

Rural Tourism Inquiry

Call for Evidence



1. Introduction

The **Family Holiday Association** was established in 1975 in order to help provide access to breaks for UK families struggling with issues such as disability, severe and sudden illness, bereavement, mental health issues and domestic violence. Since then, we have helped almost 150,000 parents, children and young people gain access to a holiday.

This work is undertaken because research shows that the quality of family life, and society as a whole, is enhanced through equitable access to high-value rest and recreation, regardless of disadvantage or poverty. These social welfare benefits include a wide range of physical, psychological, educational and emotional benefits that accrue to people undertaking the holiday. However, there are also wider benefits to society from social cohesion and a reduction in costs to government agencies and social services through reduced disruption and anti-social behaviour.

The Government, through the Prime Minister's launch of a new 5 Point Plan for Tourism, recognises that tourism provides significant opportunities to provide growth and employment for the UK economy. Significantly the focus of this strategy to spread the benefits of tourism away from London and into the regions, especially the rural and seaside destinations.

However, the rural tourism industry faces a number of significant challenges, one of the greatest being the seasonal nature of the industry which hinders the development of sustainable rural and seaside economies. It is our view that social tourism initiatives in the UK could, by mirroring the success of schemes in Europe, address this issue and deliver up to £5 billion of additional tourism expenditure and provide over 90,000 additional jobs.

2. Poverty

Poverty, and especially child poverty, is a significant problem in the UK and is one that has been exacerbated by the ongoing fallout from the global economic crisis in 2008. In 2014/15: 10.1 million people were deemed to be in "relative low income". This means that a person can't afford an "ordinary living pattern" and are excluded from the activities and opportunities that the average person enjoys. The 10.1m people in this situation amounts to 16% of the total UK population and includes 2.5 million children (19% of all children in the UK).

The Department for Work and Pensions' *Households below average income* report uses the term "low income" to determine poverty. This means a household whose income is below 70% of the median. Using this definition, the report found that 1.7 million children were in low income and material deprivation in 2014/15. This is 13% of all children in the UK.

Importantly, this report asked people with a low household income to indicate the most important activities their circumstances meant that they were forgoing. The top activity by a considerable margin was “*a week’s holiday for themselves and their children*”. The survey found that 35% of parents wanted to do this and yet could not afford to do so. In addition, the report found that 900,000 pensioners aged 65 and over were in material deprivation in 2014/15 and that 37% of all pensioners wanted to take week’s holiday a year but cannot afford to do so. Again, taking a week’s holiday was top of the list of activities that pensioners in low income households most wanted to do.

There are two important takings from this report. The first is that people view taking a holiday is a very important component of their wellbeing. The second is that, if the Government is to fulfil its stated aim of delivering a more equitable society, then the very high level of non-participation in holiday-taking for families and the elderly is an issue that needs to be urgently addressed.

3. **Tourism Seasonality**

The UK tourism industry has grown significantly since the recession. The Office for National Statistics has found that, since 2009, it has:

- Provided growth at a faster rate than most other industries
- Provided additional employment at almost twice the rate of other industries
- Increased export earnings to £24bn per annum

Importantly, these benefits have been widely dispersed around the UK with every region of the UK except Northumbria now employing over 100,000 people in the tourism industry. However, despite this growth and spread of economic benefits, the issue of seasonality is a perennial barrier to the growth of the tourism market in the UK, especially in rural and seaside destinations. Currently, 39% of holiday nights away are taken in the third quarter of the year, with 26% in the second quarter and just 17-18% in each of the two other quarters. This means that while tourism accommodation is often full over the summer season, year-round occupancy of accommodation businesses in rural locations is often only 60% meaning that there is considerable spare capacity that is unutilised.

This high degree of seasonality presents the industry with a number of problems. First, because of the seasonal nature of the industry, much of the employment in the industry is also seasonal. This means that tourism businesses in rural areas are unable to support large numbers of full-time employees and therefore have a large proportion of casual workers. This, in turn, makes it difficult for businesses to recruit and retain staff and, if staff are only seasonal, is difficult for local people in rural destinations to remain living in the area.

Having a high percentage of seasonal staff also means that it is uneconomic for businesses to invest in training programmes and that the quality of service provided to customers is lower than would be expected in destinations where people work in the industry full-time. The lower than expected quality of service then impacts on the perception of the destination as a whole, which in turn restricts the ability of the destination to generate further growth.

Seasonality also impacts on the ability of tourism businesses in rural destinations to invest as the investment will only generate an income for a limited period of the year.

The benefits of filling this spare capacity would extend far beyond the accommodation sector and would filter through into the wider community by improving the viability of local services and facilities used by residents of these communities, a lot of which are very marginal at the moment. This is because although social tourism would see the accommodation provided at reduced rates, the people using the spare capacity off-season would provide valuable secondary expenditure to a wide range of local businesses including post offices, transport services, shops, pubs and tourism attractions.

Providing more full-time jobs by using this spare capacity for social tourism would also help retain residents in rural areas, encourage businesses to invest in training and infrastructure and result in a better standard of experience for visitors.

The Family Holiday Association believes that social tourism represents a solution. Facilitating out-of-season access to rural destinations for groups that currently find going on holiday an almost impossible undertaking offers the opportunity to both boost the economy of rural destinations and, at the same time, help fulfil the Government's agenda on delivering a more equitable society.

4. **European Evidence**

There are a number of well-established and very successful social tourism programmes in operation throughout Europe that could be used in the UK. The following are three examples that all show the twin benefits to the recipients and to the host destinations.

a. Instituto de Mayores y Servicios Sociales (IMSERSO)

The IMSERSO scheme in Spain is the most often cited example of the economic benefits of social tourism. IMSERSO provides senior citizens with heavily discounted breaks in the off-season. IMSERSO receives over €125 million a year from central Government funds for a nationally delivered programme which is developed and signed off by a number of Government departments including the Ministry of Economy and Finance, the Ministry of Health, Social Policy and Equality, the Ministry of Industry, Tourism and Trade and the Ministry of Labour and Immigration.

The organisation commissioned an extensive piece of research by Price Waterhouse Coopers, which revealed that for every €1 subsidy that the Spanish Government puts into the scheme, the Spanish Treasury receives €1.5 in extra cost savings (for example in unemployment benefit) and tax revenue (for example VAT, tax on wages and social security contributions). The report observed that this figure had been reached before even considering the potential positive impact the scheme had on the Spanish healthcare system by mobilising 1.2 million senior citizens.

The PWC research also revealed that up to 80,000 people in Spain enjoy employment as a result of the scheme, including those working in transport, accommodation, travel agencies and healthcare.

b. L'Agence Nationale pour les Chèques-Vacances (ANCV)

In France, ANCV provides discounted holiday vouchers for company employees across the country. ANCV receives no public subsidy but acts as a Government agency with an officially appointed management. These vouchers are currently supplied to 3.4 million employees, (which equates to 7.5 million users when family members are included) and are accepted by 170,000 tourism businesses in France. The French tourist industry has readily accepted the

importance of the vouchers to the tourism economy and signed up to the scheme without being asked. It is calculated that the €1.3 billion of vouchers generate a wider economic impact of €5 billion.

c. Flanders Social Tourism

The Flanders Tourist Board's Holiday Participation Centre is another frequently cited example of a successful social tourism scheme. Through this programme, it provides information, accreditation, infrastructure support and advice about accessible tourism in the region. In 2015 over 100,000 people were helped through the participation centre. The Board invests up to €3.5 million annually to advance accessible tourism infrastructure in the region according to a political decree. €600,000 a year is invested in improving accessibility infrastructure for accommodation, with 600 hotels participating in the scheme. A further €200,000 is spent in producing a brochure of reduced holiday tariffs for the social welfare sector.

The scheme delivers economic benefits through filling spare accommodation capacity and extending the tourist season.

5. Replacing CAP

The Family Holiday Association notes that the Government has agreed that the current CAP programme will continue until 2020 and supports this action. We also note that the Government has undertaken to replace the CAP programme with a new scheme that provides greater benefits to the UK rural economy and will better maintain the environmental, historical and cultural assets that form UK rural landscape. These assets are also the foundation stones of the rural tourism industry.

The current CAP programme represents payments and grants of £3.5bn over the period 2014-2020, equivalent to almost £600m per annum. We believe that if the Government intends to maintain this level of funding in the CAP replacement programme with the objective of supporting the rural environment and boosting the rural economy, then one of the most cost effective ways of using a small percentage of this funding would be to support the development of a social tourism programme that would address both the issue of seasonality and the issue of providing for a more equitable society.

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