

Environment, Food and Rural Affairs Committee

Oral evidence: Rural Tourism in England, HC 428

Wednesday 14 December 2016

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Members present: Neil Parish (Chair); Chris Davies; Jim Fitzpatrick; Simon Hart; Dr Paul Monaghan; Ms Margaret Ritchie; David Simpson; Angela Smith.

Questions 75 – 220

Witnesses

I: Kurt Janson, Director, Tourism Alliance, Robin Head, Chairman, Devon Farm Holidays, and Peter Hampson, Chief Executive, British Destinations.

II: Minette Batters, Deputy President, National Farmers' Union, Sarah Lee, Head of Policy, Countryside Alliance, and Dr Charles Trotman, Senior Rural Business and Economics Adviser, Country Land and Business Association.

Examination of witnesses

Witnesses: Kurt Janson, Robin Head and Peter Hampson.

Q75 **Chair:** Welcome, gentlemen. Thank you very much for coming to our inquiry this afternoon. I will start with Robin, because he was sitting down before Peter. Could you say who you are and what you represent?

Robin Head: Robin Head. I have been running a small farm B&B for about the last 35 years. For the last 20 years I have been working for a farm holiday co-operative called Devon Farms Accommodation. That has about 90 farms doing self-catering or B&B. I have been doing funding and PR work for them, and am now chairing that group. Presently I am also on one of the LEADER groups—the executive group—in Devon, doing rural tourism.

Q76 **Chair:** This afternoon I suggest that one or two of you answer the question, and then if the third one wants to come in, please do. But we want to try to get through this panel in about an hour if we can, so we will try to keep it going.

Kurt Janson: Kurt Janson. I run the Tourism Alliance. The Tourism Alliance is an umbrella trade association for the tourism sector. We have 55 members. They are trade associations, destination management associations or membership bodies. We pull them all together to come out with consistent, coherent messages and policies. We then transmit those to Government as the voice of the tourism industry.

Peter Hampson: I am Peter Hampson. I am the son of a Lake District hotelier. I was born and brought up in the Lake District. For the last 23 years I have been the Chief Executive of the British Resorts Association, then British Resorts and Destinations Association. It is now called British Destinations. It is the trade body for major destination-based tourism interests around the UK. We have about 40 members. Similarly, we pull together their views, which we express in meetings like this. We are also members of the Tourism Alliance.

Q77 **Chair:** Welcome to all three of you. We are drilling down now on rural tourism and how we believe we can make a difference. The first question is fairly straightforward. How much are your rural businesses benefitting from the robust growth in the UK tourism sector? That is saying that you are.

Kurt Janson: Interestingly, it is very hard to tell at the moment, because the GBTS figures on domestic tourism are not as accurate as they should be because a mistake has been found. We are not sure about what is happening in domestic tourism past May this year. However, we have an insight into it because the GB Day Visits Survey figures are available and are accurate at the moment. They show that there has been a 14% increase in day visitors. Most of those day visitors



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are from urban areas to rural and seaside areas. There is also a 10% increase in revenue from those visitors, so in day-visitor terms this year has been very successful. There are probably two reasons for that. One is to do with Brexit and also, obviously, it has been a very sunny summer. Rural seaside areas benefit when the sun is shining.

Q78 Chair: What about accommodation and people staying? Have you got any figures on that?

Peter Hampson: Can I say something more generally about the tourism figures? We have probably the best figures available to any country in the world. We have superb figures. But the figures that are quoted are done by various surveys. There are different kinds of surveys: the International Passenger Survey measures incoming, then GB Tourism Surveys and the like. The issue with those surveys is they produce very accurate figures at higher levels, particularly the International Passenger Survey. When we get down to how has an individual area done, below regional level we do not know the detail of the spread.

I would like to highlight that to you, because in my written evidence to you I was talking about destination management. One of the functions of local destination management is to do that measuring of local value and volume. At the moment there is a loss of destination management—a loss of funding for it. One of the issues with that is that really detailed work that informs local businesses of what they need to do, where and when, is falling away. At the national level, for Government, the statistics look good. I think they really are, but if you were to ask me how things were looking in a particular area, I cannot tell you.

Q79 Chair: Are the figures done mainly on people arriving into the country from airports and things? How are they done?

Kurt Janson: The IPS figures are done on departures from the country. You want to ask people where they went and how much they spent, so you have to do it on departure. It is a departure survey. The GBTS figures, which are the domestic tourism figures, are done by a private firm under contract to Visit Britain. They do it by telephone survey, so ringing up people and saying, "Have you taken a trip in the last month, and if so where did you go? What did you do? How much did you spend?"

Q80 Chair: I think what you are saying to us is we could do with some more accurate figures more quickly compiled. Would that be fair?

Peter Hampson: We could do with the local destinations at that level being in a position to be able to do the research that they need to do, i.e. having the funding. The issue with that is that local businesses do not see that it is their business to pay for the statistics. Their focus is on paying for marketing, as it should be. It is another subset of the issues about how tourism is organised at the local level.

Q81 Chair: Robin, how has it been in Devon? That is somewhere close to my



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heart.

Robin Head: I do not have figures, but anecdotally for our sort of farm accommodation it is getting more difficult. It is getting more difficult to market, because it is more expensive using the internet etc. We have lost a lot of the overseas market that we once used to have because we could market to it. There were BTA offices abroad that helped us. One aspect of that has been that a lot of the self-catering businesses did do weekly, which was brilliant. Now they are doing long weekends and midweek. That is almost doubling their running costs.

Q82 **Chair:** Are people coming for shorter breaks?

Robin Head: They are coming for shorter breaks all over, yes. That is another reason why the overseas marketing was quite important to us, because they do tend to come for longer, which is good. We are getting some B&Bs closing now for the winter because there is just not the business. We desperately need more rural tourism marketing.

Q83 **Chair:** I think some of them are keeping under the VAT threshold as well, aren't they?

Robin Head: I am sure that is nothing to do with it.

Chair: We will probably talk about that a bit later.

Q84 **Ms Ritchie:** We have received evidence criticising rural tourism marketing as piecemeal. How effectively do Visit Britain and Visit England market the sector, both at home and abroad?

Kurt Janson: For the record, Visit Britain and Visit England do an extremely good job within their remit. It is the "within their remit" that is the issue here. At the beginning of the year, Visit England was merged into Visit Britain, and the marketing function for domestic tourism was removed. Effectively there is no Visit England marketing domestic tourism anymore. We find that is a real problem.

Q85 **Ms Ritchie:** How would that be corrected?

Kurt Janson: In the last inquiry of the Culture, Media and Sport Committee on this, their recommendation was that Visit England was fully separated from Visit Britain and that it was returned to what it used to be, as a standalone body with its own remit for domestic marketing. That recommendation was made by the then Chair, John Whittingdale. It was agreed by the triennial review as being the correct way forward. Then, suddenly, about this time last year, Government made a decision to ignore those recommendations and merge the two bodies together, and remove the marketing remit for domestic tourism.

Peter Hampson: This is my experience over nearly 25 years. Visit Britain is the professional marketing body for the UK abroad. Visit England has been in various different forms and has been moved in and out of Visit Britain. No matter what form it has been in, whatever they



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do, they do to the best of their ability. They do it very professionally and very well. It is top-end marketing. The issue is about the direction that they are given. It is a strategic policy issue.

Q86 **Ms Ritchie:** From the Department?

Peter Hampson: Yes, from the Department. Let's be frank about it. This is opinion more than evidence, but increasingly in very recent years we have seen far more direction from DCMS as to what Visit Britain and Visit England have to do, as opposed to "Please achieve this. Go away and do it in the best way".

Q87 **Chair:** You do not think Government, through the Ministry, is working well enough with the industry to get the right target for advertising. Is that what you think?

Peter Hampson: That is where I am heading. They do not have sufficient funding. Although the task always gets bigger, every time there is a change they do not get more money. They always get less money.

Over the last decade, there has also been an increasing move towards challenge funding and match-funded schemes. The people who most need the support from Visit England and Visit Britain are the ones who are least able to do the matched funding. That is particularly apparent in small, rural areas. You cannot take part in a specific Visit England campaign unless you have got the matched funding. That is not to say that there is not generic marketing internationally of rural tourism.

If I could push the point, there are different kinds of marketing. It is not the job of Visit Britain or Visit England, or any national tourist board, to promote Mrs Goggins' guesthouse. It is their job to promote that generic thought that England, Wales, Scotland or Britain is a place you should go to. That is what the small industry cannot do. When we talk about marketing, we need to be very clear about the difference between generic destination and the small stuff.

Chair: You are providing very good answers, but keep them a bit tighter if you could, because we are conscious of the time.

Q88 **Jim Fitzpatrick:** I am going to ask later on about funding, Chair. On Mr Hampson's answer a moment ago about DCMS taking a more targeted role in directing things, are they targeting correctly, or are they missing the target? Are they being helpful or not?

Peter Hampson: It is an assumption that they are taking a more direct role, because I am not close enough to the detail. My feeling is that they are not necessarily taking the direct role. The biggest example is that the current policy is very much about international marketing. That is where the public money is. It is to try to get more international visitors outside London. Some 80% of value and volume of tourism in the UK is domestic. If you are in some small rural area, would you prefer to spend



your money on the hope of getting some of the high-spending international market, or trying to continue to get your important core 80% market? The answer is a bit of both, but domestic is quite important.

Robin Head: Rural tourism will always be a poor relation in the tourism business because of the structure of the industry at the moment. Most of what we deal with, the DMOs and that, are all membership led. Their agendas are set by their membership, and their membership tend to be in coastal towns and cities. Rural tourism is never going to get a decent bite of the cherry. I totally take your point about the funding issue, because I have been up against that myself, with a minimum of £35,000, or something like that, to be match funded.

The only answer that we see is to have a completely independent separate body that represents rural tourism. They could lobby for funding for rural tourism, could look at marketing overseas at holiday fairs, where we could do brochure drops, which we cannot do at the moment. All this we just do not have access to, and it is what has worked in the past.

Q89 **Chair:** Would you like to see something directed directly at rural tourism?

Robin Head: Absolutely, yes. A little while ago £25 million went into rural tourism. We never saw any of that. I do not know what happened to it. Down on our level we do not see this.

Chair: We will drill down with Ministers and others on that one. That is a good point.

Kurt Janson: When we look at the direction of policy on tourism, it is very easy for the Government to understand that if you market overseas you get additional people into the country. That brings revenue into the country and it generates jobs. That is fairly easy to explain. What has been forgotten in the discussions on the future of tourism is that rural tourism destinations and seaside destinations are competing in the same global market. The people that go to rural seaside destinations are the people in the urban areas: the Londons, the Birminghams, the Nottinghams and all that.

If you are in London, you see advertising on EasyJet and Ryanair. You see all the international marketing boards marketing to you. That is the same environment. The person who takes a trip to the countryside is not just deciding whether to go to Devon or Cumbria. They are choosing whether they go to Spain, Portugal or Devon. That is the market. By marketing domestically we are retaining expenditure in the country and generating jobs, rather than having that leak from the economy. That is the real economic argument for domestic marketing, which seems to have been lost in the discussion and where the Government is putting its resources.



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Q90 **David Simpson:** We have been in an upbeat mood so far, so let's continue that in relation to representation. The DMOs—

Chair: Yes—the destination management organisations.

Peter Hampson: Or “marketing”, depending on what you are looking at.

Q91 **David Simpson:** Whatever terminology you want to use, how well do they reflect the entire local visitor offer, not just that of the paying members?

Peter Hampson: It is hugely mixed. At one stage it was less mixed, because traditionally local authorities have taken a substantive role in that. That has become less the case. There are differences between the different home nations. Within England, local authorities are now less engaged because they simply do not have the financial clout to be involved in what is a non-statutory activity. There are still many that are engaged. Each one of the DMOs is very different. It is down to structure, what their history is, where they are coming from and what their funding is.

I have known Devon as a DMO for a very long time. They are in their fourth iteration of a major DMO. In my opinion, Devon is a particularly difficult area. There are some areas where DMOs are extremely strong. It is such a mixed bag. The fundamental issue is about the core administration. Businesses do not like paying for administration, for the organisation and measuring of things, and for the running around and doing. They want product, but you cannot have product unless there is somebody doing the admin.

Q92 **David Simpson:** I think that is the theme right across the whole United Kingdom. People do not want to pay for it. What could be done to improve that, to get consistency right across for these organisations?

Chair: Also, Devon has been mentioned, so perhaps Robin might come in.

Peter Hampson: To get the consistency we need to get back to a position where government, whether national or local, have some basic resource to support destination management. They may not have to provide it, but you could get to a position where there was a baseline where there was some basic administrative support. That could be hived out to public/private sector, to private sector companies pretty much where it is now, because it has become so dispersed that it is probably too late to try to go back to a very clear set model.

Q93 **David Simpson:** Robin, what is your point of view? You are at the coalface.

Robin Head: The Devon DMO is a particularly difficult case, I hope. I hope others are not like it. It is made up of five or six different areas of Devon, all of which have their own agendas with their very strong tourism images. They were not even too keen on having one Devon DMO



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to start with, but there was a lot of pressure from Devon County Council to do that.

Q94 **Chair:** Is there a big competition between the coast and inland?

Robin Head: Yes. It is North Devon fights South Devon fights East Devon fights Dartmoor. They pretend they do not. They get together for this DMO, but in fact it all pretty much broke up again. The Devon DMO itself has no teeth. They are having to go back again to looking at more of a countywide DMO, because that is the unique selling point for Devon. I helped set it up as part of Devon Farms, because they needed a county-rural input to get the funding from the RDA to show it was a broad church. When the whatsit hit the fan and the funding stopped, we were kicked off because we were seen as freeloaders. We could not afford to put any money into it. It is not a happy situation.

Kurt Janson: Could I take a generic view of that? When there were the regional tourist boards in the past, they had three forms of funding: some from central Government, some from local government and some from membership. At that stage they represented their region and everyone very well. When the RDAs came along they were given statutory responsibility for tourism and had a set budget. Again, they represented the interests of everyone in the region very well. We find the situation at the moment is that the central funding from Government has gone to the regions. The councils are under increasing pressure and have cut tourism budgets by 50%, so the DMOs are increasingly dependent on what they can generate commercially and get from their members.

Q95 **Chair:** Are the local enterprise partnerships stepping in?

Kurt Janson: No.

Robin Head: They are not interested in tourism.

Chair: I had better not lead you there, because that is the next question. We will deal with that in a minute.

Kurt Janson: We have been left in a situation where they are struggling for funding. There are still some very good ones that do a good job, but there are lots struggling for business. If they are struggling, they will serve the interest of the members who are paying them the money, rather than the area as a whole. To get back to a situation where they are truly representative of the whole area, it needs that public funding mechanism to come into it so they are able to take a broader view.

Q96 **Chris Davies:** We have mentioned local authorities. How can they be encouraged to place a higher priority on supporting rural tourist businesses?

Kurt Janson: We will probably talk on taxation of tourism. There is a view that tourists do not pay their way, or from councils that tourists are a net dis-benefit—a cost to them. They come and use all the public realm



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facilities, which is a cost to the local councils. The problem is that tourists do spend a lot of money and there is a lot of tax that goes with that. However, that tax is not recycled through a system to go into supporting the resources that tourists use when they are in an area. Until we can get the circle squared on the tax that tourists pay being recycled into the local economy to benefit the resources on which the tourism industry is based there, we are going to have a problem with councils really taking a hold of it.

Peter Hampson: Most local authorities where tourism is important absolutely know that it is important. Let's be honest: we have got to a stage with local government funding where they are really up against it. It is down to the wire on things that you legally have to do, so if you are a first tier council, social services has to be your priority. The amount of discretionary spending has been tightened up to the point where departments are going.

Ten years ago, in areas where tourism is important I would always know that there would be some engagement. There are places now where I know that tourism is important and I am thinking, "What has happened to the tourism department? What has happened to their engagement in the tourism industry?" The lead has to come from Government. Government's message at the moment is that, if it is happening at a local level, it is localised, so it is your business, and if it is worth doing, the private sector will fund it.

Tourism is one of those areas where modest investment in the structure and making it work is the only thing that does make it work. It is the doing of the things that the industry on their own will not. It is that destination marketing. It is getting people to come together to create a brand. You can have a destination, but everybody has to agree the message and brand of this destination. Somebody has to physically do that.

Q97 **Chair:** Surely that has to be done locally.

Peter Hampson: It has to be done by a destination management organisation, and local government has got to be part of that. In most destinations of any importance very often you will find that the local authority are owners of theatres and other key tourism assets. If they are not owners, they are the ones who keep the streets clean. They are the ones who will generally provide public toilets, if they are going to provide them. They are the ones who set the parking fees. They are the ones that license pubs and decide what is X, Y and Z. Even if they do not want to have an interest in it because they cannot afford to, they are absolutely key and critical to it. I am not saying they should be the be-all and end-all, but they are one part of the solution. The message from Government at the moment would appear to be that that is not the case.

Q98 **Chris Davies:** If they are not helping it, are they also causing a hindrance in places? For example, if a great new bed and breakfast or



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tourist attraction is looking for signage to get people in on main roads etc., from what I am hearing there can be obstacles put in the way, certainly cost in planning, sometimes.

Peter Hampson: In terms of planning, there is a process. I have not been involved directly in planning, but I have heard the case from afar. Planning is about a process. It is about a local process that has to be gone through. If you do not go through that process, there will be legal challenges and problems.

Chris Davies: We are not looking at planning now. I think we are coming on to that later.

Peter Hampson: My plea to the Committee is please do not go to brown signage, because there have been so many investigations into brown signs. Brown signage is there to direct traffic to places that people want to get to. In an age of satnav it is questionable whether people need a brown sign to get to, for example, Alton Towers. There are two sides to this story. The industry, quite rightly, say, "It would be nice if I had a big brown sign that pointed to my destination." What they are actually looking for is advertising. As a tourist person, that is brilliant. If I could persuade Government to do it, I would, but it is not the purpose of brown signage.

Chair: It is the number of signs you have, I suppose.

Peter Hampson: Yes. Kurt will probably be able to remind me when we did the last big look at this with the tourism department. The result of it was to reduce the number of signs, because local authorities were using their discretion and allowing signs against the rules. There was a proliferation in one area and none in the next. If you are a tourist driving down the road, there are brown signs for everything. You go through an imaginary border, the change between one local authority and the next, and suddenly the signs disappear. In your head you go, "The place back there is full of tourism things and the place up here has no tourism." If you want a system of brown signs, you need to be very careful. It is a Pandora's box. There have been many investigations. The Committee would be wasting their time going too far down that road.

Q99 **Chris Davies:** I am not sure if you are for or against them now.

Peter Hampson: As somebody who promotes tourism, I think they are a wonderful idea because they are an advert. As a person who knows that people have to manage this process and what is right and proper, I do not think—

Q100 **Chair:** Sorry to interrupt. Robin has got a business. What does he think? Should there be more brown signs or fewer brown signs? What do you think?

Robin Head: We should have little signs up for tea places and things like that, because they have a hell of a job getting any sign up at all. It is the



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bigger attractions that can get the signs up. They are okay. It is a spur of the moment thing quite often that you want to trigger. It is not necessarily a satnav; it is just, "Oh, I remember seeing that the other day. Let's go and have a look at it". They have a function, but to me it is a red herring, to be honest. There are other things to worry about.

Kurt Janson: There are far bigger, more important issues. That is quite peripheral.

Q101 **Chair:** Do we need smaller signs? If you get great big signs in the countryside, they do not look particularly beautiful, do they? If it is on local lanes and roads for a tea shop, you could probably have a much smaller sign and that might be acceptable. There might be a compromise there.

Peter Hampson: The trouble is: who sets the rules as to who has a sign? How many signs? Do you have a sign at every junction?

Q102 **Chair:** You cannot have a sign at a junction anyway, if I remember rightly.

Peter Hampson: That is the issue: what rules would you come up with that made good, fair sense and that were not exploited?

Q103 **Dr Monaghan:** How successful are your businesses in attracting visitors into rural areas outside of peak summer months?

Peter Hampson: My members are a mixture of rural areas, cities and large seaside resorts. Over the last 20 years, on the whole the industry has seen a boom in out-of-season activity. We have gone from a very summer-orientated business to one that now works across the board. The same is not true for every area. There are certain areas where the business is still far more seasonal. A destination like a Blackpool, a Bournemouth or a city will put on events. They will have business tourism, so they will have conferences in the winter. They will do Christmas events. They will do shopping events and the like. Since this is a rural inquiry, for a rural area it is far more difficult, because rural areas cannot necessarily put on high street shopping events.

Q104 **Dr Monaghan:** We are short of time. The question was: how successful is your business in attracting people to rural areas outside of peak summer months?

Peter Hampson: In general, all businesses are doing well. Rural areas will do reasonably well in things like walking and activities.

Q105 **Dr Monaghan:** What is your business's contribution to that? How successful is your organisation?

Peter Hampson: I cannot answer, because I do not have business as such.

Q106 **Dr Monaghan:** What is the contribution of your organisation then?



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Peter Hampson: Again, I cannot give you an answer to it. The statistics would suggest that out of season is a growing area. As to individual businesses where it is happening, I cannot give you a specific answer.

Q107 **Dr Monaghan:** Kurt, what about your organisation?

Kurt Janson: We are a traders' association and our business is to promote the views of the industry to Government, so we do not run a tourism business per se. However, saying that, the industry has grown and adapted enormously, as Peter said, over the last 20 years, and is realising the benefits of developing the shoulder and off season. Businesses are very good at being able to do that these days. However, they rely a lot on their destination management organisation and/or council in developing events or reasons to go there at a particular time of year that they can link their business on to, to give them a platform for attracting people to the area.

If you think about it as an accommodation business, you do not go to a hotel because of the hotel. You are going to the hotel because of where the hotel is located. It is the destination that draws you there and gives you a reason for going. The hotel is the place that you stay once you have been attracted to the area. There is a dependence between the business and the DMO for providing the atmosphere, or the brand, that convinces people that going there out of season is a very good idea, through events and the like.

Q108 **Dr Monaghan:** Coming back to the question, what is the contribution of your organisation to attracting tourists to rural areas? I am unclear. Are you saying that you do not have a direct role in that?

Kurt Janson: It is not my role.

Q109 **Dr Monaghan:** You do not have a role in that?

Kurt Janson: I am not quite understanding the question. We talk to Government and try to develop policies that will give people reasons—

Q110 **Dr Monaghan:** In generating that influence, do you feel that you are successful? Are you making a difference? Do you feel that you are helping people like Robin and other tourist destinations that are in rural areas?

Kurt Janson: I think we are. I think you can see it in tourism figures for the UK. They have grown significantly, especially in the last 10 years. We have outperformed most other industries in the UK in terms of revenue generated and employment generated, so obviously we are doing something right.

Q111 **Dr Monaghan:** Robin, you are at the coalface.

Robin Head: This is the holy grail for us. Those shoulder months have been for as long as I can remember.

Dr Monaghan: Yes, they are absolutely vital.



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Robin Head: A lot of our members now have fishing lakes and horse riding. They try all sorts of things—walking, llama walking—to try to encourage people to come out of season. At the same time, if the infrastructure itself is not geared for being out of season, so when they go to a little seaside resort and it is all closed up because it is holiday accommodation, there is no café and all that, it is very difficult and does not quite work. If you can find an answer as part of this inquiry, that would be brilliant.

Q112 **Dr Monaghan:** Robin, are British Destinations and Tourism Alliance helping you generate business outside of the summer months?

Robin Head: I cannot really say that I would have noticed if they were. It is not something we are aware of. If Visit Britain, with its stretch and budget, does not make a difference, you cannot expect any organisation to.

Peter Hampson: Your question is, essentially, a seasonality question. Particularly for rural destinations, there are issues in that, because there are lots of small businesses, there are lots of policies and the like that have an effect on that seasonality. One of them is VAT. People will try to operate below the VAT threshold, so they will operate in the summer months and they will close down. Another one is business rates, because if you get beyond a certain size, you then start getting hit.

Q113 **Dr Monaghan:** That is a very good point. Maybe the question is slightly broader for all of you. What should local government and/or central Government be doing to make your lives easier and businesses more successful and prosperous? What changes can we make?

Peter Hampson: There needs to be an understanding of the impact of VAT on businesses. I am not sure that any of us absolutely understand whether people are choosing to stay below the VAT level because it is a lifestyle choice, i.e. "I do not need to earn a huge amount of money. I will work hard in the summer and I will have holidays in the winter." There needs to be some real detailed understanding of what the VAT issues are.

It is the same with business rates. There are business rate exemptions that would appear, from a strategic level, to be encouraging people to drop below a certain level. For example, they are only open for a certain amount of time so they do not get into a business rate level, or they earn below a threshold. There are a number of issues around that.

Business improvement districts have been quite successful in generating money for destinations in a small number of seaside resorts. I put into my written evidence that there is a case to look at how that can be emulated in a rural economy. The problem with the rural economy is the spread of the businesses. If there was a way that Defra might look at funding the cost of somebody setting up a destination BID in a rural area, to see if it can work, that would be a practical solution.



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Dr Monaghan: That is an interesting idea.

Q114 **Chair:** Can we bring the answers together a little bit tighter please? We are taking too long, if I may say so.

Kurt Janson: You asked about what Government can do for the tourism industry. Put it like this: tourism is a very simple industry. You have to have a good product, be able to tell people that you have got a good product and get the people there to experience the good product. If you are looking at getting a good product, we need a good planning system and planning advice for rural areas when it relates to tourism. Planning is key in rural areas. We used to have a good planning guide for tourism. That was done away with, which leaves us in a sticky situation. You want to develop, you want to do it in an area that has a high natural and historic value to it, so you need appropriate development there. Guidance is needed to smooth the process for everyone concerned. We need broadband in there, because that is one of the key aspects.

Chair: We are going to ask about broadband in a minute.

Q115 **Dr Monaghan:** There are a few things: planning, broadband, tax system, VAT. Robin, what should local government or central Government be doing to help you and your business?

Robin Head: That is a good question. It is very difficult to relate anything they do to what we do. We are just separate businesses doing our own thing. Are business rates going to be a separate issue? That has hit us for six, just recently. Public transport maybe, but that could be a double-edged sword, because you are bringing people into one part of the countryside and missing another part.

Q116 **Chair:** Are central and local government a help or hindrance? What are they?

Robin Head: They are irrelevant.

Chair: That puts us in our place.

Dr Monaghan: We have got some excellent ideas there. Thank you very much, gentlemen.

Chair: Yes, we have. Thank you. There are three questions on financial issues now. Can I have some fairly up-together answers please: yes, no, how much? That will do us nicely.

Q117 **Jim Fitzpatrick:** Mr Janson, your organisation, Tourism Alliance, and others have raised questions about the Rural Development Programme, the LEADER programme and European Structural and Investment Funds post Brexit. What thoughts have you had about what replaces these funds? How important are they to you that they ought to be replaced? Do you have confidence in the future?



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Kurt Janson: There has been very much a decrease in public investment in tourism, especially in the rural areas. Rural businesses are therefore much more dependent than they have been in the past on things like the CAP programme, because there is specific tourism funding within it, and streams of funding that are available to tourism businesses in rural areas. They are very dependent upon this for future development. Our view is that there should be a seamless transition from the CAP structure as it is at the moment, to a more dedicated, specific version that works better for the rural economy here.

Q118 **Chair:** What level of funding are you looking for?

Kurt Janson: We have calculated that up to about £200 million of the CAP payments will be available for tourism businesses between now and 2020. That is not to say they will get it, but that is what is available to them. That level of funding taken forward for tourism in rural areas under a new scheme that works in the rural economy here would be a fantastic level. Considering that CAP payments are about £3 billion, it is a very small amount and it would achieve fantastic results.

Q119 **Jim Fitzpatrick:** Are you confident it will happen—it will be forthcoming?

Kurt Janson: I am very hopeful. Tourism is now a greater part of the rural economy than agriculture. Tourism employs more people in rural areas than agriculture does. It will continue that way, because agriculture will become more mechanised and tourism is a service industry.

Q120 **Chair:** Also there is the interconnection, is there not, between agriculture, farms and tourism?

Kurt Janson: There is, absolutely.

Chair: That is key as well.

Kurt Janson: Government keeps pushing farmers to diversify, and tourism is the diversification.

Robin Head: One of the things we have found is that all the structural funds, the LEADER stuff, are all capital funding. What we desperately need is funding for marketing, which we cannot get. As far as Brexit is concerned, we are going to see more farms struggling, because the money they get for beef and sheep is going to drop. The single farm payment is a bit dicey. The tourism aspect will become even more important.

Q121 **Chair:** We should then link into local food as well, if we can, so that when tourists come they get a full experience of Devon, of course, in particular. The fact that my constituency is in Devon has got nothing to do with it.

Peter Hampson: The only thing I would add to that is, yes, we need to support the marketing, but my plea would be to look at supporting the structures that allow that marketing to happen, rather than just throwing



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money at marketing. Marketing money is spent and that is it. It is enabling the private and public sector to work better.

Chair: Yes, so it has to be targeted.

Q122 **Simon Hart:** Does Brexit remove the only argument the Government has against reducing the level of VAT on holiday accommodation?

Kurt Janson: There was no argument related to European rules. It was always within the Government's remit to be able to reduce VAT on accommodation anyway, regardless of being in and out of Europe. It is purely the Treasury's decision.

Chair: I think the French levy 5%.

Kurt Janson: We currently have the second highest rate of VAT of any European country, and are one of only three that have full rate VAT on accommodation businesses. You combine that with the fact that we are one of the few countries that has full VAT on attractions. We are one of the few countries that has full VAT on restaurants. We have the highest level of air passenger duty of any country in the world. There is a lot of tax burden on visitors to the UK, and yet we still do well. We would do so much better if we had a competitive level playing field with other countries.

Peter Hampson: Notwithstanding my earlier answer about the fact that VAT may have an impact on whether people operate throughout the season, in terms of a rural inquiry on tourism you need to be able to understand the level of who is paying back and not paying back. I suspect—and this is suspicion, not known fact—that a significant number of the smaller businesses in rural areas are below the VAT threshold. While it is a great idea for tourism plc, it might not have the intended impact directly on rural tourism. It is a very complicated issue.

Robin Head: That is quite true. Some of our members would love to see VAT reduced. Others would be horrified if it was reduced, because they would lose that edge they have.

Q123 **Simon Hart:** If a Government Minister is listening to this, they will not have received a particularly coherent, joined-up message. As we know, that encourages reticence in decision-making. What are we to say in our report? Are we to say that we are in favour, or against, or we do not know?

Kurt Janson: We are in favour of reducing VAT.

Robin Head: Either way, some of our members would be thrilled with it, others would not. It depends on how concerned you are about the viability of the really tiny businesses, how many there are of them or what percentage there are of them, and what effect it would have in terms of other, larger businesses being able to reduce their prices slightly on their market. It is not a yes or no answer.



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Peter Hampson: As an organisation that represents a much wider kirk, I would have to go with Kurt's answer. For tourism UK plc, the answer is that reduced VAT would help. It is the unintended consequences you need to be careful of.

Q124 **Chair:** Robin is talking about these people that do not get up to the level of VAT. Is that right?

Robin Head: Yes.

Q125 **Chair:** Therefore they can keep their prices down. In a way they are in competition with the bigger people who do charge VAT.

Robin Head: Yes.

Chair: That is a very interesting one.

Q126 **Simon Hart:** The lobby operation to reduce the VAT level makes a very different case from the one that you have just put to us. It is an absolute slam dunk. It is black and white. Each level of the tourism industry would benefit from this measure. If that is not the case, we have a problem in terms of our deliberations with government.

Kurt Janson: One of the decisions that we are looking at is whether you could outside Europe have differential rates of VAT threshold. It is a relatively new concept that you could lower the VAT threshold for accommodation down to a low level, and then have a low VAT rate. That means you would create a level playing field across the board.

Q127 **Chair:** You would have Solomon working that out, would you, as to exactly who pays what? That is the only thing once you start that route. It is very interesting and very difficult to do.

Kurt Janson: You can align that to SIC codes.

Q128 **Ms Ritchie:** I want to make an additional point on that one about VAT on tourism. Are there any other fiscal flexibilities you would consider that would help to pump-prime the tourism industry in rural communities?

Kurt Janson: Yes, there are a number of things.

Chair: We are going to talk about business rates in a minute, so do not include that one.

Kurt Janson: Putting rates aside, heritage is a very large component of the rural tourism product. They have real problems with the backlog of maintenance on historic buildings. That needs to be rectified. For example, if you build a building you do not have VAT on new build, but if you are repairing and restoring a building, you pay VAT on it. Sorting out that issue so that there is investment into the historic product in rural areas would boost tourism. One measure that the Government introduced that has been a real brake on rural tourism is the additional 3% stamp duty on second properties, which is really hurting the viability



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of self-catering operations. Self-catering operations are the big tourism accommodation.

Q129 **Chair:** The local population argue that, if you have got too many second homes, then you are in competition with those local people who want the homes. It is an interesting one.

Kurt Janson: These are not second homes. These are businesses. You can measure it. We have talked to the Treasury about this, working through the furnished holiday lettings rules.

Q130 **Chair:** Would it have to be a business? Would it have to be several properties? How would you differentiate?

Kurt Janson: You would differentiate on the basis of the furnished holiday lettings rules. They mean that you have to let out a property for at least 15 weeks a year and it has to be a real business, rather than a second home used on occasional weekends. That way you could have the person pay the money up front, and then claw it back on proof that they have complied with the furnished holiday lettings rules and were a professional operator. At the moment the additional stamp duty ends up being about a third of the profit that someone would make out of their property.

Q131 **Chris Davies:** This is a question on the business rates. What feedback have your members given you relating to the impacts of business rates on the viability of their businesses?

Chair: There is a big hike this year.

Robin Head: It is dramatic and varied, to be honest. Sometime in October a letter went out telling businesses to have a look at a website to see how rates have changed. Very few people took much notice of that until now. It is beginning to filter through that, for a lot of the self-catering properties, the rateable value per bed has shot up. It has been doubled. I heard in one place in Lincolnshire it was up by 300%. No pattern is emerging. There does not seem to be any reason why some have and some have not.

At the moment I am putting something round Devon Farms to try to get people to respond to say what is happening to their business rates. We will try to do that on Farm Stay as well, which is the national organisation. I think the CLA are also looking at it. They have done some research on that.

Kurt Janson: Through one of our members we have undertaken a survey of, I think, 260 properties. The average increase is 60%.

Peter Hampson: Anecdotal evidence at the moment suggests that self-catering properties, which are a very important part of the rural tourism economy, have been hit. Other places have seen their rates go down. It is supposed to be based on a revaluation of the rental values of



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properties—retail properties for example. In one destination that I deal with, the average rental value has come down by 50% since 2008, but the rateable values have only dropped by something like 10%. People are somewhat puzzled by the whole thing at the moment. In other areas, the rates have shot up.

There is another issue related to that. Within the next two years, local authorities in England will not only collect all the rates but retain them, instead of handing it back in and getting their amounts of money. There is some concern that that will have an even greater impact on some of the rural destinations, as to how much money the local authorities are collecting in. Some could see some significant reductions in the overall money that they have got to spend, on top of the 50% to 60% that they have lost in the last few years.

Q132 **Chris Davies:** As an industry, what are you doing about it?

Kurt Janson: We are working through Government, lobbying at the moment. We are working with DCMS and trying to do a piece of research on the issue to clarify exactly what is happening. That research should be done in January.

Q133 **Chair:** For some of these businesses the proposal is nearly double the rates. Surely you are going to say something about that, aren't you? Are you just going to say, "It is all wonderful. Carry on putting more rates on these businesses"?

Kurt Janson: No. We have been briefing Ministers even yesterday on this issue and working closely with other organisations like the NFU.

Q134 **Chair:** Are you absolutely clear about that? It did not come over to me very clearly before that this is your position.

Kurt Janson: We are horrified as to what is going on in the rural economy because of the rates increase.

Robin Head: It will make one or two of the farms almost unsustainable, because it is straight off their profit line. It also pushes them up out of the small business rate relief bracket as well. It is very serious.

Peter Hampson: The problem at the moment is understanding the scale of the issue. We cannot argue against it until we have got the scale.

Q135 **Chair:** Yes, but if you are not careful, by the time you have worked out the scale, it will be all over and the rates will be in place.

Peter Hampson: Absolutely. The other problem is that it is very difficult to get an answer from the valuation officers. They have got a massive task because they have had to revalue, but they do not have to explain why they have come up with it.

Q136 **Chair:** From my dealings with the Valuation Office, they are not the most sympathetic people in the world, are they? Businesses will be put under



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major strain.

Kurt Janson: It is also that it is not very transparent. We have been unclear about what the rating increases have been based on. They seem to hold no correlation to anything that we can understand, whether it be the revenue or the value of the property itself. It seems to vary quite significantly across regions.

Q137 **Chris Davies:** You say you are meeting with Ministers at the moment. What responses are you getting?

Kurt Janson: Certainly they are acknowledging that there is a problem, but coming back to us and saying, "We need hard evidence on this". We are in the process of trying desperately to get that hard evidence together.

Q138 **Chris Davies:** I have one last question to Peter. You mentioned the local authorities collecting and then retaining the business rates in a few years' time. You see that as a bad thing. Would a local authority not understand the local issues and therefore reduce the rates?

Peter Hampson: The issue is not that they do not understand the issues. It is the amount of money that is going to be collected. Under the current system, as you are aware, they are collected in and there is a formula to redistribute them. In future that will not happen. I am no expert in the fine detail of it, but it appears that there will be no or very little balancing. If you happen to have a very high business rate collection and be doing very well thank you, you will get a lot of money. We will see Westminster paved in gold and somewhere else that is not doing so well.

The headline argument that is put up is that it does not really matter because you will be able to generate new business, so there will be lots of new business. You will be able to encourage new business, and every pound that is collected from a new business is additional money, so that is good. The trouble is that generating new business on the sort of scale that you would need to make up the kind of money that you are likely to lose is going to be really difficult for rural destinations, because you do not want big factories all over Cumbria, for example.

The footprints of seaside resorts are already mostly full, so they have not got land to build big sheds. Anyway, in a distribution-based economy, nobody wants to build sheds in the middle of nowhere where there is no staff. They want to build them next to motorways and next to big cities where there are big workforces. That argument that new business is what is going to make this work seems a little thin.

Chair: Can we move on? I want to do a couple more questions. I want to finish by about 25 past for the next panel. One question on buses and then one on broadband please, and then I am going to cut it there.

Q139 **David Simpson:** What should central and local government be doing to



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improve local bus routes and railway lines for the rural visitors? What are rural businesses or tourist businesses doing to help themselves in that? What are they suggesting?

Peter Hampson: Hopefully, there are moves afoot that will allow local businesses to collect guests from stations. That is a proposal. I am not quite sure where we are, but that is a proposal in England. At the moment if you have a guesthouse you are not legally allowed to offer to give a lift, because insurance and all those things need to be taken care of.

My take on this may not be the general point. If you get the transport right for the local population, it will be right for the visitor. A more important issue on tourism is not local transport for visitors because, if they plan, they can get taxis and there are all sorts of issues around it. I am more worried about local workers. How do local workers in a rural economy get to the hotel in the morning? They either live in the hotel, because they have no choice, or they have to own a car. That is why we see a lot of overseas workers, I passionately believe, working in the industry. Transport is a much bigger issue.

David Simpson: Buses would probably be an easier way to resolve it but, in rural areas, rail networks are very difficult. It is expensive to expand them.

Kurt Janson: I would say that buses are a bit of a chicken-and-egg situation. I would advocate that the more that we can do to boost rural tourism, rural destinations and rural economies, the more you are creating the number of people there to make bus services viable. You cannot put in a service if there are no people there to start with. The emphasis is on building the local rural economy.

The other part of that is to extend the season as much as possible, because no rural bus operator is going to have their buses sitting idly by for six months of the year, just to serve the summer economy. Putting the resources into the development of the destination to build tourism and to spread it through the year will then make the bus services viable, so it becomes a virtuous circle.

Robin Head: As far as we are concerned, this is a bit of a red herring. Visitors to us need a car. We are going to send them out to so-and-so's tea place, a pub in the middle of the moor or for a nice walk around the Devil's Cauldron or something. They will never be able to do that with a public bus service. The last thing we really want is for visitors to get to the farm by public transport, and then we are lumbered with them for a week. What do we do with them?

Chair: You could always give them a bicycle.

Robin Head: There are some on bicycles, yes, but this has happened to us and you spend every day taking them round places.



Peter Hampson: This is fairly typical of some of the headline issues. We get terribly carried away with "People won't go to the countryside unless they go by public transport." As Robin has pointed out, that is not necessarily the case. The people who do go to the countryside go by car, and we have just heard eloquently why that is not a bad idea, but there are things that are happening. I believe it was announced yesterday that cheaper tickets are going to be available. There are things like that: being able to have through ticketing, being able to have the equivalent of an Oyster card, so that things are made easier, and information is available.

Q140 **Ms Ritchie:** Poor broadband provision and mobile coverage is cited by significant numbers of witnesses as a key barrier and an inhibitor to the development of tourism businesses, particularly in rural areas. In your view, how effective are current programmes for rolling out fast broadband to rural areas in meeting tourist business needs, bearing in mind the inclusion of funding in the recent Autumn Statement to deal with that particular issue?

Kurt Janson: If I start this off, our experience to date of the provision of broadband to rural businesses is very poor. We undertook a study through some of our members and the results back were quite horrifying about the number of businesses that could not even get 2 Mbps broadband. At that speed, it is very hard to run a business, because it is very hard to upload to the internet and do real-time bookings. There are a number of people who will go on to a website and not book unless they can book directly online, so they will go to someone else who can. That is a major loss of business. There is that aspect of providing the broadband to the businesses themselves that they need to get online and compete for business. When your customer comes, for people today broadband is not a luxury or an add-on.

Ms Ritchie: It is an essential.

Kurt Janson: It is a requirement, and it is an even more important requirement if you have children, because children cannot be detached from broadband.

Chair: They are born attached to it, aren't they?

Kurt Janson: The problem becomes incredibly apparent when you have the members that we have, like the Camping and Caravanning Club and the Caravan Club, who have pitches in a rural area. During the winter, there may be no one there. During the summer, there are 100 people and they will want broadband. There just is not the capability to provide that. We have had evidence from the Camping and Caravanning Club that the numbers of members that they have who require broadband and will not take a site that does not have broadband is increasing by 50% year on year. That is a real problem that they are facing.

Chair: That really has a detrimental effect on people going.



Kurt Janson: Absolutely.

Q141 **Ms Ritchie:** What is the solution? We have to know what we should then be recommending to them. The main issue is to do with speed.

Kurt Janson: The gentleman who you will be questioning after us from the CLA is a known expert on this area, so I will defer to him. It is money and investment. I will leave it at that headline; the resource has to be put in to make it work for rural businesses.

Chair: Possibly there should be a little bit of competition with BT, but that is a personal point of view.

Ms Ritchie: There could be other providers as well.

Chair: Exactly—getting into the difficult areas.

Peter Hampson: Your point was split between two areas. I would just stress that your other point about mobile ability is equally important. The fact that you cannot use your phone in certain areas, and you have to stand on your head in the bathroom of your country cottage to get reception, just is not acceptable anymore and it needs to be dealt with, but two elements need to be looked at: the business bit and the customer bit.

Q142 **Chair:** Also, the mobile phone solution might be the solution to broadband. There is a combination, but we will give Ministers a very hard time on this.

Peter Hampson: The answer that you will get is that, generally, the country is doing terribly well. I cannot remember the percentage, but it is high: "It is 90% of customers", but the customers are crowded into cities and the coverage in rural areas is quite poor.

Q143 **Chair:** Robin, what effect does it have on your business?

Robin Head: It is becoming more dramatic now. For the first time this year, I heard businesses say that it is putting off guests. When it started it was a bit of a joke, but now it is not.

Q144 **Chair:** Now it is serious. They are looking to make sure they have coverage and, if you have not got coverage, they will not come.

Robin Head: That is right. If they come once and they do not like it, you will not get them back.

Kurt Janson: One of the things just to bear in mind too is that, when BT talks about coverage, it is talking about the residents of the area, not the visitors. An area that has one resident will have 50 or 100 visitors there over summer.

Q145 **Angela Smith:** Apologies for the late arrival. My constituency is 626th out of 650 in terms of coverage, which is very poor indeed. It is nearly at the bottom of the list. I agree with the Chair that mobile solutions may



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be the thing for the hardest-to-reach areas of my constituency, but I also agree with his personal comments on BT. One of the key criticisms of BT is its intention to rely on old copper wire to deliver the super-fast speeds that we know we all need in our rural areas. I just wondered whether you think that rural businesses would see that as sufficient, given that, in my view, we need to future-proof the delivery of broadband services to our rural areas.

Kurt Janson: It is one of the submissions that we got in from our members, from the Caravan Club, saying that on their pitches the biggest problem is that there is copper wire coming in and that it needs to be replaced with fibre to handle the volumes that they need to be able to provide a service to customers.

Angela Smith: The volumes really are that large that you absolutely need to see that.

Q146 **Chair:** It might be that that is the view of you all, isn't it? Fibre into the premises seems to be the issue, doesn't it?

Robin Head: Getting it in as fast as possible is what we are after, to be honest.

Chair: You do not mind who does it, as long as you have it.

Robin Head: It is getting it there, yes.

Q147 **Chair:** That is the issue, in a way. We get far too tied up about who does it and how it is. It is just making sure that you have access and it is relatively competitively priced.

Peter Hampson: Chair, there is another point that is worth taking up. Robin made the point about it becoming a more serious issue. We are talking about the impacts of copper wire now. In five years' time, by the time they have decided to do something about it, the demand will have gone up. Tourism is increasing, so there are more people in the rural areas.

Q148 **Chair:** They will be looking for faster and faster speeds, won't they?

Peter Hampson: And more capacity, etc. It is not what we need now; it is, like you said, future-proofing.

Chair: The most frustrating thing for people in rural areas, not only businesses but individuals, is that we are talking as Government about faster and faster speeds in certain areas and a lot of places do not have any coverage at all or virtually none, and that makes them worse. Gentlemen, I am sorry to cut it short, but we have another panel. There are a couple more questions, one on skills and employment and one on the balance of economic, social and environmental issues. If we could have those answers in writing please, that would be very useful. We really appreciate your evidence this afternoon; it has been very good, so thank you very much for coming. We look forward to processing your



evidence. Some of it should appear in our report, all being well. Thank you very much.

Examination of witnesses

Witnesses: Minette Batters, Sarah Lee and Dr Charles Trotman.

Q149 **Chair:** Good afternoon. Thank you very much for coming and joining us on our rural tourism inquiry. Starting with Minette, please could you introduce yourselves and we will get straight on with it?

Minette Batters: Minette Batters, Deputy President of the National Farmers' Union. I farm in South Wiltshire and represent 47,000 farmers across England and Wales, and also 40,000 countryside members who have a keen interest in the farming and food sector.

Sarah Lee: I am Sarah Lee. I am Head of Policy at the Countryside Alliance. We are a membership organisation representing over 100,000 members, who live and work in the countryside, and champion all things rural.

Dr Trotman: I am Charles Trotman. I am Chief Economist for the CLA. We represent 32,000 members in England and Wales, 5,500 of which are rural tourism businesses.

Chair: You have already been recommended as an expert on broadband.

Dr Trotman: Apparently I am an expert on broadband.

Q150 **Chair:** We will just state that. I am going to ask the first question. I am just going to declare an interest very quickly, as I am both a member of the National Farmers' Union and a member of the Country Land and Business Association, so I am just making that clear from the start. My first question is: what changes are needed to Government policies and programmes to ensure that the rural coast and countryside get a fair share of England's tourism income?

Dr Trotman: One of the big issues that we have got is that the rural tourism sector is very fragmented. We have already heard about DMOs. We have heard about LEPs, local authorities, central Government, DCMS and Defra. What they need to do is start talking to each other.

Q151 **Chair:** They need to join themselves up together.

Dr Trotman: Exactly—we are talking about co-ordinated, constructive dialogue. We have not seen that in the past. We have a policy from central Government that does not appear to be working. If it is working, it is certainly not working very well. We had the merger, one could call



it, of Visit Britain and Visit England. It does not look as if Visit Britain has an actual remit to market rural tourism businesses. We need an explicit plan for rural areas and for rural tourism businesses that complements DCMS's five point plan. If we do not have that, we will be here in 10 years' time, probably answering the same questions.

Q152 **Chair:** If you had the choice of the Department of Government that would lead this—and I know you are in the EFRA Select Committee, but you do not have to say EFRA—where would you see it being led?

Dr Trotman: DCMS is probably the right place for it to be led, because it tends to be in the right location. We talked about broadband; it has access to BDUK. It has access to Defra. The problem is that Government Departments and units are working in silos. What concerns me is it appears that the tourism unit at DCMS, certainly in the past, has not understood what rural tourism is. If they have understood it, they are not taking it forward. We have made representations to DCMS over the last year or so. I get the distinct impression that they do not understand the issue. Given the fact that it generates, let's say, £17 billion of gross value added to the general economy out of a tourism GVA of £60 billion, that is a hell of a lot.

Chair: It is also very much linked into farming and the countryside. I do not know if Sarah and Minette want to add anything on this.

Sarah Lee: I very much echo what Charles has been saying. The Government has very much been focused on the high-end international traveller, very much forgetting smaller domestic travel. We have a great countryside out there and the focus has not been there. DCMS needs to understand the needs of rural tourism operators. They need to understand what the countryside is about, what makes it tick and why people want to go there, and they need to give their support to the DMOs and to the local authorities accordingly to make sure we can hit the nail on the head.

Minette Batters: Chairman, I agree with that. There is such an opportunity for Government in creating that accessibility. It is a win-win for all. I agree with the siloed working. I do not think it should just fall to DCMS; it has to be about a shared strategy, because it will not work just coming from DCMS. Defra has to have a big part in this as well.

Q153 **Chair:** We talk a lot about food and farming, which is great, but do we link that enough into rural tourism, and how we could promote the food in particular, when people come to local areas? Are we doing enough there, do you think?

Minette Batters: No, I do not think we are doing nearly enough. There is a real opportunity now around the Food is GREAT campaign to link up the local aspect, but we must not forget our farmers are global producers of commodities. There is a great opportunity to knit the story together, which is so linked to the diversity of our landscape—what you can buy in



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the South West and what you can buy in the North East, which are very different parts of the country—which adds huge value to UK plc. It is a winning formula, but we are not making the most of our greatest asset.

Chair: You all make interesting points about trying to join everything up. That is something we will probably very much look to get into our report.

Q154 **David Simpson:** You will have heard the previous questions and the question that I raised in relation to destination management organisations. What is your view and do they offer what they should offer?

Sarah Lee: DMOs, in principle, are a great idea, but there are over 200 of them. They are very disenfranchised; they do not work together. As we were saying earlier, there needs to be greater collaboration between all the organisations to represent the countryside and rural areas as a whole. It is too fragmented at the moment.

Q155 **David Simpson:** How can that happen or why has it not happened that they do come together and have a common goal to try to resolve the issues?

Sarah Lee: They need some top-level direction from Government to say, “This is the direction in which we are going.” Like I said earlier, there has been a focus on high-end international travellers. They are not going to rural areas. Let’s talk about direction, and give DCMS and central Government the direction they need to go in and local authorities a proper role in overseeing what they are doing.

Dr Trotman: There are two issues here. First, rural tourism businesses themselves have no idea what DMOs are meant to be doing and what their objective is. Clearly, the objective of destination management organisations is to market the destination, but that does not come across. There is too much fragmentation. Also, DMOs are not funded well. There has been a very long argument as to why they have existed for so long, because a lot of them should have gone under by now. I know one example of a DMO in Northamptonshire. It started off marvellously, with a great launch, but it has no money to continue. What is the point in launching if you have no money to do things? Rural tourism businesses want their organisation, the DMOs that effectively represent them, to do something on their behalf.

Q156 **David Simpson:** From the farming point of view, Minette, do you have any comments on that?

Minette Batters: From my own business, which is very diversified—and we have weddings and a catering business—I have no knowledge of my local DMO at all. There is very little and, at best, fragmented liaison between the DMOs and the farming community.

Q157 **David Simpson:** That in itself says a lot, when you do not know and you represent so many others. There is something wrong.



Minette Batters: Absolutely.

Q158 **Chair:** Do you think individual businesses do know about the DMOs or not?

Minette Batters: It is incredibly varied, Chairman, as with all things. I am conscious that, the last time I came in here, I was giving evidence on flooding. It needs that top-line leadership that Sarah was referring to, but with local solutions. We are probably missing both at the moment.

Q159 **Angela Smith:** The funding issue is a very serious one and I understand, from evidence given to us, that smaller businesses particularly do not sign up and pay into DMOs. They cannot afford to. Of course, the risk is always that they do not get included in promotions by DMOs. I have had complaints in my own constituency about that. Do you feel that one of the arguments for better funding from the Government for these organisations should partly be based on the fact that smaller businesses just cannot afford to access the benefits of being members of these organisations? That funding would enable the DMOs to integrate themselves and be more comprehensive, in terms of what they do and promote.

Dr Trotman: It is important for Government, in a sense, to educate rural businesses that there is Government funding available to DMOs to create them and for them to continue. There does not seem to be a synergy between a rural tourism business, the DMO, the Government and Government strategy. That is where the breakdown is. Yes, funding is an issue. I do not think anybody would quibble with that but, as I said before, it has to be targeted. We have got to know what the objective is. There has got to be better communication between the business and the DMO because, if the business does not know what the DMO is trying to do, they cannot work together. Government keep talking about collaboration. We cannot see it.

Q160 **Angela Smith:** If a business is not a member, the DMOs tend to overlook them.

Dr Trotman: Exactly.

Q161 **Angela Smith:** My issue is exactly what we can do to ensure that all rural businesses have that dialogue with the DMOs and that the DMOs take them seriously.

Dr Trotman: My own view is that we have to look at a more local solution to this. We are not talking about central Government direction; we are talking about direction from the DMOs, in collaboration with local authorities and local enterprise partnerships, but to bring the businesses together. If Minette is saying that she does not know who her local DMO is, it is just an illustration of the problems that we have.

Angela Smith: Yes, it is.



Sarah Lee: DMOs need to make themselves relevant to that area. Yes, they are a membership-led organisation there to represent their members, but it is short-sighted just to represent their members. They have to look at the whole area to bring everyone into it, because it is in their benefit to bring in more tourists to their non-members as much as their members.

Minette Batters: There is a need for a strategy. Having that strategy in place would then help to make those conversations happen. There is a big disconnect that goes right across rural Britain, to a certain extent, which is not making the most of the resource on offer.

Q162 **Chris Davies:** Charles, you mentioned local authorities just a few minutes ago. Is it the role of the local authority to be so heavily involved in tourism and, if so, what more could they do?

Dr Trotman: Tourists add an intrinsic benefit to local authorities. I do not think there is any doubt about that, but it is not just local authorities; it is the local enterprise partnerships as well. They are key to this, because there is a far greater priority from Government on LEPs than there is on local authorities. If the local authorities and the LEPs can work together, we might begin to see some progress, but the local authority must take rural tourism seriously, because we know of a number of local authorities that just pay lip service to it, despite the economic growth that tourism brings to the local authority area.

Chris Davies: Sorry, Chairman; I should have declared that I am a member of the NFU and the Countryside Alliance—and a great supporter of the CLA.

Chair: We will all be two out of three.

Minette Batters: From our point of view, with the LEPs and the LAGs, we really struggle to get the farming voice on those groups. There is a massive problem there with getting the heart of rural England actively engaged. I agree with Charles; there is a huge incentive for the local authorities to make this work, because they are feeling underfunded and in need of more resource. Having that closer link and encouraging investment within their patches is absolutely what they want and what we want. It is very difficult to get the farming voice. We have less and less. There are more farmers working on the farms and employing fewer people, so having the time to get out and actively in the LEPs and in the LAGs, often for an all-day meeting, is probably a challenge for all of us.

Sarah Lee: Certainly the LEPs are too urban-focused. Even when they were set up, it was difficult for the rural voice to get on board. From the get-go, the rural voice was shut out. They have not put the visitor economy as part of their direction or the aims and objectives, and it is just short-sighted. Again, it is the same with the local authorities; it is short-sighted not to embrace rural tourism. A little bit of support from them would bring much greater economic benefits.



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Q163 Chris Davies: My concern is that you are membership organisations, the three of you. Everybody who has a tourism business out there may be a member of one, all three or none of your organisations. How do we get them to be on board with a tourism partnership? It seems terribly difficult. The tourism businesses, like the farming communities, are very independent traders and very independent businesses. Regarding getting everybody together to work in the right direction, we mentioned in the last panel we did not necessarily get uniform views and uniform answers right the way through. When we are looking to go to Government to give a recommendation, we do need that uniform voice.

Minette Batters: I do not see that. As long as you can create a win-win for everybody, you can bring everybody to the table. There is a win for everybody in this. There is nobody who is saying, "I am losing out on all of this." It is absolutely possible to achieve that.

Q164 Chair: How do we physically get them together?

Dr Trotman: We created a National Rural Tourism Partnership about four or five years ago, where we had the main trade associations that represent rural tourism interests get together. We are trying to represent the rural tourism business sector directly to Government, but you need Government and the lead Government Department, DCMS, to listen or to engage. If there is no engagement, we can talk until whenever, but we are not going to get anywhere. Defra supports the NRTP. DCMS is now beginning to support the NRTP. That is one of the vehicles that tourism businesses need in order to get their voice heard in Government. What they are crying out for is proper representation. We already have that, but we need proper engagement with Government.

Q165 Chris Davies: Can I just push you further on the DCMS? You said that there is lack of engagement there. Is that from civil servants, from Ministers or from both?

Dr Trotman: We have a constructive relationship with both Ministers and civil servants.

Chris Davies: You mentioned a lack of understanding.

Dr Trotman: Yes, there is a lack of joined-up thinking. There is a lack of understanding. Over the last year to 18 months, we have tried to get across to civil servants within DCMS on tourism the needs, the challenges and the opportunities that rural tourism businesses face. We are making progress. It is a long road that we have to go down.

Q166 Chris Davies: To answer my question, is it civil servants, Ministers or both who you are struggling with?

Dr Trotman: We would tend to be struggling with civil servants.

Q167 Dr Monaghan: Just picking up on the question that Chris has asked in a little bit more detail, how successful do you feel that your organisations are in working with local and national government to encourage visitors



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into rural areas outside of the peak summer months? We are keen to get to broadband, so I will maybe start with you, Charles, but be quick if you can.

Dr Trotman: We are making progress. The policy idea of trying to pull people out of London into rural areas was good in principle, but you need to have the infrastructure there first before you can do it. The businesses have to be able to work properly. The transport infrastructure has to be there. Tourists themselves have to know that there are other bits of the country outside of London.

Q168 **Dr Monaghan:** Are you able to influence that thinking?

Dr Trotman: We are trying to put that forward through our five point plan.

Sarah Lee: Absolutely; I very much echo what Charles says. There is a role for the Countryside Alliance to play in promoting some of our activities. For instance, shooting is very much an off-high-season activity and we know that shooting provides over 4 million nights' accommodation over the winter months. £246 million goes into the food and drink accommodation. The Countryside Alliance have never really worked with Visit Britain or any DMO, but we would say that shooting has a real opportunity to provide winter tourism for you out there. We have to work harder with people as well.

Q169 **Dr Monaghan:** Do you feel that you are having some success with local and national government in influencing their agenda?

Sarah Lee: We are not having as much as we should. That is probably as much our fault as national Government's.

Q170 **Dr Monaghan:** What needs to change then?

Sarah Lee: It is communication. We need to have a clear direction from DCMS and from central Government about how they will support rural tourism. Organisations such as the Countryside Alliance, the CLA and NFU can then take that message down to our membership. We run an event called the Countryside Alliance Awards. We have a local food, tourism and enterprise category, and the anecdotal evidence from our winners always tells us, post promotion of our awards, their footfall through their enterprises increases tenfold, so we know that the appetite is there. It is just getting that message out there.

Minette Batters: You talk about out of season, but in season as well I am just not sure that rural Britain has been seen as a national treasure for Government. We have had a lot of focus on the urban majority, but I am not sure that they have really grasped the potential that there is within the rural economy throughout the season. I would say that there is a huge amount of work to be done.

I know we are going to come on to broadband, but many of our farming businesses have on-farm borrowing at record highs. It has never been



where it is. Diversification now, certainly for my business, has been absolutely essential to survival. I know that many of our members are looking more and more at diversification in order to have sustainable businesses. There is a huge incentive for Government. Of course, we talk about a farm business. I probably have 20 people who I am employing within the business at different times of the year, adding such value to the local economy. Are Government embracing it and recognising it? I would say absolutely not, at this moment in time. That really needs to change, whether it is out of season or in season.

Q171 Dr Monaghan: That is interesting. You might have heard the previous panel members make suggestions about the tax regime in the UK—that VAT needs to change or could change. Do you have any suggestions about that from the farming industry?

Chair: We are dealing with VAT and business rates, but you can talk about other taxes if you like.

Simon Hart: Can I suggest that we deal with VAT, because I want to ask a planning question when the time comes, not a VAT question?

Chair: Deal with VAT then, please. Do you think reducing VAT would encourage more people to come in?

Dr Monaghan: My question was slightly broader than that. It was about tax in general or any other specific changes, just picking up on what the previous panel had suggested.

Minette Batters: If you do not mind me being a little bit more general, the fiscal incentives are not really there. They are not really helpful. When I diversified, despite the fact I had 30 years within the catering business and we wanted to turn a tithe barn into a wedding venue, there was no way I could look at agricultural borrowing rates. It was just completely “no”, yet I could absolutely do a recognised glamping brand business and be a franchise of that, because it was known and understood. There are many fiscal measures that just seem to have a blanket approach and there is no helpful, can-do, “How do we make this work?” attitude. Fiscally, there is much more that can be done across the board.

Q172 Chair: Businesses understand the fiscal situation as well.

Minette Batters: Very much so. Are we coming on to business rates or is that part of this?

Chair: You can talk about it now, if you like.

Minette Batters: The lack of transparency was raised in the last panel. There is no consultation. I have had a couple of members coming up to me saying, “We have got self-catering and it has doubled. Where on earth has this come from?” There has been no consultation, which was not raised last time. There has to be a consultation. There has to be a



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long-term strategy about the road that we are on. I had another farmer phone me up the other day from Shropshire, who could not access the higher tier on Countryside Stewardship, so she diversified into a self-catering unit and she still has not achieved planning, because she is in an AONB, yet she was not in a good enough location to get into the higher tier. It is that lack of join-up to create the winning formula.

Q173 Chair: This is cross-departmental again as well, as far as Government are concerned. It comes back to the original point and reinforces that.

Dr Trotman: On the question of VAT, what you did not hear in the previous session is that a model was produced whereby you could reduce VAT on tourism accommodation and tourism attractions to 5%. It has got nothing to do with the EU; it is just that it allows for the derogation, so you can reduce it to 5%. Over a five-year period, the Exchequer would have £5 billion additional revenue per year. In the first year, however, the Treasury would lose £1 billion. The Treasury stopped the idea going forward because it was not fiscally neutral in the first year. If you can get around that problem, really you are pushing at a far more open door than a lot of people think.

Q174 Chris Davies: Can you explain that again?

Dr Trotman: A model was created. I think it was a Deloitte model by the Cut Tourism VAT campaign. You reduce VAT to 5% for attractions and accommodation. Over a five-year period, you can increase the tax revenues for the Exchequer by around £4 billion to £5 billion a year. However, in the first year, because the model comes in, the Exchequer would lose about £1 billion, maybe £1.2 billion. It was not fiscally neutral and that is why the Treasury has never taken up the idea.

Chair: If you could supply that in writing, it would be really useful. It is good stuff. Simon, do you want to come in on your planning question? I will then bring Margaret in on the Rural Development Programme.

Simon Hart: Yes, I think we have two minutes, but we will give it a whirl. I should declare an interest as well; I am a member of two out of three. I know I am a member of one, but I am not sure which of the other two it is. It is either the NFU or the CLA.

Chair: I think you need to be specific. Anyway, I will let you off, seeing as it is Christmas.

Q175 Simon Hart: We have had a lot of conversation about broadband for businesses, and it is a local example demonstrating a wider problem. Diversification, particularly in sensitive environmental areas, national parks and suchlike, is perhaps part of the solution to providing a greater offer for tourism—longer stays, greater spend, etc. The question is: do you believe that the Government and the planning authorities with which you deal are striking the right balance between economic sustainability and growth to develop tourism in the way we have discussed, and environmental sensitivity? Have they got that right or is there further



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work that we can do?

Minette Batters: I would say no; they have not got it right.

Q176 **Simon Hart:** Can you elaborate? Are there examples we can turn to where the attitude of local authorities, like the one in my area in particular, is "Not on your nelly!"?

Chair: Does it vary from one area to another?

Minette Batters: It varies enormously. It is seismic. In many ways, in the areas that need it most, the national parks and places like that, it is incredibly difficult. I do not know how many of you have been involved in an environmental impact assessment but, if you ever have one on your farm, my goodness; it will last months and cost a fortune. As much as we support the newt population, we are now so over-populated with newts that we are going to be overrun with them. No, it is not joined-up and it is not fleet of foot enough to be able to adapt. When things are thriving and doing fine, you do not need to spend thousands of pounds finding out that you have millions of them.

Chair: We had better break for a Division.

Sitting suspended for a Division in the House.

On resuming—

Q177 **Chair:** We will keep going. Minette, you were in the middle of the planning answer to Simon. I do not know if you want to say anything more, and then we will move across the panel.

Minette Batters: There is a huge amount that can be done to make it easier. I was referring to the environmental impact assessments, which are extremely costly now and not always necessary or particularly site-specific.

Sarah Lee: I would echo what Minette was saying. We need to slightly go back to the National Planning Policy Framework and remember that one of the cornerstones of that is sustainable development. Planning authorities need to remember to ask, when they are approving farm diversification or any tourism enterprise, "How is this going to benefit not only our local economy but our natural environment and support the community as a whole?" It is a little bit back to basics. It is really hit and miss across the country.

Dr Trotman: The case is that local planning authorities have to recognise that this is an opportunity for promoting economic development. Obviously, yes, it has to be sympathetic, but it has to hit the right balance. The overzealous interpretation of planning law by local planning authorities misses the point. They have missed it completely. We have a situation where a viable diversification application or project for planning permission is rejected because it leads to more cars coming in. If you have to get tourists there and we do not have an integrated bus or



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transport network, how are you going to get them there? That is the problem.

- Q178 **Simon Hart:** Do you think that these authorities see people as part of the biodiversity of the landscape or are people a mild inconvenience, a cross that has to be borne, in the pursuit of a perfect landscape? Do you think people understand that it is people who make it tick?

Dr Trotman: Unfortunately, I think a lot of local planning authorities think the countryside is static—i.e. in aspic—and it is not evolving or it does not evolve. They think it does not have to be managed, and that is where farming and farmers come in: they manage the landscape. They have to manage the landscape in order to be profitable.

- Q179 **Simon Hart:** It has sometimes been suggested to us that local authorities are under statutory restriction, in terms of that balance between economic growth and environmental sustainability. “We would like to help, but our hands are tied by statute.” A national park response might, for example, be that it always has to find in favour of the environmental concern, rather than the economic contribution that a particular proposal may make. Is that true and, if it is true, does it require Government to act in ensuring that that current restriction is lifted?

Minette Batters: My honest response is that I think it can often be used as an excuse. Instead of the focus being on the rural infrastructure and the farmed landscape, there is such good evidence on why people go to rural locations. 98% of people go to Exmoor not for the food or the climate but for the landscape. There is phenomenal evidence on why people go there. Sometimes, the environment is used as a block, rather than being based on any form of science.

- Q180 **Simon Hart:** It is an inaccurate interpretation of the statutes under which the planning authorities operate, rather than a statute that needs to be changed by central Government.

Minette Batters: Yes.

Dr Trotman: You have the National Planning Policy Framework. You have paragraph 28, which is the presumption in favour of sustainable development. Local authorities are meant to be interpreting that for pure economic development. They are not; they are putting up environmental walls, you could say.

Minette Batters: They use it in terms of how they want to use it and the direction of that authority.

Chair: Angela, you wanted to make a point. It is probably on national parks as well, is it?

- Q181 **Angela Smith:** No, it is planning. Sustainable economic development would not necessarily be pure economic development. It is the



sustainable element of it.

Dr Trotman: There are the three pillars of sustainability, yes.

Q182 **Angela Smith:** There is a balance, in terms of environmental protection and economic development, in my view. Anyway, one of the most successful tourist businesses in Yorkshire is in my constituency and it is Cannon Hall Farm. It does incredibly well and is a hugely successful venture, visited by all generations and families. It is brilliant. Minette, could you explain a little more what you meant when you said that environmental impact assessments are sometimes used badly by planning authorities, take too long or are asked for unnecessarily? I would just like a little bit more information on that, because certainly Cannon Hall Farm appears to have got over that issue one way or another.

Minette Batters: It is totally dependent on location. In some areas, and I certainly know for the members we have in national parks, it is incredibly difficult to do anything at all. When we had a new building put up, we had to spend months doing environmental impact assessment work on an area that we had been using for parking tractors and trailers, and storing equipment. There was clearly no environmental benefit at all in doing all this impact assessment. When it was graded, we had to have a special digger in with a special grading bucket. The chap who was doing it said, "This is a waste of time." He said, "With this bucket, it is going to take me two weeks longer than it would have done." This was not landscape; it was an area that had been used for farm machinery throughout and it had planning for a building. It is that sort of thing that is very hard to understand. It is a sort of blanket approach. In many ways, they should have local solutions. It seems like a block. It really does seem like a block that is not helpful or conducive to the business that you have just been talking about.

Q183 **Angela Smith:** Has the NFU, the CLA or the Countryside Alliance any database evidence that would underpin the argument that you are making, Minette? It would be good to have the statistics, in terms of the number of businesses, farm businesses particularly, that have registered concerns about the way the planning process works.

Minette Batters: I am sure we can certainly get that over to you.

Angela Smith: That would be really useful, Chair.

Chair: That would be really useful. Angela, would you like to move on to financial issues now, number 18, please?

Q184 **Angela Smith:** The LEADER programme is something I really rate. It is in my constituency and has been really successful, and I say that as someone who has been quite sceptical about these things in the past. What level of funding do you think rural tourist businesses need to replace EU programmes such as LEADER?



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Minette Batters: Oh goodness. I am tempted to say that it all depends on the trade deal that we get, which it probably does. Tourism might become ever more important in future years, and diversification.

Q185 **Chair:** Minette, on this one, if you want to go back and get some actual figures on what you think the sorts of levels of funding might be, we would be very happy to take it in writing. It is entirely up to you.

Minette Batters: Yes, we would be happy to do that but, Chairman, I also want to point out that it has not been accessible to all. For my business, I was not able to access any grant funding. Anything in the future has to be accessible to all and not be penalised by location. In so many of the funding streams at the moment, you are penalised by location. That can be changed.

Chair: Sorry, what I think you are saying is that it is not only about the funding but how that would be spent.

Angela Smith: Even LEADER is a rural programme.

Minette Batters: Yes, but it is not accessible to everybody.

Dr Trotman: 75% of the country has a local action group, so 25% has to be taken up, in terms of funding, by the local enterprise partnership. They do not, and that is one of the issues. In terms of the actual volumes or the amount of money we are talking about—let's say we leave the EU in 2020, for argument's sake, after the programme finishes—you are talking in the region of £40 million a year just for tourism. I think the figure was quoted of £200 million up to 2020. That is wrong; it is nowhere near as much as that. It is half; around £100 million would be available. The problem, however, comes back to what Minette was saying: who is eligible for this money? What is the application process? Why is it so complex?

Minette Batters: That has to be the solution: that it is far more transparent and far more accessible. It is so full of bureaucracy that it adds a huge cost and puts people off.

Dr Trotman: That bureaucracy is European Union-led. It is all to do with the EU. What Defra wants, to give them their due on this, is to streamline and simplify the process. They are not allowed to do so at the moment, because of the control verification processes insisted upon by the European Commission. If we leave the EU, we pull things apart. We then put them back together again. The key thing is that there has to be a dedicated funding mechanism post-Brexit for tourism businesses.

Q186 **Angela Smith:** We should be able to do that without leaving the EU, but never mind.

Minette Batters: It is vital that the planning takes place now.



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Sarah Lee: One thing we do know with LEADER and RDPE is that, if you have a targeted tourism business funding stream, it really does make a difference. We were talking generally about DMOs and other funding streams being a bit hotchpotch and not really knowing whether they make a difference at all. When you have a targeted one, it definitely makes a difference on the ground.

Q187 **Chair:** It is very much making sure that we get some funding in place. It probably needs to be developed not only with the local enterprise partnerships but with the old LEADER funding, in a way, to have a sum to deal with it. It is joining it up again, isn't it?

Dr Trotman: Yes, exactly. We keep going back to this problem of fragmentation. The solution is joined-up thinking, co-ordination and collaboration.

Chair: Theoretically, we should be able to get it right.

Dr Trotman: We have an opportunity. That is what Brexit has given us: the opportunity to do so.

Chair: Thank you. We have done VAT, Simon. You all want higher VAT. Was that it? No, it was not. I should not encourage you.

Q188 **Simon Hart:** I thought, and may have got this wrong, that the previous panel was a little bit unsure. There were three different views about where they felt we should be going with a potential reduction in VAT. Is this panel more of one mind?

Dr Trotman: If there is an opportunity to reduce it, reduce it, because it acts as a fiscal barrier to bringing in more tourists. If you do not have the tourists, you cannot make the money.

Sarah Lee: We are 140th out of 141 in terms of the most competitive tourist destinations in the world. We need to make ourselves more competitive and more attractive internationally.

Q189 **Simon Hart:** You are not as concerned as the previous panel about the smaller businesses that might feel that they would be less competitive.

Dr Trotman: My view is that, if you can generate economic growth, whether it is a large business or a small business, it will all flow through the economy. As the economic cycle works, then all businesses will benefit, whether small or large. If you have a reduction in VAT, the model shows it will be a major advantage to tourism businesses.

Minette Batters: You cannot have your cake and eat it, so you have to take an opinion. As my business provides a service, I do not have to charge VAT on it, and that is a huge plus for the people who come here and use us, because obviously they would not be able to claim it back. It would cost them more, so it provides a far more effective service. Anything that can be done to bring it down would be good.



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Chair: It is good to get that on record. Thank you very much for that point, Simon. Paul, can you do question 20 on the impact of business rate levels, please?

Q190 **Dr Monaghan:** What feedback are you each getting from the businesses that your organisations represent about the impact of business rates on their viability? I will perhaps start with Minette.

Minette Batters: Again in my own business, I am always staggered by the differences with diversification and the farming business. The business rates, across the board—every bit of rating—are very overpriced. It means the business has to be doing exceptionally well in order to be able to pay all the rates. Even being licensed to sell alcohol again has a huge cost. There are a lot of costs in that. I do not think it has been particularly thought through. It just seems to be, “We’re going to charge that and that’s it.” It is not up for discussion. It is not worked into the fabric of the diversification or the attraction, and it is very savage. It looks to me to be getting more savage, as local authorities are looking for other funding streams.

Q191 **Dr Monaghan:** Presumably you are looking forward to duties and tariffs coming when the UK leaves the EU.

Sarah Lee: I am going to pass to my colleagues from the CLA and NFU, because the Countryside Alliance represents individual members rather than businesses.

Charles Trotman: The reaction that we have had is incredibly negative in the sense that I can remember speaking to one of my colleagues who had a member enquiry. Their business rates went up by 350%. That meant that the business was not economically viable, so they are appealing. We are getting more and more of these cases, so we are making strong representations to Government. The problem that we have is we have no idea where this came from. Where is the consultation on this? Why has this suddenly come out of the blue? Yes, we know there was a database that you could go on to, but in order to do that you needed broadband, which a lot of rural areas do not have.

Chair: Being cynical, I think some smart accountant in the Treasury said, “We can raise X on business rates, so there we charge it, and we will not bother about consultation,” and what we are doing, as you quite rightly say, is probably going to put quite a number of people out of business. This is crazy.

Q192 **Dr Monaghan:** It would be useful to get a little bit more detail on that particular case. What was the justification for the 350% increase?

Charles Trotman: I would need to speak to my colleague. All he said was that there was a 350% increase. I said, “It is not viable,” and he said that that was what the operator said.

Q193 **Dr Monaghan:** But you do not know the background.



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Charles Trotman: No. I can find the background for you.

Dr Monaghan: If you could and perhaps send it in, that would be helpful, wouldn't it?

Chair: It would. Make sure, please, they are like for like. What you do not want is someone who has perhaps developed the business more and brought something else in, because all the Valuation Office and the Government will say is, "You are not putting like with like." We need a business being charged X for the same business and then being charged this massive amount. I really would like some good stuff on that, because it is going to be very serious.

Q194 **Dr Monaghan:** In more general terms, what do you think local and central government should be doing to moderate business rate rises of that scale?

Charles Trotman: They have got to compute what the economic contribution of a particular business is. That would take some time, but remember the business rate decision was delayed for three years anyway. The time is there. They have to be able to compute the economic contribution of that business to the economy and from that work out a formula in which an appropriate and balanced business rate can be applied. At the moment it is not balanced and it is certainly not appropriate.

Q195 **Dr Monaghan:** There is no insight on the part of local or central government into that whole process either.

Charles Trotman: No.

Minette Batters: I would agree with Charles. There is never any consultation. There does not seem to be any strategy on how it should work. It seems like a growing beast. It is holding back a lot of businesses that could be really adding a lot of value to the area. It is acting as a prohibitor too.

Q196 **Dr Monaghan:** Is it discouraging further investment also, perhaps?

Minette Batters: Without doubt, absolutely—it is enormously restricting growth.

Q197 **Dr Monaghan:** Are there any other significant impacts that you would highlight?

Minette Batters: The restriction on growth is something you cannot under-calculate. There are no incentives seemingly. The business rates are going to kill any incentive.

Q198 **Dr Monaghan:** Presumably that stifling of investment will also restrict the availability of jobs in that locality, and it just gathers momentum.

Charles Trotman: It is a vicious circle.



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Minette Batters: Looking at the Brexit world, we all really hope that rural Britain will very much feature as part of the industrial strategy and really will focus on making it work and function, and allowing for that investment in order that we can all increase our productivity and create that win-win situation. I really hope that will happen.

Dr Monaghan: You are an optimist.

Minette Batters: We are relying on this Committee to bat very hard for us.

Q199 **Chair:** We will. We will deliver the message. We have got to get some action though, haven't we? That is the thing. I want to move on to broadband. I want you to really emphasise for us how important rolling out broadband is to businesses in the rural areas.

Minette Batters: It is just hopeless. It is absolutely hopeless. It is a disgrace. Thank goodness my business has access to 4G, because everybody now that comes out into the countryside to enjoy themselves wants access to Wi-Fi at all times. You might not be lucky enough to have access to 4G, and 70% of smartphones cannot access 4G. It is disastrous. We are 54th in the world on broadband connection. It is dire and rural Britain is really suffering. It is not improving. I imagine for our colleagues it is number one; for us it is number one. Get that sorted. It is a big step on the road.

Chair: That is coming over loud and clear from everybody.

Sarah Lee: This digital-by-default world is leaving rural Britain behind. Farm businesses, from the village shops to any rural enterprise, are stymied. They cannot compete not only locally but nationally and internationally. It is absolutely unfair and unacceptable.

Charles Trotman: To turn it round a little, if we look at the technologies that are available, we are not just talking about superfast broadband via fibre-optic cabling. We are talking about Wi-Fi; we are talking about satellite; we are talking about access to that technology. We are also talking about businesses being able to exploit that technology when it is available. Roll-out is very poor. You would hope that a Government target of 95% superfast by 2017 could be hit. They have never hit a target yet but we hope this time they might do. It is 90% on mobile.

Q200 **Chair:** Percentages do not work because you still have these large percentages of the 5% in given areas.

Charles Trotman: The 5% is going to be remote rural. We know that. Therefore you go to alternative technologies. If you look at a camping site, for example, you can put in a wireless network quite easily using a satellite hub. You talk about 100 campers or caravans. As long as you have got what is called backhaul going into it, i.e. fibre-optic cable from the cabinet to the premises, you network that out using what is called



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Wi-Fi mesh. It can be done. The problem is that people do not know it can be done.

Q201 **Chair:** How close does the fibre-optic cable have to be to the site—actually into the site, or what?

Charles Trotman: Basically, the backhaul has to be run from the cabinet into the premises. It cannot be on-site.

Q202 **Chair:** The problem in a lot of areas is getting the fibre-optic cable in.

Charles Trotman: The problem there is lack of industry consensus, issues of wayleaves, issues of conflict between site providers and the operators, and what is happening with the revised electronic communications code, which is not going to help matters either. Landowners will not give up land for masts. You want to extend roll-out of 3G and 4G mobile connectivity, but it will not happen unless you have the actual kit on the land. If farmers or site providers cannot get the right rent for that or the right payment through additional factors, they are going to stop doing it.

Q203 **Chair:** The Government has tried to reduce the amount for masts that landowners can claim, which, in a way, has been detrimental to getting these masts in place.

Charles Trotman: Look at it like this; if you have a £5,000 annual rent and you have got a mast on your land, under the revised system when the Digital Economy Act comes in, that could go down by 90%. Instead of £5,000, they get £500. Where is the incentive for the site provider to provide the land for the mast? With 4G and the extension of 5G, you have what is called microcell technology. You will have more opportunity for site providers—landowners or farmers or whatever—to gain business opportunities from that. But 5G is a very new technology. It has to be trialled and it will not be trialled in rural areas first. That is the issue. The key here is that progress is being made but it is far, far too slow. The detrimental economic impact that has on tourism businesses is huge. If you do not have broadband, you do not do business. It is as simple as that.

Q204 **Simon Hart:** All three of the organisations represented are big names in the rural and lobbying world. You must be having meetings with Ministers; you probably have more meetings with Ministers than we do. Perhaps you could tell us how those meetings are going and what responses you are getting from Ministers, naming the ones who you think get it and do not get it. If we are to have any impact as a Committee, it would be great to know where the obstacles are in the relevant departments.

Charles Trotman: Matt Hancock at DCMS gets it. He is the Digital Economy Minister. There is a big question mark over whether the Secretary of State for Defra understands. The Minister for Business needs to understand and probably does not. Treasury and the Chancellor



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of the Exchequer need to understand the economic impact this has through lack of broadband for rural areas. He understands snippets but not the whole picture.

Chair: Could I lead you a little on Openreach? Do you think there could be more competition?

Simon Hart: I would quite like the other two to name and shame.

Minette Batters: It all comes back to how much rural Britain matters to Government. It does not matter enough, otherwise we would not be in the problem we are in.

Q205 **Simon Hart:** Sorry to persist on this, but I am trying to be helpful here, seriously. Presumably you or Meurig Raymond or somebody has sat in front of these various Ministers that Charles has referred to and has either come out of those meetings saying, "We are making progress," or tearing their hair out and saying, "This is going nowhere fast." If we are to be useful on this Committee in trying to add what little pressure we can, it would be helpful for the record to know.

Minette Batters: We have done this document. Susan is here. We can get this document over to you. It is constant for us.

Q206 **Simon Hart:** I do not want another document. I want to know how your people are getting on with Government.

Minette Batters: The point is that we are raising it at all levels in Departments. The new Secretary of State, Andrea Leadsom, is well aware of the crisis we have with broadband. Is she sorting it out at this moment in time? No, nothing is changing. We are making a lot of noise at all levels. Everybody says that they get it and are going to do something about it, but ultimately they have not done anything about it and the situation is in danger of getting worse, not better.

Sarah Lee: It is exactly the same; everyone gives us a lot of lip service saying, "Yes, we appreciate what rural Britain is about. We know you want connectivity," but it is all very piecemeal. We have funding ad hoc thrown at it rather than a constructive overview looking at where we are and what is going on; it is just, "Let's put all this money together and see what we have got to do." Talking about the Treasury, there are headline figures such as that we lose £63 billion out of the economy just on lack of digital skills. The Treasury need to understand that. They need to focus on it.

Charles Trotman: There needs to be a far more integrated approach than we have now. There needs to be an integrated network. You take in all players. You have the universal service obligation.

Chair: Yes—more competition.



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Charles Trotman: There needs to be more competition, whether that means splitting up Openreach from BT, again that would be a legal issue and would no doubt go through to court.

Q207 **Chair:** Do you have a view on that? Would it be beneficial?

Charles Trotman: If it leads to far greater coverage for rural broadband at significant and sufficient speeds, then yes—but only if. Conditions have to be imposed.

Q208 **Chair:** Making Openreach independent might give some of these other companies greater access into that cabling. One of our problems is that we feel that BT has too much of a monopoly over the infrastructure. Am I leading you too much? What is your view on the matter?

Sarah Lee: There is also the timescale on this: how long it will take to separate it and when competition will come in. We are still sitting around waiting for broadband; I do not want that to be a distraction from the actual roll-out and delivery.

Chair: That is a fair point but, as I said earlier on to the other witnesses, it does not matter who delivers it; it is the fact that it is delivered.

Q209 **Angela Smith:** The point about Openreach is that it is not so much about the competition in terms of laying the infrastructure in. It is the fact that BT then has to open up that investment to providers, so there is no incentive for them to invest in the very difficult routes, which tend to be to rural areas.

The question I have is about the Secretary of State, and then I have got another question about farmers. On the Defra Secretary of State, surely her role is to make the relevant representations to DCMS and the Treasury. Do you think she is batting for you in the Cabinet? That is the key thing. It is not that she herself can take the decisions, but she can make sure that the evidence you are giving to her is represented in the Cabinet. That is what, as a Committee, we would like to know.

On farmers and broadband, I have got farmers in my area who cannot access broadband at all and cannot make, for instance, online applications to the RPA. How much of a problem is that? Is it still significant?

Chair: Do you have any figures on the number of farmers across the country that have and have not got it?

Minette Batters: We can get written evidence over to you. We have got endless documentation. Many parts of the country have absolutely shocking access to broadband.

Charles Trotman: On the Secretary of State, we know that some progress is being made, because DCMS's policy position has changed with the new Minister, and we know that. The Secretary of State made it a



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priority to put pressure on Matt Hancock to get DCMS to move towards the need for far greater roll-out and far faster roll-out.

However, it is not just a question of Ministers; it is a question of the civil servants as well. It is a balance. It is about bringing them both together, and getting them to understand the needs of rural communities and the needs of rural businesses. It comes back to Minette's point. Government has to recognise the role rural business plays in Britain.

Q210 **Angela Smith:** You think that the Secretary of State could do more to represent that request in Cabinet.

Charles Trotman: All Ministers could do more.

Q211 **Angela Smith:** Within Defra, but at Cabinet level the Secretary of State could do more.

Charles Trotman: There has got to be far greater understanding of the issues involved.

Minette Batters: You only have to look back at where we have been with successive Secretaries of State, and we are still here. It is not just this one.

Chair: Do not forget that you are talking to many of us in this room who have been here for at least five or six years, if not more. We have been driving this agenda all the time and yet we are still frustrated, as you are, that it has not been delivered. I do not give a damn who delivers it, as long as it is delivered. We have been too tied up sometimes with BT. We have not used the technologies as much as we need to, and the points you all make reinforce what we need to do, and that will be to get another session or two on broadband.

We will probably do an inquiry into rural broadband as well after this, but we can link some of the broadband evidence into this inquiry as well. You can never have enough inquiries into broadband. You can never take enough heat off of Government, otherwise it is not going to be delivered. Paul, can you make your points about broadband and then move into your question, please?

Q212 **Dr Monaghan:** I wanted to broaden it out from broadband into connectivity more generally. Minette, you have already said that if you did not have access to 4G, one of your businesses would be absolutely stuffed, because you would not be able to communicate. What is your view on the mobile networks and things like data roaming? Do you see any easy significant advantage that we can gain quite quickly there, Minette?

Minette Batters: Mobile phone access and broadband access are both absolutely critical. We have more and more people using smartphones, and that is how they are operating now. They are not sitting in their houses at a computer; they are reliant on their smartphones for all



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information and for all communication. Our line is that we want both working. They both have to function.

Q213 **Dr Monaghan:** On data roaming specifically, have you had any representations on that from your members?

Minette Batters: Nothing good. On broadband and phone connectivity, nobody ever gives us any good feedback. There is not a good connection. We are in a situation now where farmers in Africa have better connectivity than we do. They can bank, source energy, knowledge transfer, and we are slipping way behind. To be 44th globally is disastrous.

Q214 **Dr Monaghan:** Data roaming, of course, would allow an individual with a mobile phone to switch networks.

Minette Batters: It adds so much cost.

Dr Monaghan: I do not know if it adds any cost to be honest.

Minette Batters: It does. Data roaming does add cost.

Sarah Lee: Do you mean data roaming between networks?

Dr Monaghan: Yes. I go on holiday to wherever in Europe.

Minette Batters: I will check my service provider, but it adds cost to me.

Q215 **Dr Monaghan:** Is that in the UK or when you are aboard?

Minette Batters: Both.

Dr Monaghan: You are data roaming in the UK.

Minette Batters: If I have not turned it off, I get a message through saying you should because you are adding cost.

Charles Trotman: There is a simple solution to this and it is called site sharing. You share the masts, and under the revised electronic communications code the operators will be able to share the masts.

Q216 **Dr Monaghan:** Would you agree with me that, if data roaming was allowed in the UK, it would produce a significant element of competition that would push the whole thing forward?

Charles Trotman: Yes, it would. One other thing you need to bear in mind is the 700-megahertz spectrum auction. As long as that has stringent rural conditions placed on it, we might get to a situation by 2019, when we leave the EU, that all of the UK, irrespective of where you are, will have universal coverage. The key here is that the operators must abide by stringent conditions as to rural connectivity and the actual levels of speed. You have got site sharing and data roaming, which is how that effectively works from a technical point of view.



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Chair: Perhaps we should bring you in on the inquiry on broadband.

Charles Trotman: That is up to you, Chair.

Dr Monaghan: Sarah?

Sarah Lee: Similarly, we view mobile and broadband as one; let's not try to separate them, because one can solve the other problem. It is about digital connectivity in the countryside. We are fairly supportive of site sharing. We will do everything we can to make it easier to roll out masts and networks across the country. It is ludicrous that it can take up to a year for a planning application to put up a new mast to be approved. In the meantime everyone is lagging behind.

There are lots of small wins we can make by working with local authorities to improve the speed of roll-out. There is hope with the 700-megahertz spectrum auction coming up, but we need to make sure there are rural conditions, they are met and Ofcom enforces them.

Chair: We will make this the last question. The last couple we will ask for written evidence on.

Q217 **Dr Monaghan:** We are very interested in the ability of businesses in the rural economy to recruit and retain labour. What measures do you feel the Government should introduce to tackle problems with recruiting and retaining staff, Minette?

Minette Batters: We are at a seismic moment with retaining staff and getting staff in at all levels. I guess the frustration that we have is that one in eight people in this country are working in the food and farming sector. They end up in those jobs completely by default, not by design. There is no planning and no roadmap as to the jobs that are on offer. A key part of a Brexit strategy for food and farming has to be ensuring that there is a roadmap not only through primary and secondary education but into the colleges and the universities and then into the workplace. It is unacceptable and has been unacceptable for a long time that nobody knows the vast wealth of jobs that are on offer. They get there by default. They fall into them by accident.

Q218 **Dr Monaghan:** Projecting forward a little bit, what solutions are needed to protect the rural economy from any constraints that might be generated as the UK leaves the EU in terms of the free movement of people? That is vitally important for the agricultural sector in particular, isn't it?

Minette Batters: I could go on for hours about this, and I have been giving evidence to the House of Lords today.

Chair: You are not allowed hours, but you can have a few minutes.

Minette Batters: Horticulture is on red alert. We will have fruit and veg rotting in the fields if we cannot have access to seasonal labour. There are not even enough people in Europe at this moment wanting to come



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here. We are asking for a global visa restricted scheme to be trialled for 2017, because if it is not trialled we will have fruit and veg rotting. There is also a big need for labour within the permanent workforce and supply chain. Many of the processors and manufacturers have 80% foreign workers. There are a whole multitude of measures needed. Mechanisation is one, but that needs huge investment. We have got an ongoing retail price war, which is prohibitive to that.

I would say that we need cultural reform within our education system. We have had a high achievers education policy that has not made people aware of the jobs and opportunities that are on offer. There will have to be many transitions in order to get to the place that we need to get to if we are not going to export our horticultural sector abroad and if we are not going to massively consolidate our processing manufacturing sector within the food supply chain. Labour is absolutely huge. All we can do as an NFU is to provide robust evidence, which we have plenty of, of what the situation is on the ground.

Sarah Lee: Talking about skills and job retention, going back to the tourism industry, it is about what we can do and what the Government can do to ensure there is a 365-day-a-year tourist season. That is key to making people see tourism as a viable career. They have already extended the trailblazer apprenticeship. They can do it over 18 months, because of the seasonal break in the year. We need a year-round tourism offer, and rural areas are robust for that. We are weather dependent. You can get out there, whether you want to go rambling, hunting, shooting, fishing or enjoy a local food enterprise. But we need to get people out there in the winter months to sustain those businesses.

Charles Trotman: I absolutely support that. Also, on the issue of EU migrant labour in the hospitality sector, you are going to get into a situation. We do not have enough workers in this country who want to work in the tourism sector. That is why you need EU migrant labour. Again, we are talking about economic viability. Those businesses will not be viable because they simply have not got the staff. A shortage of staff leads to reduced output, even in tourism. This is not rocket science but it is a raw political issue, and the referendum made that clear.

Q219 **Chair:** There is already a concept out there, with people coming from Central and Eastern Europe, as to whether they want to come and whether we want them to be here. Of course with the exchange rate changing, it is not quite so lucrative for them to be here. What are businesses finding already? Are they still finding shortages of labour?

Minette Batters: Yes, without a doubt. We are working very closely with the hospitality sector, the care sector and the National Health Service so that we can present Government with a united view of what is needed, both for seasonal workers and the permanent workforce.

Q220 **Chair:** The seasonal workers are probably reasonably easy to deal with, but sometimes we need people for more than just a season. That is



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probably the biggest challenge of all.

Minette Batters: The other thing to add, as I said when I gave evidence to the House of Lords earlier on today, is we do want the Migration Advisory Committee to look into the options for a permanent workforce, looking at a five-year scheme. To have your support as a Committee on that ask would be incredibly helpful.

Chair: We will look at that. Is there anything further?

Angela Smith: I could go on forever on this one, but I will not.

Chair: We all could and we do realise the importance of having people here to do the work, to build the businesses, build our economy and then make sure we have got the services, food and everything else we need. We understand it. We have just got to try to get this deal done. It may be a little bit beyond the EFRA Select Committee to solve all these problems, but we will do our very best.

Can I thank you again very much? Perhaps you will give us answers to the final two questions in writing. We very much appreciate your time this afternoon. It has been some very good evidence, and it will make part of our report when we compile it. May I wish you a very happy Christmas? Thank you very much. I thank Members and staff, and wish them also a very happy Christmas.