

Culture, Media and Sport Committee

Oral evidence: Promoting Britain abroad follow-up, HC 158

Tuesday 6 February 2024

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Members present: Dame Caroline Dinenage (Chair); Clive Efford; Damian Green; Dr Rupa Huq; John Nicolson; Alex Sobel; Jane Stevenson; Giles Watling.

Questions 92 - 145

Witnesses

I: Nigel Huddleston MP, Financial Secretary to the Treasury, HM Treasury; Julia Lopez MP, Minister of State for Media, Tourism and Creative Industries, Department for Culture, Media and Sport; and Tom Pursglove MP, Minister of State for Legal Migration and the Border, Home Office.

Examination of witnesses

Witnesses: Nigel Huddleston MP, Julia Lopez MP and Tom Pursglove MP.

Q92 **Chair:** Welcome to the meeting of the Culture, Media and Sport Select Committee. Over the last two years we have been looking really closely at Britain's status as a leading tourist destination and thinking what more we can do to appeal to international visitors. We have seen, of course, that our culture and heritage attracts people from around the world but we have also heard concerns from across the sector about the policies that some argue have made their work harder not easier.

Given the significance of tourism to our economy, we were disappointed in the Government's response to our previous report. They rejected virtually all of our recommendations and it reinforced a message that we keep hearing, which is that we need a greater commitment from across Government to fully realise the potential that tourism has to offer and not be left behind.

We are pleased, therefore, that we are joined today by a buffet of Ministers from across Government, three different Departments, with responsibility for the policies that directly impact the sector. Julia Lopez is the Minister for Media, Tourism and Creative Industries at the Department for Culture, Media and Sport. Nigel Huddleston is the Financial Secretary to the Treasury, HM Treasury. Tom Pursglove is the Minister of State for Legal Migration and the Border at the Home Office. You are all welcome today. Thank you so much for joining us.

Before I start, do any of our members have anything they wish to declare? No, in which case we will get started and I will kick off the questions.

I will start with you, Julia. The UK has nearly restored our visitor numbers to the pre-pandemic level and yet VisitBritain forecast that over the next five years the UK will increasingly lag behind our competitors in western Europe. How concerned are you about those projections?

Julia Lopez: First, I will say how resilient our hospitality businesses have been through a very difficult time. We have had the Covid pandemic and then the massive inflationary pressures that came through the energy crisis. Throughout all those challenges they have been remarkable and we have tried to support them as much as we can as a Government.

I think that the overall numbers is a mixed picture. We set ourselves stretching targets for trying to recover where we were in 2019. In some areas we have exceeded where we thought we would be, particularly with the spend from American tourists. Other markets, for instance China, have lagged. That is partly because of Chinese policy about the pandemic, but there are other factors we have to take into account when we look at whether we need to be doing more for our overall competitiveness and the offer we have compared to European competitors in particular.



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Overall we are broadly where we had hoped to be. We have gone up; we were the 10th most visited country in the world in 2019 and we are now the seventh most visited. The numbers of visits are close to the same numbers, but the issue is in the overall spend, which is slightly down if we take inflation into account. In real terms we are slightly down but we hope to be able to go back up to where we intend to be pretty shortly.

Q93 Chair: My concern is that there is a slight level of complacency in the sense that every country in western Europe also dealt with the pandemic and every country in western Europe also dealt with cost of living challenges and the global economic crisis that we encountered. To champion our recovery against others when everyone has gone through the same experience seems a little complacent.

Julia Lopez: I do not think we are complacent at all. We are constantly looking at how we improve our offer. One of the areas is visas and the overall welcome at the airports. Tom can speak to this better than I can but we allow more people through e-gates, for instance, than other countries. We are doing things with the ETA process for Gulf tourists and we had a good story on that last week. We are making some breakthroughs on bilateral deals with European countries for school visits and I am sure we will come on to that later on. We are also trying to support our hospitality businesses to get through a difficult time. I noticed from your previous session in November that you had Kate Nicholls and others calling for the hospitality relief to continue. A couple of weeks after that we made sure that the 75% rate relief remained in place.

This is a dynamic situation. These are projections where we might be lagging but, as I say, this is very dynamic. I will simply say that we are constantly looking across at what other people are doing, what we can do ourselves and trying to continue our offer.

Q94 Chair: One of the challenges that you have as a Minister for this is that quite a lot of the levers that need to be pulled to support our tourist industry are not held by Culture, Media and Sport, they are held by the Treasury and the Home Office, which is why you are joined by a cast list of the calibre that you are today. To what extent do you meet cross-ministerially, and how frequently, to rattle through some of the big challenges and the issues the industry are facing?

Julia Lopez: The Committee will be aware that we have, in the Financial Secretary to the Treasury, a previous tourism Minister so, in a sense, you are preaching to the choir when you talk to Nigel about some of these issues. He has always been very ambitious and he was an excellent tourism Minister. We have also had bilateral conversations between our Secretary of State and the Home Secretary about visas and competitiveness and we have seen some real breakthroughs.

During the pandemic there was a particular need to have cross-Government working so we had an inter-ministerial group. More recently those conversations have been bilateral because some of the key issues



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we have wanted to get across the line are our visa policies and also taxation.

By definition, in any Government you cannot fit every issue within a single Department. On the flip side, I have policy responsibility for other things that help our overall competitiveness. For instance, more and more tourists want excellent connectivity and I have the broadband portfolio, making sure that we are getting a really good connectivity offer into every part of the country. I have film and television, which is a massive promotion boon to our tourism industry. We think that about a third of visitors come specifically to try to see some of the things they have seen on film and television. Obviously DCMS has ceremonials and the coronation was another aspect that drew people into our country. Of course, I do not hold all the levers but we hold a number and on those we do not hold we have very good relationships with other Ministers. We are all trying to make sure we are as competitive as possible in this space.

Q95 Chair: Minister Huddleston, as we have just heard, you held this portfolio for a long time and throughout the pandemic as well. This is not new to you at all. How concerned are you about the projected visitor numbers lagging behind our western European competitors?

Nigel Huddleston: Hello, Chair. I think this is the second time I have visited you but in a different capacity now. It is concerning in that the global tourism ecosystem is still recovering very much from the pandemic. Julia was right to point out the pivotal role that China plays in that, especially given that I think at one point they were our second biggest visitors for spend. That is one of the things that differentiates us from other countries that were not so reliant and explains some of the difference.

We always want to punch above our weight and we have done. Geography plays its part. We are an island. We have come off the pandemic and you need to get on a plane or a ship to get here. That is not as easy as driving across the border, which adds millions and millions to visitors in some of our European friends' countries. However, we can and do punch above our weight.

As Julia said, there are so many reasons why people come to the UK and we need to hit every single one of those. When you look at the numbers, we are at 92% or something. That is good but we want to get above that 100% mark and go beyond it as soon as we can. There are multiple levers to do that. It concerns me but I think we are in a good position to take advantage of the recovery of the global tourism economy.

Q96 Chair: We are going to come to this in a bit more detail later but in November in this Committee we heard that tourists are going to France and Italy to shop and are spending less time and money here or not coming at all. They are either coming here and then are moving on somewhere else where they are spending their money or just not coming at all because of the lack of tax-free shopping. How much does that worry



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you?

Nigel Huddleston: That raises a hotly-debated issue. You have probably seen that the OBR is currently reviewing the 2020 estimates when VAT RES was withdrawn when we left the EU. One of the complications with it is that it would be on a different scale after we left the EU than it was before because the rules are you have to apply globally, therefore now including the EU, so that was a different situation.

The Chancellor has asked for information and input. I have been lobbied directly by impacted businesses and also industry bodies to say, "We feel like we are losing out" and we need to understand the data underneath that. Of course, people can still shop here and then send the goods overseas and benefit from the tax deductions but some people like to take them with them. We are in the process of analysing the information and data that we have had and, of course, the OBR is looking into the impact.

One of the things you were getting at earlier was the relationships between industries and Government Departments. When you are dealing with the Treasury—this is something I have come across very clearly—you need to deal with cold, hard facts and you need to be as certain as you can. The problem with some of the VAT RES decision is that the modelling can get incredibly complicated. The underlying data is either fragmented or very difficult to get hold of. Therefore, you cannot predict with a great degree of certainty what the outcome will be. If we were in a world where we had lots and lots of cash and could splash money around and experiment with different policies to see what might happen, and if we were hopeful of an upside, maybe we could be confident about doing that tomorrow. We are not, we have to be really careful and have to be convinced of the data.

That is why we have gone to industry, which has been providing information. The OBR information will be important in this mix. We need to be confident that we are pulling the right levers and that the policy will work, not just be hopeful about it.

I do not want to be a downer because, of course, I am sympathetic to this as I was in my old role. However, I have always said and warned industry that when you deal with the Treasury, when you are dealing with tax policy, you need to deal with cold, hard data and be very confident and the information is really difficult to get hold of. There is lots of anecdotal evidence—I have seen some of it—and there is lots of theoretical evidence but proof is difficult. The modelling is all over the place. I admit this because the models are coming with all sorts of forecasts and I have seen many of them.

Q97 **Alex Sobel:** As the Covid restrictions eased we all went on holiday in the UK. That kept our tourism sector here going with domestic visitors and it was deemed that we performed well for domestic visitors. Ms Lopez, what are the Government doing now to maintain demand for domestic visitors staying in the UK now that we have had a couple of seasons where



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people have gone back to holidaying overseas?

Julia Lopez: You will be aware of the de Bois review, which said that some of the promotional bodies across the country were overlapping, were territorially confused and so on. Therefore, one of the things we are doing is moving forward with the local visitor economy partnerships with a trial, as you will be aware, in the north-east. They are trying to have a more coherent and cohesive offer regionally so we can promote, not only to international visitors but also to domestic audiences, the incredible offer we have here in the UK. A lot of UK tourists want to go to some of their favourite film destinations and so on. The north-east has the most incredible film sets in the natural world and with some of its castles and so on.

That is currently a pilot. We are trying to take the learnings from it and potentially put forward a spending review bid on rolling it out with the money behind it. I should say that is not holding us back in rolling out that programme more broadly. We are aiming for 40 of these overall but we already have 30 partnerships, and we are seeing the benefit of that with a more coherent offer to people.

The other thing to say is that it is incredibly important that we try to continue to get high levels of investment into the sector. We are working with DBT on having a tourism part of an international investment package. One of the amazing recent investments we have had is from Blackstone and the Bourne Group, which includes Warner Hotels, trying to really up the quality of offer for domestic hotels.

This is international visitors but the Saudi ownership of Newcastle football club, for instance, is driving tourism into that part of the world, but there is an issue with the quality of accommodation, the hotels and so on. It is trying to get the international investment pieces where you are not just having a London-centric offer, where you have a very high-quality offering but trying to push that out into the regions, which will of course be appreciated by a domestic audience as well.

Finally, this is not just a single DCMS programme. We have a range of programmes with the Government: the towns fund, levelling-up fund and investments in the coastal paths. The DCMS works with other Government Departments, so whenever we have a big investment in a particular region or town that also has an element of the visitor economy to how it is pitched.

Q98 **Alex Sobel:** Obviously with the domestic market the competition is between different regions and nations. I am in a region where we do not have a DMO or destination development partnership currently and hopefully that will change.

You talked about infrastructure. The other element of that, particularly domestically, is marketing. Scotland and Wales have a distinct advantage in that VisitScotland and VisitWales have a marketing budget. Do you accept the case that VisitEngland should also have a marketing budget?



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Julia Lopez: Potentially, but we do not want to have a situation where we have massive overlap. VisitBritain has a strong marketing arm. It gets a third of the GREAT spend and that works successfully. It always has a good return on investment. Different regions also have different packages; you have London & Partners and I believe Manchester might have its own marketing arm. That is not to mention the fact that we have lots of events, concerts and sporting events, that drive a lot of visitors across the country. It is trying to get value for money for the Government spend in this area.

Marketing is one aspect of it. I am responsible for English tourism and we look at what Scotland and Wales are doing and some of the anti-competitive measures they are introducing and trying to make sure we, in England, are learning some of the lessons from that. In Scotland there is a potential tourism tax coming in. There has been a mixed bag of success with some of the short lets policies. We watch those with a close eye and try to make sure that we do not damage our own domestic tourism industry when we look at some of those policies.

Q99 **Alex Sobel:** It is important to acknowledge that VisitBritain's main role is marketing overseas and VisitEngland is a little different, like VisitScotland and VisitWales.

Minister Huddleston, when you were here last as the tourism Minister you acknowledged that marketing Britain, compared to the other top 10 visitor nations, had a relatively low marketing budget. You also said that the return on investment is very compelling for VisitBritain. What has been the response when you have taken that point up with your colleagues at the Treasury? Is there a case for increasing VisitBritain's marketing budget?

Nigel Huddleston: As you can imagine, I am presented with compelling ROIs in every single area. As Financial Secretary, I am somewhat fortunate to be in charge of taxation, bringing the money in rather than doling it out. Yes, the ROI is convincing. It is very good. However, as I said, literally so are so many other areas of Government expenditure, including areas that do not have a compelling ROI as such but that are essential, such as health and so on. It is all a matter of what is available and then what is available after the necessities. We do not have an unlimited budget.

As Julia said—and I would not underestimate this—when you look at VisitBritain's spend, which is primarily for overseas, compared to many other countries, including Italy and France, for example, which are also right up there in the global tourism offering, the spend is quite similar. The reason for that is it does not just market itself on the spending but on all the things Julia talked about. In your area of the world there is beautiful countryside and not too far away music and so on, heritage and food, all of the things that attract people to the UK and, indeed, Chair, as you mentioned, shopping. There is a whole mix of reasons why people come to the UK.



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The marketing budget pushes primarily the things that people may not be familiar with and do not know about, at the same time all the sporting events. Sport tourism alone is huge; billions of pounds are brought in for people to come and watch Premier League alone. All of these things that we have in the UK are very good and we should not take them for granted. We are very grateful for the marketing, the push they also do overseas and the global branding that they push.

You are right that the VisitBritain spend and the other nations spend is important. However, I think it is fair to point out that we stack up middle of the pack, we are not bottom of the pack, when it comes to spending.

Q100 Alex Sobel: In our international position there is not really any reason—particularly for long-haul visitors, US, China, India and so on—that we are not up there with France, Italy and Spain. Ms Lopez, how can you convince us and the sector that the Government are not complacent about maintaining the UK's international appeal, particularly for those long-haul countries, as other countries are out-spending us? The Committee recommended an increase to VisitBritain's marketing budget to try to pull in those international visitors. How do we know that we are going to maintain our position? How do we know that the Government are serious about it?

Julia Lopez: I think the results are already clear. America, for instance, is bringing in a massive amount of tourism spend. We are now seeing per visitor from America spending £2,000-plus. Our marketing has already had an impact. Nigel mentioned the Premier League. Yesterday I had a text from some American friends who had the Crystal Palace timetable for its matches and were already thinking about booking their flights.

An amplification happens here. Marketing spend is one part of it but there is a huge plethora of activities under way. If I were concerned that the marketing spend was leading to a lower number of visitors obviously we would make a very strong case, but I am not convinced there is evidence to suggest that is the case.

The GREAT campaign has been very effective in drawing visitors in here. It has attracted international acclaim for the impact it has. You could risk putting a huge amount more advertising in but it not necessarily leading to pulling in more visitors. In so far as there are particular groups that we need to attract, we need to ask whether it is the marketing or whether it is other things going on. Is it tax? We have had a discussion about VAT RES. Is it the overall visa policy? We will go on to that. We need to make sure that we are pushing on the right doors with policies. I think that the marketing is doing a great job, amplified by a lot of other work we are doing.

Alex Sobel: If we are going to get people to Crystal Palace we probably need another season of "Ted Lasso".

Julia Lopez: I know very little about football. All I know is that it is drawing people in here.



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Alex Sobel: We will do because it is AFC Richmond and that is why Americans go there.

Chair: A great show.

Q101 **Damian Green:** Can I move on to the immigration Minister? I am conscious that for the immigration Minister, even just the Legal Migration Minister, attracting tourism is quite low down on the list of priorities. You have a lot of problems on your desk, and this is one but it is not often top of the list. In that context, how do the terms and the cost of the visas people need to get to come here as tourists compare to the competitor countries we have been talking about, France, Italy and so on?

Tom Pursglove: As the former Minister for immigration who is back again on a second tour of duty in the Department, it is fair to say that this is an area I am interested in and want to work with colleagues across Government to see what more we can do. We would argue that we have a very good offer with the visa services we provide. It is important to note that they have been within the service standard during the course of 2023, which is important. There are also premium services that people are able to avail themselves of. We would argue the balance is right.

On funding the migration and borders system overall, the principle we apply is that we think it is right that those who are making use of those services contribute to them. The money that is paid to purchase a visa goes directly into providing those services and that is topped up by other revenue. We want to continue to try to look at how we can get that more self-financing.

On the offer, when you consider all the different things that people are able to do when they are here, when you consider the cost and given the fact that around paid activities—for example people being able to speak at conferences and being paid for that and other permitted activities—we have improved the offer only recently. From my perspective I think that the UK is competitive in this regard but we will continue to engage with colleagues across Government on this point.

Q102 **Damian Green:** That is an extremely full and elegant answer to a question I did not ask. What I said was: how do our visa costs compare with competitor countries?

Tom Pursglove: For example, for the visitor visa it stands at £115 for the UK. Australia's is £100; USA's is £145; New Zealand is £121. That gives you a flavour of the sorts of sums that other countries are charging for their visas.

Q103 **Damian Green:** UKInbound tells us that, for example, a five-year multiple entry visa will be going up from £670 to £770. By way of comparison, the US charges Chinese visitors \$155 or £135 for a 10-year visa. Under the latest rules a 10-year visa from China to the UK will now cost £962.55. It says it is undeniable that this cost will deter tourists from China visiting the UK. Do you accept that assertion and, if so, will you do any benchmarking of our visa costs against other countries?



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Tom Pursglove: We always keep these fees under review. We would argue that there is very little evidence to suggest that the fee increases we have introduced have had a meaningful impact on the fly-ins when people come into the UK for tourism purposes.

It also needs to be seen within the context of the wider improvement we are trying to deliver. I want all those passengers to have the best experience possible when they arrive in the UK. For example, we have the ETA rollout that is coming at the moment. That is a big part of that, not just from a border security perspective but also as we try to automate the border more and more to make the journeys through it as quick as possible for people. The fees that people are paying are directly contributing to those efforts as we try to test some of the new technology and we introduce that. Everybody wants to be safe when they are here. Of course, as the Home Office, making sure our border is secure is the No. 1 priority, as you would rightly expect.

It should not just be seen in isolation as the cost of a visa. It is also about all the other improvements we are trying to introduce. For example, the Gulf countries have long been arguing that they want to be non-visa. From last week we have introduced the ETA for those countries. That is delivery against a really meaningful ask that we have had. It also has all the other added benefits in border security and also trying to help us move towards automating the border more, which in future will mean that the journeys into the UK should be better and better.

Q104 **Damian Green:** The Committee has recommended in the past that the Home Office does a proper benchmarking review. Is that on the cards; might you do one?

Tom Pursglove: I am very willing to consider that as a suggestion from the Committee. We keep these fees and charges under constant review. We think it is right to periodically increase those fees to better reflect the costs we incur in the wider migration and border space. It is important to note that it is not just about those visas. It is about making improvements, as the tourism Minister touched on. For example, so many more people are able to access e-gates in the UK than is the case for many other countries. It is contributing to that wider pot and it is difficult to disaggregate, but I am not against having a look at that in a benchmarking sense. However, I think that our offer is very competitive when you consider what people are permitted to do when they are here under those visitor visas.

Q105 **Damian Green:** You talk, rightly, about the ETA scheme. Again, it has been put to us that the EU equivalent, the ETIAS scheme, is cheaper and exempts more people than the ETA scheme. Was that kind of comparator competitiveness considered when you devised the ETA scheme?

Tom Pursglove: This goes back to my time when I was previously in the Department. Although Kevin Foster led on this issue, I did the legislation for the Nationality and Borders Act. We looked very thoroughly at international comparisons around this. It is important to note that many



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Brits travelling to the United States have become very used to completing their ESTAs and getting on and doing that. We have not seen a reduction in tourism with ESTA. In fact, quite the opposite. We have seen increases consistently in tourism to the United States. Therefore, it does not seem that the concept acts as a barrier.

You are right to touch on the fact that we are seeing changes within the European Union sphere with EES and ETIAS. We think that the offer for the ETA scheme is fairly aligned with what other countries have. For example, the US ESTA, when you convert it, is £16.66. For New Zealand the range is £8.18 to £11.07. The Australian electronic travel authority is £10.32. There is a lot of comparison there when you consider international examples but, of course, we will keep that fee under review. It is a "tenner" at this point in the process, as we are rolling this out. As you would expect, I cannot give guarantees about what the level will be longer term but we will want to balance all these factors that you touch on.

Q106 Damian Green: I absolutely take the point that you want the system to pay for itself. As ETA gets extended, is it cheaper than the previous equivalent visa application system that was there before ETA?

Tom Pursglove: When you consider the visa fees that individuals from the Gulf would have been paying prior to the ETA introduction, it is a considerable reduction for them when they will be paying the £10 ETA fee. It is difficult to be able to comment authoritatively, because I want us to look at this in the round with all of the other change that we are bringing in, which helps to try meet some of HMG's objectives more broadly when you consider the work that DCMS and Treasury are doing. We all want solid visitor numbers and increased numbers of people coming to the UK and we want them to be safe when they are here. However, we also want people to have a good experience when crossing the border, so there will be a greater automation going forward, some of which will be helped to be funded through initiatives such as this.

Q107 Giles Watling: We have spoken a lot about long-haul visitors and we all know that when people come from, let's say, China or the USA to London, they could just as easily go to Paris, Berlin, Rome or wherever. In 2021 we withdrew the VAT retail export scheme, tax-free shopping. It is interesting that the Dorchester Hotel group reported that its Paris hotel was overperforming its London one, which is underperforming, as a direct result of tax-free shopping and culture. The Royal Opera House, the Globe, west end theatres and casinos have all publicly criticised ending tax-free shopping and cited it as a major reason for poor recovery performance relative to European institutions. Nigel Huddleston, the Treasury has industry data on tax-free shopping. What assessment has it made of that data so far and are there any gaps?

Nigel Huddleston: As I said at the beginning, and I will try not to repeat myself here, we are looking at the data because we did invite it in and we always keep all tax policy under review. The OBR has had a role here as well and has announced that it will be looking into the costings that were



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done back in 2020. This is where I say that the modelling gets very difficult, because there are multiple elements of what the impact would be here. What is the impact on total visitor numbers? That raises all the questions of why people come here in the first place. To what extent is shopping the driver or a key factor in it, do they take advantage of the scheme and would they have spent that money anyway or not? There are loads of dynamics there.

Giles Watling: In all fairness, we must have historical evidence that we can base these figures on.

Nigel Huddleston: The straightforward evidence is that when we eliminated tax-free shopping, it was hundreds of millions of pounds that was incremental VAT because it was not negative. The question and the challenge is what would be the dynamic impacts, the behavioural changes and the direct and indirect changes from either taking it away and therefore disincentivising shopping, or bringing it back in and encouraging shopping. It gets very deep into behavioural impacts with a whole host of challenges as to motivations for coming here and what you do and how you spend your money when you are here. That is the problem.

No model will get it 100% right, as I said at the beginning. The modelling that the Treasury has done, with OBR approval—it recognises the accuracy of the modelling—originally said that in 2010 there would be a net benefit in incremental tax. The challenge that we have had since—all of this is in the mix of an unstable, not-normal tourism environment because of the pandemic and all the other things that have gone on. That is adding complications to the analysis here as well, let's not kid ourselves about that. The arguments on the rationale for bringing it back would have to go deep into the analysis of what the incremental visitor numbers would be, how much they would spend on shopping, how much tax would be lost by them not paying VAT there and what the incremental benefit would be in other spend, going out, the hotels, pubs, bars, restaurants, sporting events and other things. Therefore, the modelling is incredibly intense and difficult.

We have a methodology where we look at all these factors. Others are coming in with starkly different numbers, suggesting very much higher incremental visitor numbers. We need to assess what is most accurate. You will understand it from the Treasury point of view, because we are dealing with changes in how much money we have to spend on public services and being responsible with public finances, how confident we could be that there is an overwhelmingly convincing upside that would be net beneficial to the UK economy. This is where it is difficult because the case is difficult to make. There are lots of anecdotal individual examples.

Giles Watling: That I cited.

Nigel Huddleston: Yes, exactly, and I have heard them and I have been lobbied by them, that revenues have gone up in certain shops in certain locations—Milan and Rome and other places—and gone down in the UK. However, does that justify all the potential downside that could happen



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as well, or not getting that revenue on things that people would have spent money on anyway?

Q108 Giles Watling: Putting this in a nutshell, what you are saying is that the data cannot be relied upon because we are in extraordinary circumstances coming out of a pandemic, so it is difficult to read the data and assess what you are seeing.

Nigel Huddleston: Some of the data is compelling; it is what it is. It is the modelling of the behavioural impacts with accuracy that is challenging.

Q109 Giles Watling: Would you not agree, though, that we are not offering a level playing field compared to our European partners?

Nigel Huddleston: There are many reasons. Shopping is important and I have spoken to the industry. It is an important factor but there are other reasons that drive whether people come here versus other countries. I have spoken to people who have said that they prefer now to go somewhere else because it is cheaper there, or they are going to multiple countries, and a lot of people do this, but the bulk of their shopping can be in other countries.

Q110 Giles Watling: The high spenders might prefer to go to other countries because we are not offering the VAT. It has been estimated that reinstituting tax-free shopping would cost £2.5 billion. Has there been any financial estimate of what we might gain in offering tax-free shopping?

Nigel Huddleston: Those are all the things that we are looking at now and the OBR will be looking at in its analysis. That gets to the secondary impact elements that I was talking about and the secondary behavioural impacts on the broader economy.

Q111 Giles Watling: Do we have a timetable for this work?

Nigel Huddleston: The OBR is doing its analysis and I understand that it will be releasing some information around the spring budget. The Chancellor last year invited information coming in. I have seen some of it and I have been engaging with stakeholders as well. There is a lot of people working at the Treasury. When we say that all taxes are under review, I can assure you that that is the case. There is a lot of people working on these things all the time.

Q112 Giles Watling: Can we expect a report from the OBR?

Nigel Huddleston: I should be clear that the OBR has decided to do that itself. We did not commission that. Geoffrey Clifton-Brown and others have asked for that particular analysis. We cannot instruct the OBR what to do; it is independent. However, we will be paying close attention to the OBR report.

Q113 Giles Watling: Thank you. Minister Lopez, as we know the VisitBritain survey on the views of non-EU and EU visitors on tax-free shopping was commissioned by DCMS. When will that be published?



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Julia Lopez: I do not know whether a decision has been made on that. I can go back and ask the team.

- Q114 **Giles Watling:** I would be grateful if you could come back to us on that. Thank you very much. Does the Department support the reintroduction of tax-free shopping? Can you say that?

Julia Lopez: That goes back to Nigel's point. There are wild variations in analysis when it comes to the cost or the benefit of this particular policy reintroduction. The Treasury thinks that it will cost about £2 billion. I looked at some of the evidence provided to this Committee where the figure was that it would be a gain of £10 billion-plus. DCMS obviously supports the tourism industry and it is our desire to see it expand and grow and to have the most competitive offer that we can for international visitors. Therefore, our role is to try to encourage our stakeholders to prioritise their list of asks of other Government Departments and for us to try to deliver on them and gather the evidence that Nigel says he requires for putting the case to the Treasury. That is the role that we have played thus far on this ask.

We have delivered on the other asks that have been made of us as a Department—the hospitality business rates relief, some of the issues on visa competitiveness, other issues on skills. We act, in effect, as a conduit to other Departments and we encourage our stakeholders to prioritise their asks and to provide as substantial an evidential base as they can to help us make the case. However, this is complicated modelling and the DCMS does not have the tools to do that. We rely on others such as the OBR or the Treasury.

Giles Watling: You will continue badgering Minister Huddleston on this.

Nigel Huddleston: We have polite conversations.

- Q115 **Chair:** You are right that the modelling here is complicated and the facts and figures are difficult to ascertain. Minister Huddleston, the last time the OBR looked at this it did not consider extending it to EU visitors. Will it include that aspect of it as part of the work that it is doing now?

Nigel Huddleston: I understand so. As I say, the world is different now because we have left the EU and there is a requirement that if we were to bring this back it would have to be global. This is one of the important things. Lots of people are lobbying me and saying to just do it for GCC countries. You cannot do that. That would break WTO rules. It has to be primarily a global phenomenon now.

- Q116 **Chair:** When you say that you think so, is there any chance that you could—

Nigel Huddleston: It is not my responsibility to do the OBR, but I will find out. I would be amazed if it is not because I cannot imagine any other criteria, but I will confirm that.

- Q117 **Chair:** Thank you. More broadly, Minister Lopez, VisitBritain's research suggests that 42% of Europeans would be more likely to choose Britain if tax-free shopping were available to them. The evidence that we have had is that that would also have a knock-on effect on regional airports that



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are served by European flights. It is one of those things that brings spending to the regions. Has there been any evidence taken by your Department on what the regional impact of that could be?

Julia Lopez: Since I have been away on maternity leave, I do not know whether there has been a specific survey undertaken on the regional impact but I can find out for you.

Q118 **Chair:** We would be grateful for that information, thank you. The other thing that we are concerned about is that not enough weight has been given to the policy impacts of tax-free shopping on other DCMS sectors. For example, if people are coming here for fewer days, they may not take in the London show that they would have seen or the restaurant that they may have gone to or travelled to other parts of the UK. Do you feel that you are sufficiently making the case for the knock-on spending to other cultural and media—

Julia Lopez: I do not know whether we have the evidential basis for that. My understanding of visitor numbers is that we may have fewer people coming but they are staying for longer. I have not seen an evidence base that suggests that people are doing fewer cultural activities. My understanding is that people are staying in the UK for longer periods when they come.

Q119 **Chair:** The evidence we took at the end of last year was the opposite, that people were coming but staying for less time and then going on and spending time in other European countries. It would be interesting if the Department could look at that more closely.

What concerns me is that in response to Alex you painted a rosy picture of things like US visitor numbers, but the stakeholders that we spoke to last year think that 2023 was an exceptional year because it is a bounce-back from the pandemic. People's behaviour is not normalised yet. What happens this year matters, and VisitBritain's projections for this year are very concerning. That is one of the reasons why we decided to look at this again, even though the Committee had discussed tourism quite recently. I do not get the sense that any of you share our concerns quite as strongly.

Julia Lopez: I do not accept that. Looking at some of the evidence that was presented in the previous November session, one of the panellists said that we are expecting 2025 to be extremely strong for the Chinese market. This is a dynamic picture and we are always trying to make sure that we are as competitive and compelling an offer as we can be. Therefore, we monitor all of the data that we get on visitor numbers and try to work out, in so far as we can, what the driving forces are or things that are deterring people from particular nations. We keep that under review and we are not complacent about it.

It is also not right to suggest that, when we are the number one tourist destination for US citizens, that is not something that we should be very happy about, particularly as they have a high spend. However, there is more that we can do in other markets, the Chinese market particularly. There is a whole host of different activities that we can do. We have just



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had the ETA announcement on the Gulf, so we are constantly tweaking policy, understanding what the markets are that we want to target and how we make sure that the visitor experience, particularly for high-spending individuals, is as good as possible. We are not complacent; it is just a very dynamic picture.

Chair: It is a dynamic picture and we are seeing the numbers bouncing back but other countries are seeing them bouncing back much more strongly. That is the root of our concerns.

Q120 **John Nicolson:** Minister Huddleston, I was struck by a quote that you gave in Parliament. You said, "The UK tourism sector is highly dependent on overseas workers ... visa-free access from Europe ... is certainly the desired long-term aim from a tourism perspective". You were right, were you not?

Nigel Huddleston: I wondered who would be first to quote back previous comments that I made. We are still highly dependent in tourism, hospitality and leisure, and in many other sectors, on overseas workers. The challenge is that we cannot rely on that in the long term. We have left the EU. We are doing trade deals and including immigration elements in some of those trade deals with other countries now, but we need to continue—this is another thing that you would have heard me say—to train our own workforce as well. I am not going to backtrack on the comment I made back then.

Q121 **John Nicolson:** You were right. It was before you were a Minister but it was after the Brexit vote, so you must have been very disappointed in the way in which the Government rejected out of hand some things that this Committee recommended, very sensible things like, for instance, a recovery visa for industries where there is a clear evidence of a labour shortage.

Let me tell you about a hotel in my constituency—you have probably heard of it. It is the Gleneagles Hotel. It is world famous and in an absolutely beautiful place. They tell me that they cannot get enough staff to open the whole of the hotel. They have tried. They say that it is not a question of paying more overtime, because the staff get overtime. What the staff want is time off, because they are working so hard. They cannot recruit people to open the whole of the hotel. They do not want to drop standards, so they just do not open the whole of the hotel. What they find very irritating—this is not a personal comment about you because you an expert in this field—is when Ministers say, "You've just got to be better. You've got to offer better conditions." They scream and say, "We are. Why won't you listen to us when we're telling you something, as experts, about our own hotel and our own industry?"

Nigel Huddleston: I can assure that we are listening all the time. However, there is no single lever here. In particular, as Tom has just discussed, we all know that any conversation on the broader issue of immigration is a hot political issue that is not easily resolved. On support for the industry and the sector, we had a good debate—you were at it last week in Westminster Hall—talking about support for the overall industry. We are pulling a plethora of other levers.



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John Nicolson: It is not working.

Nigel Huddleston: It is, with respect, Mr Nicolson. This Government, over the last three years, have had over 3 million more people, with 800 jobs created a day, many of those in the tourism, hospitality and leisure—

Q122 **John Nicolson:** Why can't the Gleneagles Hotel get staff?

Nigel Huddleston: This sector employs more and more people every year. It is a booming sector for the UK economy and very important, which is precisely why during the pandemic we put in about £37 billion support for the tourism, hospitality and leisure industry, because we wanted it to be there for the recovery.

Q123 **John Nicolson:** Therefore, they are doing something wrong?

Nigel Huddleston: They are not doing anything wrong. I recognise these are difficult times for the sector. However, as I said, there is a bunch of things out there on employment but we are also working with the sector through apprentices and other schemes to make sure that there are employment opportunities.

Q124 **John Nicolson:** What should they do?

Nigel Huddleston: We are helping more broadly, across Government, with things like the retail, hospitality and leisure discount, for example, which, by the way and with respect, you did not extend in Scotland. Those help businesses with cash flow and finances that can go to employment and other things like training. You cannot just look at one thing and say that this has had a direct impact. However, I do want to give the sector confidence that the Treasury absolutely recognises its importance, which is why, literally when I had Julia's job, I would be walking down the corridor, knocking on the door of the then Chancellor and Chief Secretary, asking for support. Every single time they said yes. Even now, for retail, hospitality and leisure the business rates relief is billions of pounds of additional support.

Q125 **John Nicolson:** The hotel would say that this is flannel. They have a very immediate problem. Businesses always say the same thing to me, "If only we could get to talk to a Minister, they would understand and do something differently". What they want is to make it easier for young people to come into the country, for example to allow young workers to come in using ID cards and shorter-term visas.

However, we are short of time. Minister Lopez, congratulations on your wee boy and welcome back. We have been looking at the figures from VisitBritain, and they are not good, are they? Overall figures are down, fewer business visitors than before, fewer visitors from the EU. This is all in sharp contrast to what Mr Huddleston was told when he secured that debate. I quoted an extract from it and the Minister at the time said that EU numbers will go way up after Brexit. Setting aside the pandemic—as the Chair said, every country faced the pandemic—why are we doing badly?

Julia Lopez: It depends how you wish to cut the figures, Mr Nicolson.



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John Nicolson: These are VisitBritain figures.

Julia Lopez: As I said previously, we were the 10th most visited country in the world in 2019 and we are now the seventh most visited. We are slightly down on numbers but aspects of spend, in particular groups, are up, so it depends how you wish to cut it. There is a range of different figures out there. Chinese tourists are down; American tourists are up. In comparison with other European countries, we are mid-table. Germany and Italy are doing slightly worse and Spain and France are doing slightly better than us. To suggest that this is a dreadful picture where we have failed as a Government, while I appreciate that it might be your political agenda to portray it as such, is not a true reflection of the reality on the ground.

Q126 **John Nicolson:** The whole point of this hearing is to try to get to the truth rather than a narrow party-political advantage. This Committee has a reputation for being quite good at working cross-party.

Scotland's international strategy was launched last week. What do you make of some of its conclusions on tourism?

Julia Lopez: I have not seen the strategy itself. I said previously that we keep a close eye on what is going on with some of the taxation and short lets policies in Scotland in particular to see what impact they have. Scotland has done particularly well with some of the US tourism numbers. It has a number of direct flights that are helping to drive those figures, and good on Scotland. If there are things that we need to learn in England about how you are marketing or other aspects of your offer, I am very keen to learn.

Q127 **John Nicolson:** Can I move on to you, Minister? We came up with a number of recommendations specifically about visas, for example, one to ease visa requirements for young Europeans. You are in charge of visas. That seemed to be an eminently sensible proposal that we adopted cross-party. Why were you reluctant to accept the Committee's recommendations?

Tom Pursglove: Can I first deal with the point on employment? It is worth reflecting on the fact that the Government are putting billions of pounds in place through the back to work plan. I encourage employers to engage with that. It is right and it is a fact that 60% of roles in the economy are on the current shortage occupation list, many of which are relevant to the hospitality and tourism sectors. However, there is so much more that we can be doing with people in this country, our domestic population, to support them into roles. I am rueful of the fact that the employment Minister is not here because she is particularly focused on this, as you would expect. She wants to work very constructively with sectors to focus on this agenda. I think that businesses ought to be disability confident and playing their part and we ought to be engaging properly with the back to work plan and with universal support.

To deal with the point of youth mobility, you will recognise that we are taking some strides forward on to the YMS schemes recently, with new



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arrangements with Andorra and Uruguay. We have also enhanced the existing schemes with Australia, Canada, South Korea and Japan reciprocally. It is fair to say, and it represents the reality, that as Ministers in the Home Office, as well as colleagues across Government, we are keen to engage with other countries that are keen in their own right to secure more YMS schemes for the future. I will happily engage with any country that is willing to have that conversation.

Q128 **John Nicolson:** Thank you. I hear a lot from constituents who have great difficulty in getting visas and passports. One particular constituent at the moment is half Scottish, half Jamaican. The parents are applying for a passport for the child and they keep getting asked where the child was conceived. Isn't that a very odd question to ask?

Tom Pursglove: I would need to go away and look at the specifics. I would not want to comment on that without having all the details. Would you share that with me and I will come back to you urgently on that?

Q129 **John Nicolson:** I will happily do so; I promised my constituent that I would.

Finally, I cannot have you here and not ask you about the extraordinary bet that the Prime Minister made, the £1,000 bet. That was in terrible taste, wasn't it?

Tom Pursglove: I am not personally a betting man.

John Nicolson: That is what the Prime Minister said this morning.

Tom Pursglove: The Prime Minister is absolutely focused, and quite rightly so, in delivering on the Rwanda policy. We have a terrible situation at the moment where people pay evil criminal gangs to get in small boats to bring them across the channel with no regard as to whether those people get here safely or not.

John Nicolson: It is betting on human lives. It was in terrible taste.

Tom Pursglove: The Prime Minister is focused on preserving human life and bringing an end to these terrible crossings of the channel. That is where the focus should be, because it is horrendous for the teams that have to respond to those incidents in the channel when they happen. I have been the Minister who has had to work with teams that have endured that awful experience. Anybody losing their life in that way is awful. That is where the stakes lie with this challenge and why we have to operationalise this policy. That is where our focus and our energies lie.

Chair: It was more bad taste for Piers Morgan to offer that bet in the first place.

John Nicolson: I agree.

Q130 **Damian Green:** Carrying on with the point about worker shortages in the hospitality industry, because, as you know, it is one of the big constraints, the chief executive of UKHospitality, Kate Nicholls, said that the one thing that the Government could do to solve workforce shortages is to expand the youth mobility scheme to other countries. Is that under consideration?



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Tom Pursglove: It is worth adding on the point about employment that I was arguing the case there for properly engaging with the back to work plan. As the former Secretary of State for Work and Pensions, you will also understand, having had time in that Department as well as in the Home Office, the opportunity there is, through proper join-up, to meet some of the skills needs in our economy. It is worth adding that, for example, there are students who are able to work—Ukrainians, Afghans, BNOs. We have a considerable pool of people who are already in the UK and have work rights. We ought to be straining every sinew to facilitate and support that.

You mentioned specifically the YMS schemes. There is a work opportunities part of that. We do not see that as the predominant ethos of the YMS schemes, which is much about cultural exchange, but the work part has an important role to play in that. As I said to Mr Nicolson, I am very keen and willing to engage with other countries about those arrangements to see whether we can expand the offer reciprocally. As I noted earlier, we have made enhancements—for example to the age requirements—for a number of countries recently. We have made improvements to the number of years that people are able to come on a YMS scheme, with some countries from two years to three years. Therefore, there is opportunity there and employment can play a part but it is not the predominant focus on the scheme.

Q131 **Damian Green:** Since you bring up the admirable things that DWP is doing and has been doing for years to try to get people back into the workforce, is there any evidence that that is having a beneficial impact on the hospitality industries that are particularly at the sharp end of worker shortages at the moment?

Tom Pursglove: Having been Minister for Disabled People until the start of December, this is an area that I take a real interest in and feel passionately about. As the Minister for Legal Migration, it is helpful to have had that departmental experience to understand the offer throughout the back to work plan and the structural changes that we are taking forward, and also knowledge of the disability confidence scheme. There are many hospitality businesses and tourism businesses that are engaged in disability confidence. Kate Nicholls is a brilliant supporter of much of the work that DWP has been doing, and she is one of our disability and access ambassadors, which is all about trying to make tourism and hospitality more accessible for disabled people.

During my time in the role I visited a lot of businesses and organisations and employers who were employing disabled people and making a massive contribution. That included businesses in the hospitality and tourism sectors. There is definitely a level of engagement there, but through the schemes that we are taking forward, particularly universal support, there is so much potential to go further. When you consider what that is about, we know that one in five disabled people would try to work with the right support. They are keen and willing and want to do that.



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This is about trying to meet that need and that interest by having a structure whereby we understand and work through what somebody would like to do, what their skills, aptitude and aspirations are, help them to find the right role and then support them for a 12-month period to retain it. That is an area where Ministers in the DWP want to engage with the sector to try to help it to make the most of that opportunity through those employment programmes that we are bringing forward. It seems to me an obvious case of where a lot of good work could happen.

Q132 Damian Green: To cut through, the root of your role, at the end of the day, has to be to bring down the levels of legal migration, given the startling figures that we are seeing at the moment. Therefore, I assume from your point of view that those vacancies being filled by British workers would be infinitely preferable to extending schemes that allow us to bring in immigrant workers, however you define them, whether it is through a youth mobility scheme or anything else. Is that correct?

Tom Pursglove: We are working through our plan of bringing down net migration by the 300,000 figure that the Home Secretary set out in December. That also incorporates the steps that we are taking around students, which were announced in May last year. I think that morally it is the right thing to do to support people in our domestic population who could work, with the right support would work and in many situations are wanting to try work. It is all about job craft in the approach that is being taken forward by the DWP.

However, there is a balance with all of this. There are roles that are on the shortage occupation list and many roles where skilled worker visas come into play, but we should be doing that bit domestically to try to fill as many roles as possible but also be pragmatic enough to recognise that there is a role for immigration. We would like to continue to develop the YMS offer. We stand ready to have conversations with other countries that would like to bring forward such an offer. Work is a part of that and that is not something that I want to discourage people to do as part of the YMS experience.

Q133 Damian Green: That is a completely reasonable answer. Isn't the danger, though, that at some stage the Government more widely are going to have to confront industries, perhaps including the hospitality industry, and say that they have to stop looking to immigration as a way of solving their shortage issues? I detect no particular pushback. You said that it has to be a balance and immigration has to be part of it. At root, if we keep doing that, your job will continue to be impossible. I speak with more sympathy than most about that.

Tom Pursglove: Nigel touched on that point as well in answering Mr Nicolson. Undoubtedly there are opportunities here to do better by our domestic population. That has enormous opportunities for businesses. For example, if you look at tourism and hospitality, employing more disabled people helps to make some of those businesses more accessible for disabled people, by having lived experience as part of the team running those businesses.



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There is undoubtedly a role for immigration to play, but that cannot be the first port of call. We ought to be straining every sinew, joining up and understanding thoroughly what the needs of the industry are, alongside this enormous package of support that we are putting in place. There is that focus on the individual and job crafting and there is a good opportunity to look at particular vacancies within the hospitality and tourism sector and try to match people more effectively to the roles.

Q134 Dr Huq: My first question is a Home Office one for Minister Pursglove. On the youth travel scheme, we are grateful that the Windsor framework has added this new bit where there is a bilateral agreement with France now that school parties can come on ID cards, doing away with the need for visas and passports and those things. It is very recent.

Tom Pursglove: It went live in December with France.

Dr Huq: Yes, 28 December, after the peak season, but we are pleased about that. However, given the figures that we have here, the number one country that comes is Italy and number two is Spain. France is only number three. Assuming that that works very well, could it be broadened out? We know, for example, that in Spain it takes six months to get a passport. With experience, could that be rolled out to other bilaterals?

Tom Pursglove: On ID cards more generally, there is an immigration enforcement angle to this as well in the sense that of all the documents that were presented for people arriving in the UK, it is important to recognise that ID cards have been the least secure. Therefore, the direction of travel has been to move away from ID cards, not least because of some of the abuse that we have found associated with that. I heard a few weeks ago in Stansted about what a difference operationally that has made.

However, you are right to say that what was agreed as part of a wider co-operation agreement with the French Government was the process for French schoolchildren to be able to travel in organised groups with ID cards. We encourage people to use a passport, would prefer people to come with a passport if they have one, but that arrangement went live in December with the French Government. I am not going to make commitments about additionality to that at this point. We want to evaluate how that goes, but I am not averse, depending on the outcomes of that, to explore it with other European countries. There may be opportunities in that regard but that is not making a firm commitment and we want to have a careful look at how the initial roll-out has gone with the French. It was agreed bilaterally and it is important to recognise that it was one part of a much wider set of agreements that were made on migration.

Q135 Dr Huq: It is encouraging if you are open. These schoolkids are a supervised group and they are not going to abscond and suddenly become an Uber driver in this country if the kids are eight years old, they are in a supervised trip with a teacher, with tabards, with a register and all that stuff, the teacher carrying a little flag or whatever it is. Realistically, there have been zero instances of kids absconding. I hear what you say about ID cards but in some of these countries they do not



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have a tradition of passports; they can go everywhere with their ID cards. It would be a massive extra obstacle to obtain one for this purpose, plus visas as well.

Tom Pursglove: Let's see how we go with this initial effort with the French Government.

Q136 **Dr Huq:** You are in a wait-and-see frame of mind. From 2019 to 2022—and obviously we had the entire pandemic in that period—the sector figures show that there was an 81% decline in the teaching-language school arrangements. The recovery is projected to be 108%—it is coming back now—for the wider EU but only 61% in the UK. That is because of the end of freedom of movement. We talk about school groups but the majority of people who come to language learn come in the summer and it is usually teenagers and it is with language school programmes. You may have them in your constituency. I have them in Ealing and coastal towns do. I did a Westminster Hall debate on this. Those are not covered by this because this is only for Ministry of Education-accredited schools. Could there be an argument for opening out the bilateral? Even French kids coming to a language-teaching school—I know there are a couple of chains of them. They are folding in our coastal towns and in Ealing as well they have reduced in numbers. Could you look at extending the bilateral that you have with France at first instance to the other language schools, temporary schemes over the summer?

Tom Pursglove: I hear your representation. Having come back into the Department in December, I was not involved in the negotiations with the French that brought this about. Let me take that point away. I can write to you with an answer and give you a bit of background about any considerations that went into that particular angle as part of the earlier discussions.

Q137 **Dr Huq:** Yes, because they are quite onerous things and they are quite well-moneyed students who do those schemes. Coming on to the earlier questions on hospitality, it was sometimes part of it that they would do some shifts pulling pints in local pubs. The local economy in Ealing certainly benefited from their spend and they used to fill summer vacancies in hospitality, so it would be a win-win all around.

Minister Lopez, what can we do to attract school groups and other types of language schools? We hear figures from the sector that people are going to Ireland to learn English over the summer or even to Israel, to other Anglo-Saxon-speaking countries and other countries. It would be a sad thing to lose out on valuable trade that way.

Julia Lopez: I simply ask the industry to provide the evidence base for that to make sure that we can target. If there is a challenge and a problem, we target policy accordingly. Anecdotally, we had a relative from Guatemala to stay. He was in the UK because he was coming for an English language school. Maybe the European side of things is not potentially what it was—I don't know, I don't have the evidence base for that, but it may be that the rest of the world is filling some of that gap. I do not have the evidence base and I encourage the industry to provide it if this is a particular problem.



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There was a mandate from the British people to leave the European Union and to end freedom of movement. We are working out, as a Government, areas where we can have mutual co-operation on some of the movement issues that will not open the door to that. One of the challenges is the desire and will of the EU to have bilateral relationships. We are seeing some of that desire come through. The French example is one and we are seeing what we can do in building relationships with other countries reciprocally but not opening the door wider to freedom of movement.

I think that we will have movement on this over the coming years. However, you have to understand that it was a massive change to our immigration policy in leaving the EU, which was mandated by the British people. Therefore, we have to work out the types of movement that everybody accepts are good and the types that we want to try to dissuade. This is all part of that process and we are getting progress in a number of areas.

Dr Huq: The Guatemalan example is interesting but we need a bigger sample.

Julia Lopez: This is my anecdote to counter your anecdote. The point is that it would be good to have a clearer evidence base. If there are problems that we need to address, we can do that. I am not suggesting that Guatemala is filling any void, in so far as there is one.

Q138 **Dr Huq:** Do you engage with English UK, the sector body for English language teaching? It would be worth meeting with it because it has lots of figures on all of this and projections and things.

Tom Pursglove: I have not in the few weeks that I have been in this role but, as Minister Lopez has said, if there is an evidence base that it wants us to consider or look at, I am very happy for it to provide the information that we can reflect on.

Dr Huq: I am sure that it is noting all this and watching avidly. Thanks.

Q139 **Clive Efford:** Minister Lopez, your predecessor shamefully did not implement the entire Nick de Bois review on destination development partnerships. Instead what was implemented was a two-year pilot. What are you looking to learn from the pilot that Nick de Bois did not discover in his review?

Julia Lopez: I looked at the evidence that was provided in November from Sarah Green, who came to speak to you, about how well that partnership is working. She suggested that there were complexities in how you make sure that local authorities work effectively together and resource is distributed in the best way. It is absolutely right that we as a Department want to test how well it is working and what kind of resource is required to make it a successful programme before we look at rolling it out or at least providing public resource to it.

The programme is already under way voluntarily without government funding. We have 30 LVEPs now that do not have government funding. We want it to be 40. We are looking at the north-east to see what that



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funding does extra in helping the marketing and the co-ordination of a particular region in drawing in tourists. We are trying to understand where the resources can be most effective: if there is a strong evidence base that it has pulled in extra tourists, is there a case for giving resource to the other LVEPs?

Q140 Clive Efford: As you say, Sarah Green, CEO of the pilot in Newcastle and Gateshead, gave evidence to us. One of her criticisms was that the pilot, being just two years, did not give enough time for the structural changes that were needed to be embedded. Given that you are not rolling out the whole set of recommendations, are you confident that you will learn from these pilots in time for making representations during this spending review?

Julia Lopez: I need to speak to the team to see exactly where we are with the evaluation. I know that they are looking at whether we can roll this out more widely in the spending review. Forgive me, I have only been back in post for a few weeks. This is a discussion that I am yet to have with them and one that I will be probing to understand how successful the north-east is. Spending review bids are always contrasted against other parts of your Department, let alone other parts of Government, and we need to be confident that the programme has been effective and that we can make a strong case to Treasury.

Q141 Clive Efford: The pilot in West Midlands—and you have mentioned that there are others—is self-funding. Is that the norm, going forwards, that you will expect them to be self-funding?

Julia Lopez: There is an interesting piece of work that needs to take place on if there is willingness to self-fund and that self-funding has been effective, the question that will come back to us from Treasury is do we need public money to be able to take this programme forward, and we need to be able to answer that question. Therefore, I need to understand, as the Minister, does the north-east public money element give you more than the privately funded programmes that we are rolling out across the rest of the country.

Q142 Clive Efford: Is one of the things that you are working on discussing with your team how you will set the criteria against which local authorities or local areas will qualify for public funding and where those will not?

Julia Lopez: Yes.

Q143 Clive Efford: Is that a fair approach when you are looking at levelling up? Is that entirely fair that those that are self-funding are getting a head start?

Julia Lopez: Are those that are self-funding getting a head start over those that have public money?

Clive Efford: They are able to go ahead now. You are able to approve those schemes.

Julia Lopez: It is fair, if you want to spend taxpayers' money, that you understand what that money has given you extra that makes it a more



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effective partnership than if it was just a self-funded mechanism. On levelling up, this would only be one element of the overall package to any region of what the Government are doing. We have towns funds, levelling-up funds, a huge amount of resource that has gone in over the pandemic for the cultural picture, the cultural recovery fund, the ACE programme, enormous amounts of money into the tourism offering. Therefore, I would not look at LVEP funding as a discrete package that shows that if you do not get LVEP funding you are a disadvantaged area.

- Q144 **Clive Efford:** Yes, but the comments from Sarah Green suggest that the funding is essential for the success of certainly her destination development partnership. If that is the case—I think that the answer to this is yes—is it not necessary for you to ensure that there is a sufficient fund in the spending review going forwards to be able to meet the needs that people like her are identifying?

Julia Lopez: It is for us to test whether the public money has been used effectively. If it has and if there is a compelling case for public over private finance, it is for us to evaluate and make the case to Treasury. It will be drilling us on the effectiveness of that spend, so obviously a period of evaluation will be undertaken before we look at whether rolling out is necessary and, if it is, how we make the case as compellingly as possible to the Treasury.

Clive Efford: Let's hope that the Treasury understands the issue as much as Nick de Bois.

- Q145 **Chair:** Before we let you go, can I ask you one more question, Minister Lopez, on domestic tourism? I know that the Department is probably as concerned as we are about the closure of the Pontins Holiday Parks. It is obviously worrying for holidaymakers but also for touring musicians, the local economy and the jobs that depend on them. What steps has the Department taken on this so far?

Julia Lopez: The Secretary of State has written to the chief executive to understand what has happened, the thinking behind it. We were not given advance notice of those closures. The closure of a holiday park of that kind obviously has a massive impact on the local visitor economy, the employment of local people and the overall package that people can market to domestic tourists and others coming into the region. We want a better understanding of why that has happened and then we would look at next steps, such as do we need to work with other Departments in a co-ordinated way to try to address some of the challenges that that presents to the visitor economy locally, is there anything that we can do on the investment front with DBT to attract an investor and those sorts of questions. We are in the foothills of this at the moment. I am afraid I do not have any additional information that I can furnish you with.

If I am allowed, I will mention on the work front that there have been 300,000 vacancies filled in the hospitality industry, to some of the concerns about the skills gaps and so on. Some very successful programmes have been undertaken. To Mr Green's point about it being important that hospitality does not press the big red immigration button, I do not think that it has. We have worked very specifically on specific



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partnerships and it has its own marketing campaign about why a job in hospitality is good.

If I may just plug the work of my constituent Greg Mangham in his charity, Only A Pavement Away, which works with Kate Nicholls and others to get prison leavers and people who have fallen into homelessness into hospitality jobs. Those hospitality jobs are particularly well suited to people who might want particular shift work or who have a lower level of skills where they need to learn something very quickly and take up something that could turn their lives around. I wanted to correct the picture that we may have been left with about the success or otherwise of getting the hospitality gaps closed with employment.

Chair: That is a very good point and thank you for drawing our attention to it. The evidence that we have heard is that there are parts of the UK where recruitment is responsible for the fact that some venues are only able to open four or five days a week or for fewer weeks of the year. That then has a knock-on for the local economy, which we are concerned about.

Thank you all for giving us your time today. Of the issues that we discussed the one that keeps coming up and that we are very keen on looking at, as you will have picked up, is the tax-free shopping issue. We have heard from so many businesses as a Committee, but there are industry bodies from the British Fashion Council to the Federation of Small Businesses and various economic forecasts that are backing this up. Without speaking on behalf of the Committee, although I am, the message for you to take back to the Department today—which is why we are grateful that all three of you appeared in front of us today—is to look at the evidence, listen to the industry and work together. We want to see all Government Departments working together on this to unlock the huge economic benefit that the tourist tax being removed could bring. Thank you very much for your time.