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The Select Committee on Soft Power and the UK’s Influence

Inquiry on

SOFT POWER AND THE UK’S INFLUENCE

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Witnesses: John Dickie, Mary Rance and Professor Colin Riordan
Members present

Lord Howell of Guildford (Chairman)
Baroness Armstrong of Hill Top
Lord Forsyth of Drumlean
Lord Foulkes of Cumnock
Baroness Goudie
Lord Hodgson of Astley Abbotts
Lord Janvrin
Baroness Morris of Bolton
Baroness Nicholson of Winterbourne
Lord Ramsbotham

Examination of Witnesses

John Dickie, Strategy and Policy Director, London First, Mary Rance, Chair of Tourism Alliance and CEO of UKinbound, and Professor Colin Riordan, Vice-President, Universities UK, International Unit and Vice-Chancellor, Cardiff University

Q246 The Chairman: I thank our witnesses very warmly for coming before us this afternoon. I should begin with a couple of formalities. I repeat that the Committee is concerned with the deployment of soft power and Britain’s influence overseas and how these matters can be strengthened and made more effective in a new international landscape. You have before you the declaration of the interests of the Committee, which we are obliged to put before you. It may be of some help in telling you where we are coming from. I have to warn you that if there is a Division we will have to adjourn for five minutes. The prospect of that today is reasonably unlikely, which is a great relief because they are very interruptive.

As I said, our concern is with many different aspects of so-called soft power, which runs alongside smart power, hard power and so on. You are all in key positions relating to a particular aspect of soft power, which is our image, our attractiveness and our power to persuade people that this country is a going concern, highly effective and a good place to come to. I begin with a fairly central question: what are the most attractive qualities that we ought to build on to bring people to this country and what are the more negative qualities that put people off? I am starting with a more general question, and perhaps in your opening answers you could set out your position. I shall start with Mary Rance from UKinbound, as you are sitting in the centre.

Mary Rance: Thank you. With regard to what attracts visitors to the UK, we remain a very attractive destination. Research by VisitBritain shows that what appeals to people is our rich and interesting history, our cultural events and attractions, a mixture of old and new—and shopping. In some of the emerging markets like China, Russia and the Middle East, shopping is actually a very important attraction for coming to the UK. The biggest deterrent, or perception of one, is that the UK is still a relatively expensive destination. The same VisitBritain research shows that a number of people still believe that we in the UK are very
unwelcoming, although that has changed slightly following last year’s Olympics. That is important to set in the context of the discussions today about visas because we are coming at it from a perception already that people feel that we are not welcoming people into the UK. There are a number of other factors, too, not just visas. Things like air passenger duty again act as a deterrent, making the UK comparatively more expensive. In fact I think we have the highest aviation tax in the world, and things like that put people off. As a general scenario, that would be my summary.

The Chairman: Thank you very much. That puts it very concisely. Let me just turn to London. I heard the Mayor of London assert the other day that London was now “the” global city, the centre, which is of course an ambitious claim. However, there is quite a feeling that London is on the up and is a dynamic city of the world in a way that perhaps it has not been for the past 40 or 50 years. Can you expand on that a bit?

John Dickie: I think that is true. The comparative work that various organisations have done in contrasting the strengths of different cities routinely puts London either in the top position or, typically, boxing and coxing with New York for the top position, depending on what kind of set of metrics you choose. London scores very well as a place for world business to do business. There is a set of different kinds of strength that leads London to have that position. Some things are pretty immutable—our location, being equidistant between east and west, time zones, language, the rule of law and so on—but many of the competitive advantages that London has are hard-won as a result of good public policy decisions that have been taken over time and that make London the sort of place that people want to come to do business. One of the things that worries us at London First and that worries business based in London is that we are not doing all we can to foster for the future the global talent hub that London has become, because we are making it increasingly difficult for people to come here to study, visit or indeed do business. We have seen something like 30 changes to the Immigration Rules since 2010 that make it very difficult for slightly smaller businesses to plan how they are going to bring highly skilled people in from abroad. We have seen the introduction of an interim cap and then a permanent cap on the flow of skilled migrants with jobs under tier 2, we have seen the abolition of other routes to come into the UK, and we have seen the introduction of a cooling-off period, which makes it very difficult—in fact, impossible—for someone on an intercompany transfer to come here and change job. We have seen all sorts of perverse effects, such as people having to go abroad for 12 months to cool off when they could get other jobs here. From the point of view of business, we are making it harder than we should to attract the really talented people that we need in order to continue to be a global and international business hub.

Q247 The Chairman: Thank you. Professor Riordan, university education in Britain has a fantastic world reputation. We hear news about university linkages, partnerships and the cloning of universities, and more and more admiration for the standards that we set, yet we have also heard about the feeling that students are being kept away, are not welcome and so on. Can you throw some light on this from your expert position?

Professor Colin Riordan: One of the key attractions that you have mentioned is the very high reputation of UK universities and higher education in this country right around the world. Much of that reputation comes from the fact that over many years we have had very large numbers of students from all over the world to study in this country, and they then go back to their countries effectively as ambassadors for the UK. Alumni really are our greatest ambassadors. Whenever I meet them personally, they speak very highly of their universities. There is genuine affection and passion to be observed. A report done by the Department for
Business, Innovation and Skills shows that 95% of alumni are positively orientated towards this country. That is one key part of it—the reputation that is then spread by people who have studied here when they go back home. The English language is important, sometimes particularly the UK variant. I was at Columbia a few months ago with David Willetts, where they made the point that they wanted to deal with us because they had historical links with the UK and were specifically choosing the UK as the country they wanted to deal with. It is not just English generally; English in the UK is important. So are things that have been already mentioned, such as cultural attractions and heritage. Safety is mentioned in the surveys that we do. The UK is seen as a safe country with a rule of law that you can rely on. We are also seen as very good value.

The negatives have already been raised: the changes to the visa regime since 2010 have had a distinct effect, in that our student numbers from overseas have been growing strongly for 16 years but this year¹ have dipped by 0.4%. We could have expected growth rates of 5%, 10%, 15% or even higher, which our rivals are enjoying at the moment. There are a couple of specific reasons for that, such as the increased cost of visas and the complexity of getting a visa to come here. Probably the biggest issue is the constraint on the post-study work option, which has put off a number of students. Along with that, a perception has been created in the overseas press that we are not open business for students and we are not welcoming to them. Irrespective of the reality of that, those are the types of headlines that you see consistently in India, China and other areas around the world.

The Chairman: Did I hear you say that we were expecting a 15% increase but in fact there had been a 4.2% decline?

Professor Colin Riordan: No, the decline has been 0.4%. Some of our rivals have had increases of 5%, 10% or more, which we could have expected.

Lord Forsyth of Drumlean: On the question of the 0.4% decline in numbers, you said that part of that was due to the increased cost of the visas. Is there an increased cost of attending university because of fees as well?

Professor Colin Riordan: In effect, for most countries in the world that has gone down because of the decline in the value of—

Lord Forsyth of Drumlean: For us, has it remained the same?

Professor Colin Riordan: For us in what way, sorry?

Lord Forsyth of Drumlean: You said that students coming from overseas to Britain faced increased costs because of visas, and that there had been a 0.4% reduction in their numbers. I am asking whether the fees that they have to pay for attending British universities have gone up or down or remained the same.

Professor Colin Riordan: No, they will have gone up as well.

Lord Forsyth of Drumlean: So why have you mentioned the increased cost of visas and not the increase in fees, and what is the relative difference between the two?

Professor Colin Riordan: Because when students are paying for their fees, the living costs and so on, that contributes directly to their education, whereas the cost of visas does not. The visa problem—

¹ Note from witness: “This drop relates to the last year for which figures were available at the time of the session (academic year 2011-12). It reflects figures for the number of non-EU new entrants to higher education in that year, as measured by the Higher Education Statistics Authority.”
**Lord Forsyth of Drumlean:** What is the number?

**Professor Colin Riordan:** The number?

Q248 **Lord Forsyth of Drumlean:** What is the relative difference in cost? How much has it gone up in each case?

**Professor Colin Riordan:** I do not have the figures in front of me of what the average cost of fees would be, because each university sets its own fees and puts them up in line with inflation. I was previously at the University of Essex, where we froze fees for four years. The figure will vary from university to university and I do not have a figure for the whole of the—

**Lord Forsyth of Drumlean:** And for visas?

**Professor Colin Riordan:** We are about to impose a £150 a year NHS surcharge on students, and in fact staff, as part of the Immigration Bill.

**Lord Forsyth of Drumlean:** I am sorry, I do not want to press you too hard, but you said that the numbers had gone down by 0.4% and you said it was because of the increased cost of visas. I am asking what that amount is, and I am guessing that it is relatively small compared with the increased cost of fees.

**Professor Colin Riordan:** Yes, it is.

**Lord Forsyth of Drumlean:** So why are you emphasising that and not the fees?

**Professor Colin Riordan:** I contest that I emphasised it. I put it in as one of the factors. Post-study work is easily the biggest matter that students would prefer to see, and our rivals have now reintroduced it. It is a perception as much as anything; however often we say that there is no cap on visas, any qualified student can come and we welcome them, there is a perception that has spread around the world that we do not welcome students, when in fact we do.

**Lord Forsyth of Drumlean:** If I may just finish the point, this is particularly true in Scotland, where students from any European country in effect pay no fees but from England they pay very high fees, and the universities have sought to compensate for that loss of revenue by recruiting more students from overseas at very high fees. I wonder whether that does not create a negative impression of our desire to have people come here and study in the same way, and these are much bigger numbers.

**Professor Colin Riordan:** The Scottish universities do not have to teach their students for nothing. They still get the fees; it is just that the students do not have to pay them. Under EU law—I presume that it is law; they are arrangements, at any rate—you cannot charge another EU country a differential rate from what you have yourself. If they are coming to England because English, Welsh or Scottish students studying at an English university have to pay £9,000, then so do others. That is the issue that is faced in Scotland. The universities will still get the money for the students.

**Lord Forsyth of Drumlean:** Forgive me, the grant has actually been cut, but I do not want to discuss the Scottish student issue. The point that I was making is that they are charging overseas students coming to Britain—this is particularly acute in Scotland, where the difference between the domestic students who live in Scotland and overseas students is much wider—very much more in order to make up the income. Your whole argument has been based on the idea that this is very bad for Britain, so should the universities not be treating the overseas students rather more fairly than they are now?
*Professor Colin Riordan*: I really do think we treat them fairly. We have 435,000 international students studying in the UK today. The universities set a fee that they think is fair and that they think students will respond to, and indeed they do. We are successful in recruiting students, and we are saying that we could be a lot more successful if the visa regime were more appropriate with regard to welcoming students. That is the point that I am trying to make.

**Q249 Lord Foulkes of Cumnock**: This exchange has been about the cost of visas, but a lot of the evidence that we have had talks not just about the cost but about the bureaucracy in applying for visas and how complicated they are. The question of bonds, having to go to capitals in other countries or centres a long way away from where they live—that all creates a problem. Is that true? Are you finding that as well?

*Professor Colin Riordan*: Yes, and things like having to be interviewed and take an English test. Universities impose an English test; we take only students who are able to take the course because their English is good enough, and we do not think it is necessary for immigration officers to test their English—they are not qualified English teachers. There is a whole series of measures, particularly the changes to post-study work, that were very attractive to students. Australia abolished and then reintroduced it, and that has made a big difference.

*Lord Foulkes of Cumnock*: This is a completely separate issue. I wondered also about the importance of the approach of universities and indeed independent schools in setting up campuses overseas, so that these students do not actually need to come here to get a British education but can get it on the campus of the University of Bolton or the University of Strathclyde in their countries. Has there been a sudden rush of that because of the visa problem, or for any other reason?

*Professor Colin Riordan*: It was happening already. Before the visa issue there were two campuses in China, one by Nottingham and one by Liverpool, both of which are thriving, but the visa problem certainly makes that a more attractive option in the sense that the students are then not faced with that whole issue. Of course, that is not the same as actually going to a country. My subject is German and I studied in Germany, and studying in your own country or a third country is just not the same as you are not immersed in the language, customs, traditions and life of the country you are studying, so it makes a difference. Still, it is clearly a more attractive option if it removes the visa issue.

**Q250 Lord Hodgson of Astley Abbotts**: I wonder whether I might just ask a bit about how this all ties into our soft power and our native population. You say that we are going to increase foreign students by 10% or 15% a year. With that sort of compounding effect, we will have a huge proportion of foreign students very quickly. Does Universities UK have an idea of the level at which we start to crowd people out and therefore cause disaffection about the projection of our image abroad? I think it is fair to say that since 2000, the number of UK MA students have gone up by 4% while overseas students have gone up by 14%, and that therefore quite a lot of people may find themselves now rather unhappy about the way in which we are projecting ourselves.

*Professor Colin Riordan*: Because the proportion of international students is rising—is that what you are asking?

*Lord Hodgson of Astley Abbotts*: Because some perfectly competent UK students may find that they are refused admission on the grounds that you can get an overseas student
who, as Lord Forsyth said—dare I say it?—is more profitable. At some point, universities are going to have to think about how you project this in terms of our soft power.

Professor Colin Riordan: It just is not that home students are supplanted by international students. The Government changed the rules on student number controls. Until two years ago, we had number controls, so you could not take any more home students than you were allowed to by the higher education funding councils in each of the home nations. That has now been relaxed in England so that you can take as many students as you can recruit who have at least AAB at A-level, or now ABB at A-level, so that has opened up a whole tranche by taking the student number control off the top tranche of students. Bristol University recruited an extra 600 students, while at Cardiff we increased our numbers by 700. There is no defined number of students beyond which you cannot go. Clearly there are some limits—you could not suddenly take another 4,000 students—but it really is not the case that home students are not getting places because international students are. You have to ensure that you have enough staff, facilities and accommodation to teach the students, and then you recruit accordingly. I do not know of any cases where home students have not got a place because of international students.

Lord Hodgson of Astley Abbots: The issue, as I have heard, is graduate students, not undergraduates.

Professor Colin Riordan: I have not encountered it among graduate students either.

The Chairman: I would quite like to spread the conversation to tourism and business as well as students, but that may not be possible. Baroness Nicholson is next.

Q251 Baroness Nicholson of Winterbourne: My question is to Mary and John. We are talking a lot about tertiary and university education, which is excellent, but what about the huge strength that Britain has in training and business—apprenticeships and not merely MBAs and so on but the volume of knowledge that we can offer in the City, business and industry? What are we doing to develop and promote that?

Mary Rance: My remit is obviously on the tourist side. Evidence certainly suggests that when people come to Britain as tourists, they will come back to study, invest or buy property here. We want to encourage as many people as possible to come here as visitors in the first instance to promote further investment in all that we have to offer.

Baroness Nicholson of Winterbourne: I did not quite mean that. At the moment, for example, the Government are promoting apprenticeships. We have a mass of competence here in business and industry in professional training, law and so on. What are we doing to offer that to overseas students who may not wish to go to university or have already completed university somewhere else?

The Chairman: If this is a difficult question, could Professor Riordan answer it?

Professor Colin Riordan: We often go on overseas missions with the Universities Minister, the Prime Minister or others, recently the Chancellor. We usually have a skills representative with us—someone from further education or a representative of the Association of Colleges, who does exactly that sort of thing. That is part of what we do when we do these international trade missions. Some quite large agreements have been reached with India and other places for those kinds of things.

Baroness Nicholson of Winterbourne: Big businesses such as PwC run massive training programmes for different sorts of students—in Dubai, for example.
John Dickie: I think we are making it difficult for people to run the kind of graduate training schemes that they would like to run from the United Kingdom because we make it difficult for them even to recruit students locally to go on these schemes—that is the point about the work study route—but also to bring people in from overseas to be trained because they are unlikely to earn enough to be at the tier 2 level to come here and do work-based training. We are not exploiting our strengths as well as we could. An example would be an accountancy firm—not PwC; I will anonymise it—that had got into the practice of looking to recruit bright Indian graduates from UK universities who had come over here to do their first degree, to train them as accountants in the UK and then to send them to the growing subcontinent markets to work for it. Of course, you cannot do that if you are not allowed to recruit students from British universities to do those entry-level graduate jobs. Not only are we making it difficult for universities to attract the students in the first place relative to Canada, Australia, America or wherever but we are also making it difficult for British business to get what it would like to get from them once they have trained here in the first place.

The Chairman: That is a very helpful answer.

Q252 Baroness Morris of Bolton: I want to go back to the question about campuses abroad, and then I want to ask Mary a question. The University of Bolton has a campus in the UAE. The benefit is when those students come over to Bolton for a time and our students can go and study there. We also employ a flying faculty, which means that our faculty members go to the countries and their faculty members come back. That very much enriches the whole experience for students and staff alike. Could you comment on that? Do you think it might help if—I know that this has been mooted, probably by the Labour Party—students were taken out of the overall immigration figures?

The Chairman: That is a hot issue.

Professor Colin Riordan: On the first point about overseas campuses, you made a telling point: our students going abroad is just as important to us. We have a very major programme at the moment to encourage that across the country. I am chairing a group to come up with a national strategy for outward student mobility, and having campuses abroad helps in that respect. I know that UK students from Nottingham go and study at the Chinese campus and learn Chinese while they are there, but they study the programme that they would have studied had they been in Nottingham. There are big advantages to that, as you will know from your own local university.

On the second question about student numbers coming out of overall immigration figures, that is something that UUK has been arguing for consistently for a number of years now. Our view is that students are not migrants; they come here, they study and they go home. We can show that to be the case. There is a very high compliance rate with the visa rules. Even before the latest changes took place, that rate was 98% compliance, and we are sure that compliance will be even higher now because the checks are much more rigorous. We do not think that it makes sense to have students as part of the net migration statistics—we think it is misleading. The USA does not count students among those figures and we do not think we should do so here either. The Government have at least agreed to publish the figures separately, even though the target remains for net migration to include students.

Baroness Morris of Bolton: I declare an interest that Mary and I sit on the same advisory board for the World Travel Market. Last week the World Travel Market came to Excel. Fifty-six thousand people came to the UK. They transacted £2 billion of business in one week and £150 million was spent in and around London, which is more than the whole of
London Fashion Week. Mary, why has tourism been so low down on the priority of any Government, of whatever colour, for many years?

Mary Rance: As you say, World Travel Market demonstrates both how important tourism is worldwide and how popular UK tourism still is in the level of activity that we saw around the UK pavilion at the World Travel Market. Inbound tourism generates £22 billion to the economy, we welcome 32 million visitors and it is the sixth largest export industry. We work closely with the Government to keep pressing for the importance of this industry and how much more it could deliver if only some of these barriers, such as visas and air passenger duty, were to be addressed. It is certainly the view of the Tourism Alliance that tourism should be very much at the heart of all government policy. It can create jobs, wealth and revenue for this country, and it should be very much at the heart of manifestos for the next election in terms of its importance to UK plc.

Baroness Morris of Bolton: Why does that not happen? Because it does not happen.

Mary Rance: There is no dedicated resource as such. Tourism currently sits in DCMS as part of a very wide remit of responsibilities for both the Secretary of State and the Minister for Tourism. At its heart, tourism does not sit under one person in government, which means that we as organisations have to work through different government departments. Although obviously the Secretary of State and the Minister will champion our cause, we have to work in quite a complex way in order to get progress on some of these issues.

The Chairman: All the Members of the Committee would like to come in now, but I would like to move the conversation on and ask, in pursuing this issue, whether we are noticeably more restrictive and rigorous than other countries, or whether it just that many more people want to come here. The next question on my list is Lord Ramsbotham.

Q253 Lord Ramsbotham: My question follows on from Baroness Nicholson’s as well as picking up a point that Professor Riordan made about the national examination of outward students. We have things other than business. I was a soldier and I am very conscious that we have a huge amount to teach people here, but if we overprice our military training of all three services, people will go elsewhere. Our military training, particularly in internal security and that sort of game, is recognised all over the world, along with medical training and other disciplines. If we have a national strategy for outward, I wondered whether we had a national strategy for inward, where all these organisations that are interested in bringing people in for what we have to offer come together and are able to put their feelings to government as a whole to make certain that they are represented.

Mary Rance: I guess that that would come under the remit of exports, because obviously tourism is very much an export industry, which would sit within business. At the moment there is no vehicle to bring together all the bodies that are interested in exports of some kind, whether they deal with students, tourism or business. That vehicle does not currently exist. The Tourism Alliance represents the bodies involved in tourism, with over 50 organisations and 200,000 businesses, but there is no vehicle as such for getting together on exports, as you describe.

Lord Janvrin: To pick up the point that you began to ask, particularly on the business and tourism side, what can we here learn from other countries about the way they do things in business and tourism? You have mentioned some of the difficulties around visas, air traffic duties and so on, but are there other things on your wish list that the Americans, the French, the Chinese or the Germans do that we ought to be thinking about? My second question comes back to the issue of government co-ordination, which is something that we
need to take an interest in. I get the impression from all of you that the Government are quite unjoined-up in this whole area. Would you care to comment on that?

**John Dickie:** I shall kick off. The start point might be that there is a fundamental lack of joined-upness in government. The Government simultaneously want to tell the world that we are open for business, we want the best and the brightest to come here and study, we want people with skills to come here and work and we want entrepreneurs to come here and invest. Simultaneously, members of the Government tell us that we have too many people coming here and we have a net migration target. Leaving aside the wisdom of having a net target, where you can control only a few of the smaller variables that make up the moves in that net target, we are telling people that we want to get that number down from the hundreds of thousands to the tens of thousands. You will do that only if you substantially reduce the number of people who come here to study and to work. So the mood music is at best confused, and you can see why some students or people thinking of investing here the business they will have the perception that it is a bit risky or volatile and they might be better off going somewhere else.

With regard to the different sectors, I could talk generally about business, and Mary has talked about the importance of tourism to the economy, but it is also worth reminding ourselves that education contributes more to the UK’s exports than the pharmaceutical sector. So the scale of inward resource generation that the whole supply chain of education creates for the British economy—especially the London economy, which has more international students than any other city—is substantial. Anything that we do to put that at risk by a lack of co-automated messaging policy by the Government is a source of concern.

Q254 **Lord Forsyth of Drumlean:** Perhaps Mary Rance or John Dickie would like to comment on this. I see the point about the difficulties with visas and so on, but I wondered—perhaps this is more for London—to what extent, as I have felt when driving from Scotland to London, the difficulties that people have at our airports were a factor in bringing in the kind of tourism and other investment resources that you were talking about earlier. I am not just talking about the congestion at Heathrow. If you are coming from outside the UK—this does not yet apply to Scotland—there are the queues, which we keep being told have disappeared and have been fixed but in my experience are still there. Are these factors that put people off coming to London at all?

**Mary Rance:** They are very much all part of the welcome for people coming to the UK, right back from the process of having to apply for visas and having to go to centres to be processed to the treatment of visitors when they arrive at Heathrow or any other airport. There were some issues last year with long queues, which were not helpful, but that was addressed by putting more people in to resource it. This whole question is very much part of Welcome to Britain, which is something that we work on to ensure that the process of visitors is as welcoming as possible. Every aspect is important for the visitor experience and the decision whether to come to the UK at all, or indeed to come back.

**Lord Forsyth of Drumlean:** How successful do you think you are? If I contrast that with travelling through an airport in the Far East, for example, they are scrupulously clean and unbelievably efficient, whereas when you arrive at Heathrow or Gatwick you may spend quite a long time circling in the air, and when you get down they are dirty. The contrast with the rest of the world is enormous. Does that matter?

**Mary Rance:** It matters very much. Working with the airport authorities is something that we keep a close eye on. There is a group called Welcome to Britain, which comprises organisations like the British Airport Authority, which keeps a close eye on all this.
were big issues last year with long queues at the main airports, and that is something that we address collectively.

**John Dickie**: May I add a couple of points? One is that part of the difficulty around getting in and out of Heathrow in particular, and sometimes other airports in the south-east, is that they are very congested. Heathrow is running at essentially 100% capacity. It has no resilience if something goes wrong, and something goes wrong everyday because that is the nature of running an airport, so people are either stacked in the sky or waiting to take off. The only way we will fix that is by increasing capacity at Heathrow if we want to retain our ability to connect to the rest of the world—or possibly building a new airport somewhere else or expanding elsewhere; it does not have to be simply Heathrow. We need some action to deal with the lack of capacity in the south-east. Heathrow, Gatwick and Stansted are all spending significant sums of money to improve their appearance. There have been great steps forward: there was Terminal 5 at Heathrow and now Terminal 2, while work is going on at Gatwick.

With regard to the queues, an important point to emphasise is that there is no trade-off between the security of our borders and the speed and efficiency with which we process people. It is perfectly possible to let people through quickly and politely if they should be let through, and to detain and question them and let them in or not if they should be detained and questioned. You do not need to manage that by having people waiting for two or three hours if they are coming in from long-haul flights. The continued resource of front-line border staff is an important thing for the public sector to focus on if it wants to give a good welcome for people coming here from overseas.

**Lord Forsyth of Drumlean**: I very much agree with what you are saying, but how important from your experience is it in making people not decide not to come at all? Have you done any work to quantify the impact? The relative costs of putting this right are modest, but I do not know what is on the other side of the balance sheet.

**John Dickie**: In the case of Heathrow, we have seen a substantial increase from the operator in both investment and focus on the bits of the passenger experience that it controls. For example, the speed and reliability with which you go through security have improved substantially over the past two or three years compared with five or six years ago. There are data to support that, and we get many fewer complaints about Heathrow hassle landside than we used to. As Mary said, there has been an increase in resource around the Olympics, which has been sustained in part, over processing people as they come in. However, it is a substantial source of angst when it goes wrong. If you have to wait for one and a half to two hours to go through immigration if you have just flown in overnight from the Far East or the United States, unsurprisingly that does not make you feel good and warm about doing business in Britain. It is a very straightforward and, in the scheme of things, cheap thing to fix.

**Q255 Lord Foulkes of Cumnock**: Sorry, we are a bit unjoined-up with our questions. I have a small supplementary to Baroness Morris’s question. You raised the question of APD as an important factor. We have not heard this before in the Committee, although I have heard it elsewhere, outside in lots of other lobbies. You said that we have the highest air passenger duty of any country. Is that true?

**Mary Rance**: I think that Chad may be slightly ahead of us, but we are pretty well up there. Our departure tax has effectively gone up year on year, to the point where it is now increasing quite significantly and obviously adding to the reality of the cost of coming to the UK.
Lord Foulkes of Cumnock: And you are getting feedback on this? You are getting evidence on it? People raise it as an issue, do they?

Mary Rance: Absolutely. It is very much an issue when it comes to people’s choice. Obviously they have choices and they do not have to come to the UK. They look at the relative costs of going to different destinations. They may come to the UK but there is increasing evidence that people are spending less time here, as part of an itinerary, in favour of departing from another European airport where the departure tax is considerably lower. There is a high level of activity at the moment. In fact, 90,000 visitors have expressed their concern about this in the campaign that is being run to try to regulate, or at least put a cap on, any further increases and a reform of the tax.

Lord Foulkes of Cumnock: And it is not just a marginal difference, it is a factor of two, three or 10 times, is it not?

Mary Rance: A family of four, for example, coming from one of the emerging markets and travelling in economy class, will be paying about £600 in air passenger duty, which is a not insignificant amount when added to the cost of the tickets and the whole cost of the holiday or visit to the UK.

The Chairman: And that would be much more than travelling to Paris or Amsterdam?

Mary Rance: Indeed, yes.

Lord Morris of Bolton: Have some countries actually taken the tax off?

Mary Rance: Ireland certainly found that taking it away increased the level of activity at that destination, and other European countries have done the same. It has a very positive result on visitor numbers.

The Chairman: I want to bring Baroness Armstrong in because you have all had a shot. Baroness Armstrong, it is your turn.

Q256 Baroness Armstrong of Hill Top: Sorry to colleagues, but I am going to move on. Mary, you mentioned the Olympics. My proposal would be that we were seen as a very opening and welcoming nation then, and that that should have brought us a lot of benefit. Do you think it did? If it did, is that benefit largely for London or is there enthusiasm to move outside London—or do the transport problems in getting people out of London get in the way, particularly if they arrive at Heathrow? Professor Riordan used to be at Newcastle and we had very good flights from the north-east to Heathrow, but they do not really have those any more.

Mary Rance: There is certainly evidence this year that inbound tourism revenue is up by about 11%, which is a very positive result. UKinbound recently carried out a survey of our members and found that the reason for that is not just the Olympics, although they were very positive in showcasing not just London but the UK. There has also been a bit of bounce-back in regular visitor numbers, as there is no doubt that in 2012 with the Olympics, people who normally come on holiday or on business here decided not to come that year. There is obviously increased demand for the UK as a result of the Olympics. It has also been a very good year for the weather, which has obviously helped some of the outdoor attractions. The success of the GREAT campaign which the Government are currently running, as well as VisitBritain, very much promotes the idea that Britain is great, heritage is great, shopping is great, all the issues that I outlined at the beginning that are relevant to the attractiveness of the UK. The cohesion of this campaign in international markets is beginning to bear fruit, and the industry itself has been investing in product and in business to attract
more visitors to the UK, and it is the UK; obviously London is still the big hub, and over 50% of visitors come to London, but there is very much a drive and itineraries are being developed to try to move visitors around the UK so that they are not just spending time in London.

**The Chairman:** This is an additional question from the opposite angle from the one that my Committee colleagues are putting. Is there a problem of capacity? We talk about an increase of 11% and at the same time about people being deterred from coming, while you describe a picture of massive tourism. Is there a capacity problem with the rate at which we can adjust to this demand to come here?

**Mary Rance:** Obviously there is a capacity issue at the airport, as we touched on earlier. Heathrow is currently running at 99%. We aspire to having 40 million international visitors, and one has asked where these visitors are going to come through. That is something that we urgently need to address.

**The Chairman:** When they are here, where are they going to stay? Are they going to find every tourist attraction so crowded that you have to book days ahead?

**Mary Rance:** There is a lot of investment in hotels in London in particular. We have more than enough capacity in the number of beds to cope with the visitors that we have at the moment, and that needs to be replicated in other key destinations such as Edinburgh and the north of England. There needs to be investment in hotels and attractions to support the visitor demand of the future.

Q257 **Baroness Nicholson of Winterbourne:** I think the statistics show that more or less the only other place that tourists visit is Anne Hathaway’s cottage.

To ride off that, would your collective jobs not be made easier if Britain spent more time and energy through the British Council and other arms such as Commonwealth countries in promoting our language and culture? In our language I include Welsh, Gaelic and all the rest that make up the whole of the United Kingdom. Do you think that we are rather allowing our culture to sell itself and not doing enough to promote it, which would help all of you?

**Professor Colin Riordan:** That is really not my experience. The British Council does a good job in selling British culture and the message gets out. It is a great attraction. In many ways it does sell itself. The GREAT campaign is working really well, and we have the Education is GREAT strand to that. The fact that we do not have to go out with a hard sell is beneficial for universities, because it can put people off if you appear to be aggressively marketing something like education or culture.

**Mary Rance:** I would agree with that. The British Council is very much involved in the GREAT campaign and promoting Culture is GREAT, and that is now beginning to bear fruit.

**Baroness Nicholson of Winterbourne:** And the English language, Welsh and Gaelic? What about the language issue? Nowadays, we have the English language in 2 billion people across the globe, yet in a sense that is our big strength and what we are all offering. What should we be doing to keep in front on that?

**Professor Colin Riordan:** I think that we are very much ahead of the game with that, partly through the British Council and partly through universities. We now have more students studying for UK degrees outside the UK than in, so we are working very hard on all that. All the universities have English language programmes, as does the British Council. In many cases we have overseas locations where we deliver the English language, sometimes to
contract. Again, it is one of those things that has not really been a difficulty for us. It is a happy chance that we have that asset. It is other areas that are causing us difficulties.

**The Chairman:** I believe that there are more Chinese learning English in China than the entire population of the United Kingdom.

**John Dickie:** I agree very much with what my colleagues have said, but I guess the question is whether we are achieving the potential that we could achieve. It is of course true, as we have all said when talking about the strengths that Britain has—its reputation, its image, its attractiveness abroad—that it has substantial strengths, but could we do more to communicate and emphasise those in order to connect people from overseas with them. I think the answer is that we could. One statistic in front of me is that we in London spend about £12 million a year on promoting ourselves to business and retail tourists, for inward investment and for students to come here. That is half what New York spends on tourism marketing, and New York is as well known a destination as London for this purpose. That makes the point that we could do a lot more to promote the United Kingdom and London, both in straight promotional terms and through some of the softer soft power metrics as the British Council does. The rate of return on British Council expenditure is almost certainly very high, but it is way off being maximised.

**Q258 Lord Foulkes of Cumnock:** I want to follow up on the GREAT campaign. Frankly, that title grates, if you will excuse the pun, with some of us because it sounds imperialist and old fashioned and as if we are lecturing to people that we are great. I am not suggesting that we should go back to Cool Britannia, but we asked some people who gave us evidence, last week I think, for suggestions. Some other suggestions came up that were more modern and up to date. Someone even suggested New Britain, which went down well with one or two of us. What do you think? Do you think GREAT sounds modern and up to date and the kind of image that we want to get over to people?

**Mary Rance:** It is currently well established, obviously people identify with it and it is a government campaign that is co-ordinated by different agencies.

**Lord Foulkes of Cumnock:** You, and we, do not have to accept what the Government are doing currently. We are going to recommend changes, improvements and developments. Do you have any ideas?

**John Dickie:** There is a flow-through point that I would make about having this kind of joined-up campaign, which is that you have to ensure that the image that you project accords with the reality. This goes back to queuing in airports. If you see posters telling you that Britain is great when you are standing in a long queue waiting to be seen by an official to get in, the message does not entirely chime, so making sure that we join up what we say with what we do for the visitor experience is a very important part of the role that Government should play.

**Lord Forsyth of Drumlean:** On the point about London, I think I know what the answer to this question is going to be, but do you think that we overemphasise the importance of London as a destination? Many parts of the country are very fine places for tourists to go to that perhaps do not get the same exposure, and certainly during the summer months if one works in London one has the feeling that we are at capacity in the numbers of tourists. It is certainly true around this building; just getting from one end of this building to the other is quite a challenge. Do you think that we are doing enough to bring out the merits of the rest of the United Kingdom? I am thinking not just of Scotland, Robert Burns’s cottage and Anne Hathaway’s cottage, for example, but of middle England, which does not seem to feature
quite as much. I am with GREAT Britain but I do think it is important if you are going to do this GREAT Britain campaign that when you at the airport it feels like that. When you arrive at Edinburgh airport, you get a big poster saying “Royal Bank of Scotland: Making It Happen”, which shows the dangers of corporate advertising.

**Mary Rance:** At this point, with the industry doing its best to promote other parts of the UK and to create itineraries to take visitors outside London, the problem with promotion is that some of the regional structures no longer exist to market them; those bodies are not there to promote the Midlands or the north-west in the way they were. It therefore takes time for the enterprise partnerships to be developed, so the question becomes: who is promoting those parts of Britain? VisitBritain obviously has a remit, as does VisitEngland, but co-ordinating that and ensuring that there is adequate promotion of other destinations in Britain is important.

**The Chairman:** I am going to ask you a final question which we would like all of you to try to answer. Perhaps we have not touched very deeply on this. The world has become digitalised. You are suddenly dealing with the prospect of 100 million Chinese tourists travelling the world, which was unthinkable 20 years ago, and the official forecast is that this will increase. So we are looking at a vast connected globe of information about this country on a scale that has never happened before. I do not sense in anything that any of you have said so far that you are quite geared up for the avalanche that could arise in this moment of travel, tourism demands, capacity demands, the insistence on access to universities and crowding London. Are you aware of this? Do you see this coming, and are you prepared for it?

**Mary Rance:** With regard to a “potential avalanche”, I would just touch on China for a moment, where outbound tourism has grown by 42 million. Arrivals to the UK have grown by only 36,000, so we are losing market share quite dramatically. We are losing 40% market share globally, the reason for which goes back to visa processing and the fact that we require people to go to biometric centres to be processed. There is no doubt that we must make it easier for people to come to the UK through the visa process if we are going to see the avalanche that you describe. While we have the difficulties that are in place at the moment, do not think that we will see that massive growth in visitor numbers. We are seeing a steady trickle, but it is certainly not an avalanche.

**Q259 The Chairman:** Thank you. Mr Dickie, is London geared up to that kind of world? We have heard Lord Forsyth saying that it feels a bit crowded at times.

**John Dickie:** London is going get more crowded. We are adding 1 million to the population of London this decade, it is forecast, taking us up to 9 million, so by 2020 London will be more crowded, bigger and with more people in it than it has ever had before. The latest forecasts suggest that we will add another million in the decade after that, so London is going to grow and the challenge for us is to make sure that we manage that growth in the interests of Londoners and the country as a whole. There is a whole set of issues around the quality of our infrastructure, not just the airports but the mass transit to get people around the city once they arrive here, and a whole set of issues around how we ensure that Londoners get into jobs in this city. Fundamentally, in a world of growing interconnectivity, we want to make sure that what is arguably the most global world city, London, continues to play that role, because it is an extremely important part of the wealth that we generate for the country as a whole.

Talking about tourism, there is a really big issue about how you plug tourists in London into the rest of the country, as we have been quite successful at doing in plugging other bits of
the UK economy into the London economy. For example, functions that were once in London but are now in other UK cities are there because the head office might be in London but the bits of the processing value chain can be elsewhere. The fundamental issue for us is whether we want to be ahead of this curve, managing it and getting the kinds of people, the kinds of business, the kinds of students and so on, or whether we wish to be fully joined up, reactive and not managing our destiny as well as we might.

**The Chairman:** A very good way of putting the challenge. Professor Riordan, would you like to make a final comment on whether we are ahead of the curve?

**Professor Colin Riordan:** I think we are doing well. The universities have shown over the past decade, or longer, that we are very capable of expanding capacity when necessary. We do want to attract the brightest and best from across the world and we will continue to do that do the best of our ability.

Digitalisation is a critical feature for soft power, because we now have the ability, with social media, to stay in touch with, cultivate and keep relationships with former students, and staff for that matter. We have about 20,000 international staff at universities, because universities are globally competitive and you have to have a mixture of people from around the world if you want the very best. It gives us the opportunity to influence things and to create relationships that are lasting and profound and not to lose people, as it were, that we never had before. That is probably one of the most significant developments for soft power.

**The Chairman:** That is all extremely helpful. I am afraid that our time is almost up. There are many more questions that we would like to pursue, but I think we will call a halt there. Thank you very much indeed for giving us your time and for giving us an insight into an area of great challenge, and possibly of great growth, provided that certain obstacles are removed.