



All-Party Parliamentary Group for the Visitor Economy

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Date and Time: 29 November 2016, 17:00-18:00

Location: Room U, Portcullis House

Theme: Coastal Communities Inquiry

Present (Parliamentarians): Margaret Ritchie MP, Nigel Huddleston MP, Dr. Philippa Whitford MP, Scott Mann MP, John Penrose MP, Sir Roger Gale MP, Craig Mackinlay MP, Oliver Colvile MP, Mark Williams MP, Tom Elliot MP

Non-Parliamentarians present: Vernon Hunte – British Hospitality Association (Secretariat), Graham Wason – Campaign to Cut Tourism VAT, Phillip Welsh – Blackpool Council, Anne-Marie Mountifield – Solent LEP, Stuart Baker – Solent LEP, Caroline Elsom – Victoria Atkins MP’s Office, Emma Barr – Victoria Atkins MP’s Office, Helen Matthews – East Lindsay District Council, Adrian Benjamin – Louth Horncastle Conservative Association

Introduction from Co-Chair Nigel Huddleston MP

Nigel Huddleston MP welcomed everyone to the meeting, introduced himself as the chair for the session and explained the format of the meeting. Each speaker would cover their key messages and be asked a couple of questions, the session would then be opened up to questions from parliamentarians and the public.

Anne-Marie Mountifield, CEO of Solent LEP

Anne-Marie thanked the Chair and introduced herself as the CEO of Solent Local Enterprise Partnership. She gave a summary of the Solent, which includes 290 miles of coastline, two major cities (Southampton and Portsmouth) and the Isle of Wight.

Anne-Marie highlighted other assets of the Solent region. Two major ports are based in the region’s cities and the region has a strong visitor economy offering. The Solent is the most densely populated area in England outside of London, with 1.2 million people in a small area. This population makes 3.6 million journeys around the Solent each day, many of which are across water. She explained how there is a problem in the Solent with long journey times, which hinders worker productivity and is a barrier to growth. She noted how productivity in the Solent is ten percent below the South East average.

Anne-Marie said another problem was geographical isolation, especially in the island communities of the Solent, which leads to a high cost of journeys. Also, with communities reliant on visitors, there is the issue of seasonality, which can see the population of an area triple between June – September and then decrease again. The problem for small businesses operating in the area is how to make the best of the low season. Anne-Marie said the LEP is looking at investing in ways improve the Solent’s year time visitor offer, with a focus on heritage assets and cultural events, like festivals, that have

year-round appeal. She said the creative industries are incredibly important for smoothing out the natural peaks and troughs in visitor numbers.

She cited the problem of the cost of housing in the area, where in some communities the average cost of a house is twelve times the average wage.

Anne-Marie then summarised her key points and highlighted the strengths of the region, such as its position as a globally connected hub with two ports and six hundred cruise ships departing from the area each year. The LEP wants to make the Solent a place that people come and visit for the offer of the region, not just a place people travel through to get on a cruise ship.

Questions

Nigel Huddleston MP, asked what specific help the government could provide the Solent region.

Anne-Marie replied that it is key for the government to implement policies that help the Solent feel more connected to the UK economy and be a part of the nation's growth story, in both a philosophical and practical sense. For example, infrastructure investment in public transport. John Penrose MP asked about place making and why people would want to visit the Solent in the first place. Anne-Marie highlighted 3 key unique selling points of the Solent ; its maritime offer, unique cultural assets and its access to an exceptional nature offer (near two national parks and with the Isle of Wight). She said the Solent LEP is focused on commercial assets in the region to help tackle seasonality and ensure a wide economic base.

Oliver Colvile MP enquired what Solent LEP is doing to ensure the Mayflower 400 event in 2020 would be a success. He commented that this event, if managed properly, could be the most important since the Olympics in 2012. Anne-Marie highlighted working on the America's Cup to improve the Solent's global presence, with 400,000 visitors during the America's Cup period in 2016. She wants the LEP to build on its existing tourist offer to encourage visitors to stay more than just a day or two.

Graham Wason, Economic Advisor, Campaign to Campaign to Cut Tourism VAT (CTV)

Graham Wason offered a perspective on the UK coastline as a whole, as the other two submissions focused on specific regions; Solent and Blackpool.

He cited two reasons for seeing huge untapped potential in our coastlines. The first that the challenges facing the UK's coastal communities are faced by other countries in Europe, citing the European Commission's "Challenges and opportunities for maritime and coastal tourism in Europe" report, which substantiated this point. He said that the report highlighted how most development taking place is connected with culture in coastal areas and away from traditional seaside holidays. He said these cultural attractions have the ability to give an area a new lease of life.

The second reason stems from research undertaken by Butlin's which found British people have a love affair with the coastline. Graham detailed how the researched showed two-thirds of the public recognise the unique characteristics of the British coast and the same proportion support increased investment in coastal destinations. In contrast, over half of the British public have not visited the seaside in the last 3 years. He said the discrepancy between these figures show the potential our coasts have to attract more people, but the question is how best to do this.

Graham said that coastal tourism alone employs more people than the steel, pharmaceutical and aerospace industries combined in these regions. It is therefore the best placed industry to catalyse the regeneration of our coastal areas, citing successful coastal redevelopment schemes such as Folkestone creative quarter and the Pier Approach in Bournemouth.

Graham saw the Coastal Communities Fund and Coastal Community Teams initiated by the current government as steps in the right direction and does not want to see such schemes dropped. However, he questioned whether these initiatives were enough, especially when we hear of the extent of the problems across the country and the level of investment needed to address such problems. He said after 45 years of experience in tourism development and 20 years analysing the impact of tourism VAT in Europe, reducing tourism VAT was one of the simplest and most effective ways of not only creating growth for the tourism industry, but also into the wider economy of an area, as 70% of additional economic benefit is felt through tourism spending.

Questions Mark Williams MP asked whether the Campaign had done any researching into the benefits to coastal areas specifically of reducing Tourism VAT. Graham said the campaign had not, but that this is something they could do. Mark Williams said he would appreciate this analysis.

Dr Philippa Whitford MP reiterated this ask. She added that tourism is the one industry that goes across the rural areas also and can help areas reliant on agriculture, which is an industry that has significant limitations.

Graham Wason confirmed that the Campaign would be happy to do this as part of the supplementary modelling that is done additionally to the core model that is updated yearly when the new Office for National Statistics data is released.

Philip Welsh, Head of Visitor Economy, Blackpool Council

Philip provided an overview of his role as head of visitor economy at Blackpool Council. He reported that with 17 million visits a year, worth around £1.3 billion to the local economy, Blackpool continues to be the UK's most visited coastal destination. The visitor economy employs 25,000 people and is the area's largest employer, especially since many of the civil service jobs in the town have been relocated or lost in recent years. He highlighted that although it is a very popular part of the UK, Blackpool is also one of the most deprived, performing poorly on indicators in health, skills etc.

He explained how a decade ago the answer to Blackpool's problems was the 'big-bang' scheme of a super-casino that did not materialise despite the lobbying attempts around changing gaming laws. He said that instead, £300m in investment has allowed the council to remodel the promenade, build a new tramway, acquiring key leisure assets such as Blackpool Tower and the Winter Gardens as well as modifying the unsightly sea defences in the town.

By combining the old and the new, Blackpool is improving its visitor. He highlighted how public private partnerships, such as the one with Merlin Entertainments operating Blackpool Tower, were useful in ensuring year round employment and visitor appeal.

To Philip, the most important issue is perception change for Blackpool. He said the major challenge is the oversupply of guest accommodation, with bed stock being turned into cheap Housing of Multiple Occupancy (HMO) bringing a level of transience to Blackpool, meaning it is hard to create sustainable neighbourhoods. A lot of the bed stock is poor quality, which is why new hotels are built in the area.

The Council would like the accommodation that has gone into market failure to be removed from circulation and control over housing benefit being spent in sustaining the run down HMO's that blight the town. He said doing this would allow the Council to create pockets of good quality affordable housing. As Blackpool is densely populated and has little green-field land, this strategy is especially important in creating the right dynamic between Blackpool's visitor economy and residential offer.

Questions

Nigel Huddleston MP asked where the £300 million in funding Blackpool Council received came from. Philip replied that £100 million came through DEFRA to combat the high risk of flooding and install a 'Spanish steps' style sea defences. £50m came from the EU and the old North West Development Agency to buy Blackpool Tower (which is a joint venture with Merlin Entertainments) and the Winter Gardens. The money for the tramway funding came largely from Lancashire County Council.

John Penrose MP enquired if Blackpool Council have tried and discarded landlord licensing schemes used in other parts of the country to address HMO's. Philip replied that Blackpool Council are using their third selective licensing scheme currently, which although successful does just move the problem into other parts of Blackpool. John Penrose MP asked why if this strategy was working quite well, why Blackpool also needs to use limited government resources to fund large capital investment in an attempt to solve the HMO blight in the town. Philip replied that we need to use both because the blight caused by large, empty, decrepit buildings that just need to be removed is something legislation alone cannot fix.

General questions for the panel

Craig Mackinlay MP summarised the view from his constituency. He said value for money and the weather are perennial problems for coastal communities. Craig cited Brighton as the town that is a coastal success story and wondered why exactly that is the case. He also detailed how the use of selective licensing has caused issues in the Cliftonville part of his constituency. He added that he thinks reducing tourism VAT as too blunt an instrument in assisting coastal communities, as other parts of the country, like London, that do not need the help, will also see a benefit. He saw the challenge of getting more people to the coast in the winter as key, and thought using coastal facilities for conferencing, corporate events and party conferences as a potential way of doing this.

Philip Wels discussed that the fundamental difference between Brighton and Blackpool is its 40,000 students that are in Brighton precisely outside of peak summer times and thus counter coastal tourism's seasonality and 'fill in the gaps'.

Graham Wason added that Brighton is also supplemented by foreign language students. On Tourism VAT, he commented that reducing VAT on accommodation and attractions should be seen as a starting point. The reduction can then modify the policy as deemed necessary, whilst in the meantime unleashing the creativity of the private sector. He added that benefits of tax relief can even be seen in London, such as the Docklands area being redeveloped.

Anne-Marie Morris added that Coastal Enterprise Zones (CEZ) in the Solent transformed an old military airport into a thriving hub, creating 1,000 jobs in an area where job density is the second lowest in the country. She said CEZ's focus both central government attention on key priority areas and local government in a way that creates private sector investor confidence by de-risking somewhat the investment. She wanted to explore a CEZ initiative further afield as a way of helping coastal communities nationwide.

Sir Roger Gale MP explained the experience he had with a CEZ when Pfizer left his constituency. He found that many businesses just relocated to the CEZ for the tax benefit from other areas, so that the net benefit of the CEZ on creating jobs and improving the local economy was minimal. Sir Roger said he now now resists the idea of creating CEZ's.

Sir Roger also detailed how Thanet has problems with HMO's. He said a lot of these properties are old terrace houses, which could potentially be reconverted into good housing, but the problem is what you do with the people living in the HMO originally.

Dr Philippa Whitford MP cited how when her German family looks at a holiday in Celtic countries, it is a no brainer to holiday in Ireland rather than Scotland for instance because of the difference in price. She also said the pattern of coastal holidays has changed drastically, with people now less likely to be static in one resort during the holiday and instead touring an area.

John Penrose MP pressed Anne-Marie Mountifield for a response on the CEZ issue. She said that the different characteristics in the Solent actually led to the CEZ being a more obvious success in her case, with the CEZ allowing people to work closer to their home and leading to increased business survival rates. She added new defence businesses have come to the area instead of settling in Europe also, and that she thought the Solent area has seen a more distinct net benefit than Sir Roger's example illustrated.

AOB: The next meeting of the APPG will be held on 17 January 2016 at 5:00 - 6:00pm.