, the Minister for Tourism is also forming a Tourism Advisory Council ("TAC"), which will primarily comprise leaders from industry itself. This informed and experienced group will better position her for vital discussions with her Ministerial colleagues in other Government Departments.

At the National Tourism Summit held in Liverpool on 8 January, Ministers asked the tourism industry to provide a list of the key areas where they would like the Government to examine support for the industry. VisitBritain, on behalf of the industry, has now submitted their "Top 5 Asks" and DCMS has begun an analysis of these. The Minister hopes that the TAC will begin its work in April by considering and prioritising the areas for support identified by the industry.

The Minister also intends to form a cross-Whitehall Ministerial Group, which will meet after the first TAC meeting, and will have two main purposes. Firstly, it will examine policies which it might be beneficial to industry for Government to either stop or delay during the period of economic downturn. Secondly, it will highlight actions which Government should be doing to support the industry through challenging times. The Departments represented on the Group will include:

- DCMS
- BERR
- CLG
- HMT
- DECC
- DEFRA
- Home Office
- DfT
- DIUS
- DWP
- BRE
- FCO

The Minister will continue her meetings with VisitBritain and the Tourism Alliance; and the Ministerial Advisory Group for the 2012 Strategy and the Monitoring and Implementation Group for the National Skills Strategy will continue to inform Government policy.

Recommendation 8: Redefine the role of VisitBritain and agree new ways for it to work with its stakeholders and develop metrics to demonstrate its performance and value

The Government fully supports this recommendation. The country needs a VisitBritain that is fit for the 21st Century and one that recognises the new role, independent status and function of Visit England. The VisitBritain Board has already embraced this new direction with the Government's full support. We believe that these changes need to go forward at pace. Britain's national tourism agency will need to provide a core marketing capability for its strategic partners, including industry, the national tourism organizations in England, Scotland and Wales, Visit London and the RDAs, in addressing global markets. As recommended, this should include the establishment of shared platforms, including a more effective and efficient overseas network, digital marketing and associated e-commerce. It also needs to take a leading role in the co-ordination of industry research. VisitBritain will remain an important source of advice for Ministers to inform policy development and the formulation of strategy.

Recommendation 9: Secure agreement on future public and private sector funding and the resources needed to deliver the 2012 Games' tourism legacy

Paragraphs 4 – 7 set out the framework within which the Review was initiated and conducted. The Government does recognise and understand the desire within VisitBritain to do its utmost to maximise the opportunity presented by the Games themselves. The Government wholly agrees that "there is a potential legacy of a visitor industry that provides a welcome experience second to none; with good value and good quality accommodation embracing sustainable practices, ample facilities for visitors with disabilities, and a skilled workforce providing the first-class service that the modern visitor expects and demands." But it does not agree with suggestions that this opportunity is being squandered.

In 2007, we considered that, in the light of the world class attractions in store in this country over at least the next decade, our continuing investment in VisitBritain (over £130 million between 2008 and 2011) was currently sufficient to achieve the essential aim of delivering a permanent legacy from the Olympic Games. In the current climate there will be continuing pressure to remain within budget.

As indicated above, we believe that public investment at national, regional and local levels in excess of £2 billion for the period 2008 - 2011 is an appropriate and reasonable investment in support for the tourism and hospitality industry. The 2012 Olympic and Paralympic Games do represent an opportunity to change the industry for ever in a way that helps us achieve a permanent legacy. We already have a world class tourism industry that can match the best in the world and we believe that current levels of investment are sufficient for Britain to re-define world class and set new standards that will put us ahead of our closest rivals internationally.

Recommendation 10: Create inspiring new marketing campaigns, based on a value message, and press Government for creative policy responses which would support the industry through the credit crunch and recession

On 8 January at the National Tourism Summit in Liverpool, the Government expressed its agreement to and support for such initiatives. Britain does have exceptional and high quality tourism products and visiting this country has never offered such excellent value for money. The VisitBritain "Value for Money" Campaign, which will particularly target the USA and Eurozone countries, has the Government's full support. Our current affordability is an opportunity that must be exploited. We also firmly believe that Liverpool's performance in 2008 as the European Capital of Culture proves that it is possible, with imagination, commitment and creativity, to buck the global trends. At Liverpool, the Government emphasised that the forthcoming decade of sport, involving an array of major world championships and events, represented an important opportunity to showcase our nations, regions, cities and towns for the world's media. Similarly, the Government has set up a working group to examine the feasibility of establishing a regular British City of Culture around the country that could match Liverpool's achievement.

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