



HM Government

# Industrial Strategy

## Tourism Sector Deal

Building a world-class  
experience economy



**INDUSTRIAL  
STRATEGY**

# Executive Summary

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*The Tourism Sector Deal sets out how the government and industry will work in partnership to boost productivity, develop the skills of the UK workforce and support destinations to enhance their visitor offer.*

The government's modern Industrial Strategy sets out a long-term plan to boost the productivity and earning power of people throughout the UK. The tourism sector has the scale and geographical reach to deliver on this ambition.

## **Increase in visitor numbers**

In 2018 the UK attracted 38 million international visitors, who added £23bn to the economy<sup>1</sup>, making tourism one of the country's most important industries and the third largest service export. Current forecasts predict the sector will deliver a 23 per cent increase in inbound visitors by 2025<sup>2</sup>. Domestic tourism is also set to increase by an estimated 3 per cent per annum until 2025<sup>3</sup>. In 2018, British residents took 119 million overnight trips in the UK, totalling 372 million nights away and spending £24bn<sup>4</sup>.

The Deal seeks to develop the infrastructure necessary for this influx of visitors. It also creates a framework to position industry to take advantage of new markets as well as leveraging initiatives designed to deliver the Grand Challenges relating to the data-driven economy, clean growth and an ageing society.

With this predicted increase in visitors, there needs to be investment in the infrastructure to accommodate and entertain them. 130,000 hotel rooms will be built over the next five years, representing the largest hotel investment anywhere in Europe. 75 per cent of these new rooms will be outside the capital, supporting the government's intention that the benefits of tourism should be felt across the whole of the UK. Significant investment will also be made in attractions by the private and public sectors –including investment in both our natural and built heritage, museums and arts.

Investment will also be made in the people who work in the sector, so that the growth in visitor numbers can, in turn, create equivalent growth in well-paid employment opportunities. The industry will create 30,000 apprenticeship starts each year and a new mentoring scheme will help 10,000 employees develop their careers in the sector. This will complement a commitment by the government to ensure that our education system supports the industry's needs, including the rollout of two new T level courses.





AN EPIC OF STAGE  
LIKE NOTHING  
ON EARTH  
HERALD SUN, MELBOURNE

APN

HOTEL

YOUNG AND JACKSON

CUT  
OFF

Docklands 170

STOP

FIND YOUR  
GREAT  
BRITAIN

I TRAVEL FOR  
DISCOVERY

2024  
FIND YOUR  
GREAT  
BRITAIN

FIND YOUR  
GREAT  
BRITAIN



This will ensure that visitors to the UK are served by a highly knowledgeable and skilled workforce.

### Productivity

Resources will also be better used as a result of this deal, as productivity in the sector is currently hampered by the overreliance on the traditional July-September peak season. 38 per cent of holidays by inbound visitors take place in these three months<sup>5</sup>. This deal sets out how the UK will increase the number of off-season visitors via two major interventions. Firstly, the government will create up to five new Tourism Zones to support areas wishing to improve their tourism offer, particularly focusing on those areas looking to boost off-season visits.

Secondly, business events often drive inbound visits outside of peak leisure season, and the UK government is launching an International Business Events Action Plan in conjunction with the Sector Deal. This plan sets out how the UK will maintain its position as a leading nation for hosting business events in Europe and sets out clear steps to bring more major conferences and exhibitions to the UK.

### Visitors of the Future

In recent years, competition around the world has seen a race to build the best understanding of customers, both in how they travel, but also how they search, feel inspired and spend their money. It is no longer simply a case of looking backwards at trends to understand the future.

To be globally competitive, we need real-time data and so we will develop a new Tourism Data Hub, which will help Britain make the most of its tourism offer by understanding the motivation and movement of its visitors. The Tourism Data Hub will be a ground-breaking new way of helping the sector to gain a better understanding of its potential market. The UK also has the ambition to become the most accessible tourism destination in Europe by 2025, increasing the number of international visitors with disabilities by 33 per cent.

# Industrial Strategy Foundations

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*A key ambition for the Industrial Strategy is to establish long-term partnerships between industry and the government that aim to transform productivity and boost earning power in sectors across the UK.*

This Sector Deal brings together a coalition of government, businesses and trade associations who have a shared ambition to improve the industry's performance and help to fulfil its potential and deliver wide-reaching benefits. It reinforces the five foundations of the Industrial Strategy: Ideas, People, Infrastructure, Business Environment and Places, as well as maximising the opportunities from the Grand Challenges.

## **Ideas**

The Industrial Strategy commits to establishing the UK as the world's most innovative economy.

The tourism sector has always been at the heart of new technology including some of the world's best-known websites for booking flights, holidays and accommodation.

But there are also obstacles to this innovation, including the high proportion of small businesses who can find it challenging to obtain market intelligence for accurate business planning.

This Deal puts small businesses at the heart of the sector's innovation by creating a Tourism Data Hub. This will enable the sharing of data from major tourism businesses, which will allow the sector to understand consumer habits and target them more effectively.

## **People**

The government set out in the Industrial Strategy its vision to create good jobs and greater earning power for all. The tourism sector supports an estimated 1.6 million jobs across the UK<sup>6</sup>, giving it the potential to offer development opportunities right across the country. In the future, the industry will seek to attract, train and retain a more skilled workforce. This ambition will be overseen by a newly formed Hospitality and Tourism Skills Board, chaired by Grant Hearn, former CEO of Travelodge. The Board will oversee a significant increase in the number of approved apprenticeship starts to 30,000 a year by 2025 and a mentoring programme to support 10,000 employees to enhance their careers and ensure they remain within the sector.

Industry will lead a £1m retention and recruitment campaign, to demonstrate to young people that tourism can be a life-long, fulfilling, career.

### Infrastructure

The Industrial Strategy commits to upgrading the UK's infrastructure and as part of that, the Tourism Sector Deal sets out how the public and private sectors will invest in our assets, from attractions to transport and accommodation. This investment will allow us to prepare for the extra 23 per cent visitors we expect annually by 2025 and ensure that our offer remains world-leading in an ever-increasing competitive marketplace.

This investment includes the addition of 130,000 hotel rooms across the UK by 2025, 75 per cent of which are outside the capital. Investment is also being made in attractions across the country from the English Coast Path - the longest coastal path in the world - to a new Game of Thrones studio tour in Northern Ireland. The range of tourism product available and currently in development has never been so varied.

### Business Environment

The UK government's new International Business Events Action Plan will create the right environment for attracting business events to the UK, enabling us to maintain our position as a leading destination for hosting international business events in Europe.

The government wishes to make holidays in the UK available for all and for the UK to become the most accessible destination in Europe. In recent years the sector has made significant contributions to improving accessibility and to support that laudable, as well as astute, investment the UK government will convene a conference to share good practice and discuss where best to target our interventions. The British Tourist Authority has committed to producing a new space on their website to provide tourists with comprehensive accessibility information. Additionally, the organisation will take more steps to ensure that all its marketing collateral is as inclusive as possible.

There are 200,000 Small and medium sized enterprises in the tourism industry that often require business support, from understanding international markets to helping them go digital. The British Tourist Authority currently offers a range of support to them and this support will be enhanced through the Great Britain Tourism Exchange, a business-to-business platform which connects tourism suppliers to global distributors.





### Places

The Industrial Strategy commits to helping prosperous communities thrive across the UK. Tourism is about place building – its success is based on developing and caring for local attractions and amenities and managing growth so that investment enhances the lives of local residents as well as visitors.

In rural areas diversification into tourism, by farmers, has helped keep their businesses sustainable and protected our landscape. In many coastal areas tourism is the lead employer and source of economic growth. The development of Tourism Zones, will see the government and industry support the most innovative and ambitious areas to grow their visitor economy.

### Devolved Nations

The British Tourist Authority is the national tourist agency, responsible for marketing Britain worldwide and developing Britain's visitor economy. However, tourism is a devolved competence, as such, England, Northern Ireland, Scotland and Wales, each have their own national board responsible for attracting visitors. The UK government, where appropriate, will continue to consult the devolved governments on future work and join up on projects the devolved governments would like to partner in. There are also a number of policies outlined in this document where the competence is not devolved, most notably visas and immigration. The Skills and Hospitality Board established by the industry proposes working with all four nations on the skills agenda.



# Infrastructure

## *A major upgrade to the UK's Infrastructure*

To ensure the tourism sector can support the government's ambition to deliver a major upgrade to the UK's infrastructure.

### **Government action to support tourism**

- ▶ The UK government will make travel to the UK and around the UK easier for tourists through the development of its Maritime and Aviation strategies, as well as a number of rail policy developments.
- ▶ The UK government is investing in a number of projects across the Museums, Heritage and Arts sectors that will enhance visitor's experience. These include supporting the conservation work at Wentworth Woodhouse, the development of a new interpretation centre at Jodrell Bank and the development of England's Coast Path, the world's longest coastal path.
- ▶ The UK government will launch a new £250k competition to improve broadband connectivity in conference centres. This will be a UK wide competition.
- ▶ The UK will build on its excellent existing offer, to become the most accessible destination in Europe.
- ▶ The British Tourist Authority will increase their publicity about accessible travel and provide inbound visitors with increased information about the accessibility offer in the UK through a brand new website.

### Sector action to support tourism

- ▶ Industry will create an extra 130,000 bedrooms across the UK by 2025 - a significant increase of 21 per cent in accommodation stock.
- ▶ Industry will continue to invest in tourism attractions and innovative products, to remain a global leader in the experiences the UK offers visitors.
- ▶ The sector will support the UK government's ambition to be most accessible destination in Europe. They will take forward a number of measures, including better coordination of accessible itineraries online, and increasing the visibility of people with accessibility issues in promotion and marketing campaigns.



# Infrastructure

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*To ensure the tourism sector can support the government's ambition to deliver a major upgrade to the UK's infrastructure.*

## Transport

In addition to making it easy to travel to the UK, it is essential that it is easy for visitors to move around the country easily. This is particularly important to the UK as 46 per cent of international visitors are nervous about driving here<sup>24</sup>, in particular because we drive on the left-hand side. Therefore, a range of alternative public transport options are needed and the government is committed to improving the passenger experience in the aviation, maritime and rail sectors in both the short and long term.

'The Future of Mobility: Urban Strategy' lays out the principles by which the UK will support advances in data science, artificial intelligence and sensing technology to increase the speed of transport innovation. Cleaner transport, automation, new business models and new modes of travel promise to transform how people, goods and services move.

## Aviation

The Department for Transport is developing an Aviation Strategy - Aviation 2050 - setting out the government's long term vision for aviation to 2050 and beyond, which is of particular importance to tourism.

We are proposing a new industry wide Passenger Charter that will seek to increase awareness of consumer rights standards across aviation, improve passenger services and promote best practice in the aviation sector.

As an important part of the government's long-term Aviation Strategy, we are proposing a new industry wide Passenger Charter that will seek to increase awareness of consumer rights standards across aviation, improve passenger services and promote best practice in the aviation sector.

The government is currently consulting on measures to improve the flying experience for all passengers as part of the wider Aviation 2050 Strategy.

The government believes that forecasted aviation demands up to 2030 can be met through a Northwest runway at Heathrow and by Airports beyond Heathrow making best use of their existing runways, subject to environmental issues being addressed. To ensure additional growth is sustainable and delivers the full benefits for the consumer and industry while minimising the impacts on local communities, the government proposes to work in partnership with the industry to deliver on a number of policy areas being developed as part of the Aviation Strategy 2050 consultation document.

The government recognises that airports are in a unique position to be transport and ticketing information hubs. Indeed, many airports are already developing digital and face to face facilities that will make onward journeys more straight forward for passengers. Integrated ticketing can refer to a ticket for the whole journey or encompass multiple tickets, and the government encourages Airports to lead in the development of integrating service offerings with surface transport providers.

### Maritime

The cruise sector in the UK has almost doubled since 2006 with nearly 2 million people taking a cruise which started or ended in the UK in 2016<sup>25</sup>. The Department for Transport has launched the Maritime Strategy for 2050, to maximise our strength in maritime services, lead the way in clean maritime growth and strengthen our maritime reputation. The strategy framework will inform government policy development and industry decision making for the future, as well as giving even greater confidence to potential investors in the UK economy.

One specific recommendation in Maritime 2050 states that the government will continue to engage with the cruise and ferry sectors. A series of thematic route-maps will be launched throughout 2019, which will help the government to identify and implement appropriate activities to support the long-term vision.

### Rail

The Department for Transport is undertaking a range of initiatives that will enhance the passenger experience on the UK's rail network. The Future of Mobility Grand Challenge is paving the way for a cleaner, greener future transport system. A number of these will benefit international visitors:

- ▶ The department has agreed with Govia Thameslink Railway to extend pay-as-you-go travel to Luton Airport. Transport for London's contactless bankcard system will be available later this year. This follows the extension of pay-as-you-go to Gatwick Airport.
- ▶ In early 2019 the department consulted on an approach to expand pay-as-you-go ticketing more widely and on proposals for a wider pay-as-you-go area in the south east of England, including London Stansted and London Southend airports.
- ▶ The department is considering a possible Southern Rail Link to Heathrow, including working to further develop the scheme objectives and commercial model options.
- ▶ By 2022, there will be earlier and later connections from stations south of Newcastle to Newcastle Airport—up to 40 minutes earlier and later than now.
- ▶ The department is investing £300m in improvements on the Brighton Main Line, a key route to Gatwick Airport. This will reduce delay hotspots and boost reliability of rail in the south east.



## Case Study: Liverpool

The Liverpool City Region, in collaboration with major private sector partners—including Liverpool John Lennon Airport, Merseyrail and Liverpool ONE are developing a seamless journey from any entry point into Liverpool and the wider City Region, including its many attractions. By improving the accessibility, and facilitating the easy dispersal of visitors from transport links to attractions, the city will become even more welcoming to both visitors and residents travelling within the city, and underpin the Liverpool City Region's growing tourist market. In addition, Liverpool John Lennon

Airport introduced accessibility training in 2015, to assist passengers with conditions such as autism or dementia through the check-in and boarding process, and in the future, there is an aspiration to provide this training across other transport modes in the Liverpool City Region. Looking to the rail network, 2020 will see the beginning of a multi-million-pound infrastructure investment in replacing rolling stock, which will provide step-free access across the Liverpool City Region rail network. These projects will complement the seamless visitor journey.

The government will continue to work with the British Tourist Authority and the Rail Delivery Group to shape the rail agenda in relation to tourism. In 2018, the British Tourist Authority focused the rail activity on the trade site with the introduction of the rail hub. The rail hub showcases the rail content, including rail videos, imagery, itineraries and brochures. A number of campaigns involved a focus on rail, with both Cox & Kings India and Travel Leaders Network USA promoting rail as an enabler to travel around Britain. Cox & Kings India created a rail video for broadcast, which reached nearly 8m consumers in India.

The Rail Delivery Group owns the BritRail pass which provides access to all trains on Britain's National Rail Network.

BritRail sales have seen strong growth year on year, with £11.8m sales in 2018, an increase of 8.9 per cent from 2017.

The RDG were also a successful recipient of a round one Discover England Fund bid, which has enabled them to develop the M-Pass (mobile) for their BritRail England Pass. This was the first nationally available barcoded rail ticket. The BritRail M-Pass sales exceeded expectation reaching 3,000 sales by March 2018, well ahead of forecast. This will be extended to cover all Britain from summer 2019 and will allow visitors to purchase their ticket right up until the day they travel. The government is also supporting local areas creating their own partnerships with transport providers.

The Great West Way Discoverer Pass has been developed as part of a Discover England Fund project, which makes travelling this route easier for visitors. It includes unlimited off-peak train travel from London Paddington/Waterloo along the route to Bristol Temple Meads via Reading and/or Basingstoke routes with options to branch off towards Oxford and Kemble. It also includes unlimited travel on the bus services along the route. Visitors (both domestic and international) can choose from a one-day, three-day, or week-long ticket.

### **Investment in accommodation**

In 2018, the UK saw £6.8bn investment in hotels, a third of all the hotel investment in the European market<sup>26</sup>. This injection of investment is happening at all levels of the sector and it is estimated that 51 per cent of the 45,000 hotels are independently owned<sup>27</sup>. These independently owned hotels are predominantly SME operations.

In addition, national hotel brands are expanding their own portfolios across the UK. For example, Whitbread Capital Markets report highlights long-term growth to a 110,000 room network - creating between 1,000-2,000 UK jobs a year. InterContinental Hotels Group is also investing in the UK, making it the largest luxury hotel operator with more than 2,000 rooms in the UK.

The sector has committed to building an additional 130,000 rooms across the UK by 2025, which is equivalent to 21 per cent of the current bedroom stock being added. London has an additional 30,000 rooms in the

pipeline, equalling 23 per cent of its current bedroom supply. However, this expansion in accommodation will occur in all areas of the UK, with 75 per cent of all new bedroom stock being built outside the capital.

The strength of inbound tourism helps shape the interest levels of investors and the change in the nature of where investors' money is coming from reflects the vitality and resilience of the UK's inbound tourism market.

### **Investment in attractions**

We have seen with Diageo's £150m investment in the whiskey experience in Scotland and the Turner Contemporary in Margate, tourism investment can be transformative for a destination, drive regeneration and improve the quality of life for local communities. The major investment in global tourism attractions is a huge vote of confidence in the UK tourism sector. For example, £1.5bn is being invested in brewing and pubs per annum across the UK alone.

Visiting our heritage is the number one reason international visitors chose the UK as a location to visit. The UK's unique culture and heritage attracts £4.5bn worth of spending by inbound visitors annually, more than quarter of all spending by international visitors. The government is investing in a number of projects across these areas to provide world class attractions for visitors. This includes contributing £4m to a new exhibition space at Jodrell Bank, near Manchester, to celebrate its world-leading place in the history of astronomy and £7.2m to conduct urgent conservation works



at Wentworth Woodhouse, a country house in Yorkshire, with the long term aim to turn it into a visitor attraction.

Britain's coastal and seaside attractions are popular with domestic visitors, with 35 per cent of Brits holidaying at an English seaside destination in 2017 - totalling 16.7 million holidays. One-in-ten inbound visitors to the UK visit the coast or beaches (3.8 million).

Natural England is developing our coastal offer by investing £25.6m between 2015 and 2020 to create the England Coastal path which, when complete, will be the longest coastal path in the world.

Covering nearly 25 per cent of England, England's National Parks and Areas of Outstanding Natural Beauty are pivotal to our tourism offer by helping to disperse tourism across the country and attract international visitors. For the first time, through the Discover England Fund, nine of England's ten National Parks have worked together and with local businesses, to curate a collection of experiences that tell the story of our landscapes and their people. The English National Park Experience Collection offers a range of visitor experiences all of which are new for 2019.

This outdoor offer is further enhanced by the UK's wealth of gardens and in the years between 2006 and 2017, around a third of all inbound visits included a visit to a park or garden which amounted to £2.2 billion of tourism spend<sup>28</sup>. This popularity is demonstrated by three paid garden attractions appearing in the top twenty most visited sites across the UK in 2017. These are the Royal Botanic Gardens at Kew, RHS Garden Wisley in Surrey and the Eden Project in Cornwall.

The UK is the gardening capital of the world, and given the history and attractiveness of our gardens and parks, and the size of its contribution to the economy, images of them should be used more extensively by the British Tourist Authority in marketing campaigns to attract international visitors and to encourage domestic holidays to all corners of the UK. This focus on gardens and landscapes complements the government's 25 Year Environment Plan which seeks to encourage more people to spend time in the natural environment.

International visits to the UK's leading museums have almost doubled in the past decade, with 48 per cent of international holiday visits within England and 55 per cent in London including a visit to a museum. One in four visit an art gallery<sup>29</sup>. The government's policy of free entry to national museums (replicated by many local authorities and independent museums) has been a significant driver in increasing visitor numbers, as have the many partnership arrangements and loans which enable objects to travel the UK attracting large audiences. UK museums play a key role in driving economic growth through tourism.

Arts Council England invests in attractions across England, which will draw both domestic and international tourists. These range from the Hall for Cornwall, a theatre which will be redesigned to include 300 more seats, bars and cafes, and a creative digital hub due to be completed in 2020; to the recently opened Yorkshire Sculpture Park visitor centre - the Weston - which cements West Yorkshire as a visual arts destination.

### Case Study: Film and TV Tourism

The UK's suite of creative tax reliefs are among the most competitive in the world, with government investing £469m in 2018 through the film tax relief alone – a 23 per cent increase year on year.

This has helped enable strong growth in the sector and in recent years the UK has produced a number of films and TV programmes with a strong sense of the UK's culture, such as *The Crown*, *Paddington*, and *Poldark*.

This has a direct benefit to the UK's soft power internationally as well as inbound tourism. Significant investment is being made by the industry to use these iconic locations as tourist destinations, for example HBO (in collaboration with Linen Mill Studios) are building a new 110,000 sqft interactive experience based on the *Game of Thrones* TV Series. It is due to open in Spring 2020. In April 2019 Warner Bros. opened the 16,500 sqft Gringotts Wizarding Bank expansion of its Harry Potter Studio Tour, its biggest addition to date.