

## ECONOMIC DEVELOPMENT COMMITTEE

**Date** 15 March 2000  
**Venue** Committee Room 1, National Assembly Building  
**Title** A New Strategy and Structure for Tourism in Wales

### Introduction

1. The Wales Tourist Board (WTB) has presented a draft tourism strategy '*Achieving Our Potential*' and the results of a review of the structure of Welsh tourism '*Fit for the Millennium*' to the Assembly for endorsement. Both these documents were put before the Committee on 17 November 1999 when it was decided that the consultation period for the structural review should be extended to give local authorities more time to consider the options contained in the report. The consultation period ended on 18 February 2000.

### Purpose and Action

2. That the Committee:-

- (a) **Sign off the draft tourism strategy '*Achieving Our Potential*'** (the current strategy expires on 31 March 2000);
- (b) Note the '*Fit for the Millennium*' report on the roles and responsibilities in tourism in Wales and **sign off the recommendation reached following consultation** (it is vital that this is finalised to enable the WTB to start implementing the new strategy; and
- (c) Provide views on what should be included in the Wales Tourist Board's strategic guidance letter for 2000 - 2001. This has been carried forward from the St. David's Day EDC as the agenda item was not reached (EDC - 04 - 00 (p.9b) brief stands).

### Compliance

3. The Wales Tourist Board was established by the Development of Tourism Act 1969. Powers under that Act have been transferred to the Assembly and delegated to the Economic Development Secretary and Staff. There are no issues of regularity and propriety. The Assembly Compliance officer is content.

### Financial Implications

4. The cost of the initial implementation of the new tourism strategy and the findings of the Roles and Responsibilities Report will be met from within the Wales Tourist Board's 2000 - 2001 budget of £15.436 million. Any future funding to implement initiatives within the strategy will be a matter for the Assembly to consider during forthcoming Budget planning Rounds. Financial Planning division has been consulted and is content with the financial aspects of this Committee Paper.

## THE NEW STRATEGY

### Background

5. Following an extensive consultation exercise with the industry (including a series of seminars throughout Wales) the WTB has prepared the third in a sequence of national tourism strategies covering the period 2000 - 2010, to replace the current strategy ' *Tourism 2000* ' which began in April 1994 and expires on 31 March 2000.

### The Strategy

6. The draft strategy starts with an Executive Summary and then discusses the need for a new strategy, the WTB's vision for the future of tourism in Wales and the importance of tourism. This is followed by an examination of tourism and the market trends both in the UK and Wales and the factors that will effect tourism in the future. It then discusses the structure of tourism in Wales, the policy framework and the strengths, weaknesses, opportunities and the threats of the industry and finally an Action Plan.

7. The Strategy has four underlying principles: *Sustainability; Quality; Competitiveness; Partnership* and identifies four key objectives to address these principles together with a 49 point Action Plan to meet the objectives:-

**Objective 1** - To market Wales more effectively as an attractive all year round tourism destination (**21 Action Points** for this Objective).

**Objective 2** - To exceed the expectations of visitors to Wales by providing high standards and ensuring that investment in tourism is responsive to their changing needs (**3 Action Points** for this Objective).

**Objective 3** - To improve professionalism and innovation by raising the profile of the industry, and by enhancing skills, training and motivation within the industry (**7 Action Points** for this

Objective).

**Objective 4** - To embrace a sustainable approach to tourism development, which benefits society, involves local communities and enhances Wales' unique environment and cultural assets (**18 Action Points** for this Objective)

8. A summary of the Action Points and the Strategic Targets set for the industry by the year 2010 are at **Annex A**.

### Consultation

9. The strategy is the result of an industry wide consultation process involving private sector tourism operators, local authorities, trade bodies and other public sector organisations (both statutory and non statutory) with an interest in tourism. Comments were invited on an initial consultation document and topic papers (detailing 40 strategic issues) followed by 5 regional consultative workshops around Wales. The first draft of the strategy was also discussed at Wales' first National Tourism Forum in July 1999 (Opened by Rhodri Morgan and attended by representatives from the industry, trade and other interested bodies) and circulated for further comments, which were incorporated into the final draft. Since the last EDC meeting on this there have been minor amendments made to some of the statistics quoted in the strategy along with changes to the time scale for achieving some of the action points in the Action Plan.

### **UK perspectives**

10. Both the Scotland and Northern Ireland Tourist Boards issue their own strategies . The Department for Culture, Media and Sport launched

‘ Tomorrow’s Tourism ‘ in February 1999, a strategy for tourism in England but with broader UK implications which have been taken into account when preparing the new strategy ‘ Achieving Our Potential ‘ .

## **REVIEW OF TOURISM STRUCTURE**

### **Background**

11. At the invitation of the then Minister Peter Hain, the WTB established a Working Group in February 1999 to clarify the roles and responsibilities of the main players involved in supporting and developing tourism in Wales.

12. The working Group was Chaired by Ian Rutherford (a WTB Board Member) and comprised representatives of the WTB, the Regional Tourism Companies, the WLGA and trade bodies (listed at Appendix 1 of the Report).

13. The terms of reference for the Working Group set by the Welsh office were:-

- To examine and clarify the roles and responsibilities of the Wales Tourist Board, the regional Tourism Companies (RTCs) and the local authorities;
- To review and assess the effectiveness of the current structure and activities of these three bodies;
- To identify any areas where improvements could be made to the current structure including any possible changes to the existing roles and responsibilities;
- To provide a written report and recommendations to Mr Hain by 31 March 1999.

### **Current structure**

14. **The Wales Tourist Board:** the Board was established under the Development of Tourism

Act 1969 as the lead public body for developing tourism in Wales. Under the Act its functions are -

- (a) to encourage people to visit Wales and the people living in Wales to take their holidays there; and
- (b) to encourage the provision and improvement of tourism amenities and facilities in Wales.

Its powers were extended by the Tourism (Overseas Promotion) (Wales) Act 1992 which enabled it market Wales outside the UK and complement the primary marketing work of the British Tourist Authority.

Its primary role is to give strategic direction to the industry as well as co-ordinating marketing campaigns both within the UK and overseas, providing financial assistance for tourism projects, setting and overseeing quality standards and undertaking research. It also has a statutory duty to advise the Assembly.

**Regional Tourism Companies (RTCs):** there are three RTCs - Tourism South and West Wales, Mid Wales Tourism and North Wales Tourism - which are all private companies limited by guarantee, each having a Board of Directors evenly split between the trade and local authorities.

They are funded by the WTB (contracted services), membership fees and trading activities. They sell their services to members and the industry generally and act as regional representatives of the WTB on a contractual basis (currently five year contracts with annual targets).

**Local Authorities:** there is no statutory obligation on local authorities to promote or develop tourism. Such expenditure will vary significantly across authorities depending on the level of the tourism market in their area. Local authorities are the major players in providing infrastructure and public facilities with many funding leisure facilities and amenities, Tourist Information Centres and organising events and marketing initiatives.

## **The Report**

15. The Report starts with an Executive Summary followed by a discussion on the background to the issue and an examination of who currently does what within the tourism industry. The effectiveness of the current structure is reviewed and assessed and a new structure examined and recommendations made. The Report concludes with a summary of the consultation process and the responses received.

16. Six options were discussed and evaluated by the Working Party and these are summarised

at **Annex B**. All six options assumed the WTB's strategic leadership and policy role would continue and that local authorities would continue to be responsible for visitor care and information, visitor management and ensuring that basic infrastructure and facilities are in place to meet visitor needs. Each option also included the establishment of an annual National Tourism Forum for the whole industry at national, regional, local and sectoral levels.

### **Report recommendations**

17. *The Working Party strongly recommend Option 4*. This would result in a clearer tripartite split of responsibility and roles among the WTB, local authorities and a new trade body 'Tourism Wales'.

This would be achieved by:-

- **The WTB remaining the lead body for tourism, retaining and expanding its core policy and strategic role.** To enable this, it would modestly enhance its presence in the regions.
- **Creating a new national membership body 'Tourism Wales' to represent the industry** at the national, regional, local and sectoral levels following an independent evaluation commissioned to examine the best mechanism to achieve this and evaluate the implications for the industry.
- **Local authorities being allocated sufficient resources to enable them to undertake the delivery of integrated quality destination management including visitor management and provision of basic infrastructure and facilities.** They should also be encouraged to develop regional/area marketing approaches.
- **A national Tourism Forum for Wales being established to meet once or twice a year** as a means of improving co-ordination and communication between key players and to monitor progress in the National Tourism Strategy.

### **Consultation**

18. The Working Party met three times in 1999 and their draft report was discussed at the Tourism Forum in July with written comments invited from organisations with an interest in tourism. The wider consultation process for the Report and its recommendation (shown above) was extended to 18 February 2000 following concerns expressed by the EDC (17 November meeting) that some local authorities had not had enough time to consider the Report.

19. Following completion of the extended consultation period 19 local authorities have replied resulting in some changes to the Reports original recommendations. *The main changes being the dropping of the proposed new membership body 'Tourism Wales' and that the three regional tourism companies become four by splitting Tourism South and West Wales to match the four Regional Economic Forums and the Assembly's Regional Committees.* The final recommendation is at **Annex C**

## **UK perspectives**

20. Northern Ireland and Scotland have broadly equivalent Tourist Boards. The English Tourist Board was abolished recently and replaced by the English Tourism Council which has a narrowly defined strategic role. It is not comparable with the other national Tourist Boards as operational matters are devolved to the English Regional Tourist Board network. As with the Regional Tourism Companies here in Wales both the Scottish and English tourist boards have Area Tourist Boards under them.

## **ANNEX A**

### **STRATEGY ACTION POINTS**

#### **SUMMARY OF ACTION POINTS**

##### **Objective 1**

The Action Points for Objective 1 are mainly concerned with continuing the Board's work on:-

- **Establishing a clear, positive and consistent national identity** both throughout the industry and in tandem with the work of the Branding Wales group. Ensuring that the brand is responsive to consumer opinion and raising awareness through integrated marketing campaigns.
- **Effective targeting of markets and customers most likely to generate business** by identifying, prioritising and understanding target market segments and promoting the use of such customer focused communications within the industry.
- **Co-ordination of marketing effort** by encouraging the adoption of marketing partnerships between tourism businesses and the use of new techniques and IT such as Internet.
- **Extending the tourism season beyond the summer months** by increased emphasis on the promotion of non peak short/additional holidays and business/conference tourism and encouraging accommodation, attractions and facilities to open for a longer season. Establishing an industry working party to prepare a national events/festival strategy and ways of developing packages (linking accommodation and transport) and another study on how to co-ordinate business tourism marketing.
- **Increased/more effective use of market research and information about customers and competitors through improved interpretation and dissemination of information to the industry** from the WTB. Prepare a joint research strategy, encouraging the industry to perform more customer research, establishing a regular visitor satisfaction survey, producing regular reports (to the industry and the National Assembly) on competitor activities and strategies and establishing an industry working party to determine an action programme for monitoring competitor activity and measures for improved communication within the industry.

- **A more active and consistent use of information provision** to visitors by introducing a single point of contact for all initial enquiries, reviewing the existing information infrastructure against resources and visitor need and developing a customer focused tourist information service net work equipped with the new integrated technology with the capacity for an interactive booking service.

## **Objective 2**

The Action Points for objective 2 are aimed at:

- **Improving quality and competitiveness** through the introduction of a statutory registration scheme for accommodation and a review of the existing voluntary quality grading schemes.
- **A more strategic approach to investment** to be achieved by preparing a corporate 10 year investment strategy that recognises the need to target funds in line with an integrated approach to investment (EU funds including Objective 1 monies and Urban Investment Grants as well as the WTB's own capital grants scheme (Section 4). In addition to accommodation, they propose to target specific areas, attractions, activity holiday and infrastructure/facilities.

## **Objective 3**

The Action Points for Objective 3 are aimed at improving the profile of tourism and raising standards by:

- **Recruiting and retaining quality staff** by working with Springboard Wales (launched in 1998 to attract high calibre people into tourism and hospitality), the Education and Training Action Group, and the Tourism Training Forum (WTB, TECs, LAs, CADW etc....) to improve the co-ordination between the industry and the education sector in training and promoting the tourism industry as a good well structured career.
- **Improving skills in the industry through** more co-ordinated business support and training, and a focus on encouraging the adoption of more effective business practices.
- **Raising the status and profile of tourism** through a co-ordinated communications strategy and the establishment of an annual National Tourism Forum to monitor and review implementation of the strategy against performance, economic conditions and funding availability.

## **STRATEGY ACTION POINTS & TARGETS ANNEX A cont**

### **Objective 4**

The Action Points for Objective 4 are largely concerned with social, environmental and cultural issues:

- **Enhancing the environment by raising awareness of the benefits of adopting**

**environmentally aware practices** and making WTB grants conditional upon compliance, extension of schemes aimed at improving the quality of the coastal environment, encouraging visitor use of public transport and introducing a pilot ‘ paying for conservation ‘ scheme through visitor donation.

- **Extending the community benefits of tourism** by encouraging community tourism partnerships (including farm & agri tourism) and the adoption of integrated local action plans, promoting the use of local produce/supplies and improving support for indigenous tourism start-ups.
- **Supporting the culture and language of Wales** through an industry wide cultural tourism strategy and extend participation in the ‘ Welcome to theArts ‘ customer care initiative.
- **Widening access to tourism** by researching those sectors who do not take holidays, encouraging equal employment opportunities in the industry and encouraging provision of facilities for those with special needs.

## STRATEGIC TARGETS

	1998	2010
<b><u>UK TOURISM</u></b>	9.8 m	13.9 m
<b><u>Trips</u></b>	6.8 m	10.3 m
All Tourism Trips		
All Holiday Trips		
All Tourism Spend	£1100 m	£2342 m
All Holiday Spend	£ 910m	£2049 m
% Holiday Trips in Oct - March	25%	30%
% Holiday Spend in Oct - March	17%	25%
<b><u>OVERSEAS TOURISM</u></b>		
Visits	0.79 m	1.26 m
Spend	£176 m	£396 m
<b><u>EMPLOYMENT IN TOURISM</u></b>	100,000	115,000
Full time equivalents		
<b><u>PROPORTION OF G.D.P.</u></b>	7%	8%

**ANNEX B**

## REPORTS RESTRUCTURING OPTIONS

### **SUMMARY**

*(All options include retention of WTB and creation of a National Tourism Forum)*



**Option 1:** RTCs to be absorbed back into the WTB to strengthen the WTB's regional role; regional trade membership bodies formed to promote member interests and provide a regional voice within the Wales Tourism Alliance; LAs role remains unchanged.

**Option 2:** WTB strengthens regional presence; RTCs no longer act as WTB regional representative but concentrate on being membership bodies and undertake operational work on behalf of the WTB and LAs on a commercial contractual basis. RTCs to participate with trade bodies in the Wales Tourism Alliance to provide a national industry voice; LAs to market their areas through RTCs.

**Option 3:** WTB to devolve operational functions to RTCs and concentrate on strategic policy functions with a corresponding transfer of staff and resources; RTCs take on WTB representational role in the regions forming local branches to improve grass roots liaison. RTCs with trade bodies to participate with Wales Tourism Alliance.

**Option 4:** Establish a new National membership body - Tourism Wales - (possibly by merging the three RTCs) to provide a single national voice for the industry. Tourism Wales could then take on responsibility for quality assurance and undertake operational work compatible with its membership responsibilities on behalf of the WTB and LAs; WTB to have modestly strengthened regional presence focusing on policy and strategy liaison; LAs to deliver quality destination management and product development.

The creation of a new National membership body would first require an independent evaluation of the practicalities involved.

## **WORKING PARTY RECOMMENDATION - SEE PARA 15**

**Option 5:** Creation of new marketing regions which have a viable tourism product base and identity to replace the UK marketing areas, the overseas marketing groupings and the RTCs - each region would have a small executive and Board to administer and oversee the work. Local tourism associations would address local issues and the Wales Tourism Alliance would provide an industry voice.

**Option 6:** Create 4 Regional Tourist Boards (to include WTB, Tourism Wales and LA representation) to deliver regional tourism strategies and co-ordinate LA activities with devolved budgets for joint marketing and small scale projects etc.; and create a national trade membership body ' Tourism Wales ' with RTCs providing admin support.

# RESTRUCTURING RECOMMENDATION - FOLLOWING CONSULTATION

## FINAL RECOMMENDATION AFTER CONSULTATION

- WTB remain the lead strategic body for tourism.
- That a new National tourism body should ***not be created***. The existing Tourism Alliance (trade body) should become the lobbying organisation for all sectors of the tourism industry in Wales.
- The three Regional Tourism Companies should become four by splitting Tourism South and West Wales (under the existing Chair and Chief Executive) to match the four economic development fora.
- The Regional Companies would carry out work on behalf of the WTB (following competitive tendering) at regional level and leave the WTB with a more Strategic role.
- Establish an Annual National Tourism Forum for Wales as a means of improving co-ordination and communication throughout the industry.

**It is also recommended that the original recommendation of commissioning a consultancy report should still be actioned to consider which current WTB functions could better be performed at regional level.**

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